

Crisis health check



The world financial free-fall has caused companies to take immediate action on costs – but more can be done to make sure your IT processes are up to scratch, says **Steve Jones**

The first shock waves are now old news. The pattern of the downturn is set for the foreseeable future – volumes are down 20 to 40% , depending on region and brand – and while no one knows how long the downturn will last, surely it will be too long for temporary bridging finance to smooth over the cash gap. Most organisations have already taken action: redundancies and early retirement come first; followed by a freeze on non-essential capital projects. Now comes a more difficult task – and that is to examine the internal efficiency of your organisation. In my view, information systems (IT) should come very high on the hit list. Why? Because in logistics, IT should strongly support your business processes. I don't mean office systems, such as email and spreadsheets, but the operational systems for functions like transportation, yard, workshop visibility management. In other words, the information systems that help you to manage the major cost elements of your business.

As everyone knows, the impact of volumes in logistics is key and knowing the break-even point of a business is vital. Therefore, if IT is doing a worthwhile job, it should be (a) automating processes (b) optimising processes (c) alerting exceptions (d) clarifying information to all parties (e) accelerating the flow of information and physical cargo through the process. These are my five high-level benchmarks for the information systems required to support an effective logistics organisation. Below, are a few key areas for scrutiny that apply to most businesses in our sector, regardless of size. I suggest you may want to ask these questions about your own organisation – and its IT.

Your ten point check list

First give your company a score out of 10 as to “How well does my IT:”

Automate manual processes [___]; eliminate duplicated information [___]; provide people with accurate, timely information to manage their responsibilities [___]; optimise

decisions or propose optimised solutions for decision [___]; speed up the flow of information [___]; enable customers to receive outstanding service and information [___]; provide me with timely and complete information to make important strategic decisions on operational spending [___]; provide me with accurate and timely information on expected costs of operation versus actual costs, by area of activity and by contract [___]; reflect the needs of my operational people and not the views of finance or IT [___]; compare to the IT of my competitors [___].

Possible score: [_100_] **Your total score:** [___]

Now ask yourself whether your recent IT projects delivered the expected benefits? Have they delivered on time or were there significant delays and unexpected costs? These are also common signs that your IT is not under control.

In my experience operational management will only achieve the information systems they deserve if they, and not the IT department, decide what is needed. I have always found that IT departments are highly responsive to a management that knows its mind – and the same goes for the implementation of new solutions.

Now is the time to look really hard at your information systems and ask the question: “Does my IT provide me with the professional tools to deliver a world-class service to my customers, on a cost basis that is sustainable?”

If the answer is “no” then make a start on researching alternative options. These may include an overhaul of your current systems or replacing them with new, more effective solutions.

Investing in best-in-class information systems need not be risky or expensive, but could well make the difference between simply surviving recession and emerging leaner, more efficient and better placed to take advantage of the eventual upturn. The alternative, perhaps, is to bury your head in the sand and, after all, who wants to be an ostrich? ◻