

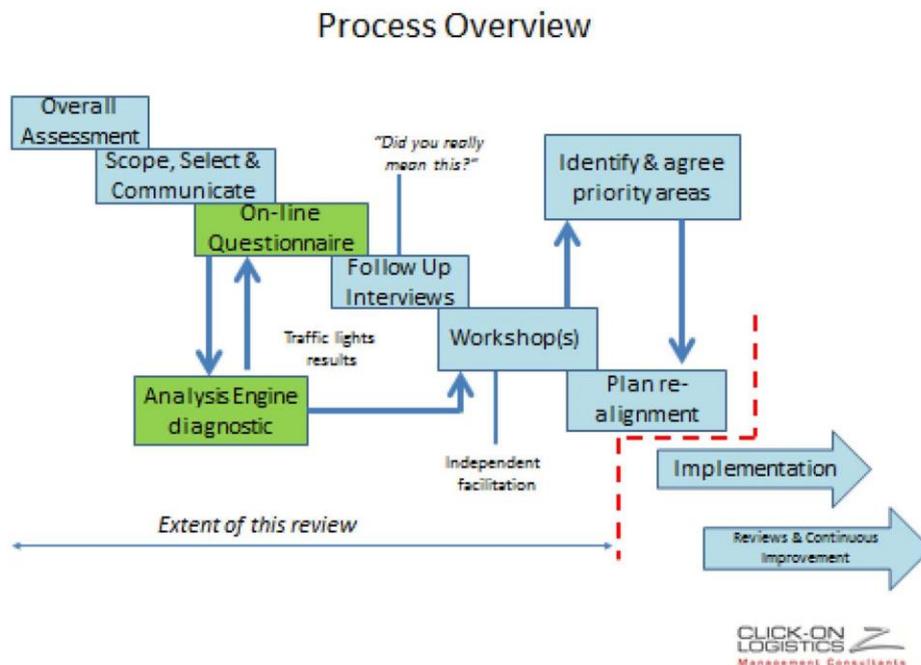
## CASE STUDY – LOGISTICS OUTSOURCING

### Measuring collaborative performance in a FTSE 100 with their Logistics Service Provider

Click On Logistics Ltd (COL) has partnered with SCCI on a strategic review. The client is a hospitality brand in the FTSE 100 who has an outsourced logistics operation that encompasses both physical logistics as well as inventory management. The organisations are interdependent due to the dedicated service defined in the outsourcing contract. Changing business requirements motivated by a history of strong growth and a forecast for this to continue across a wider geography had driven the need for a review of the operations capability to meet the current and future business opportunities. It was recognised by operations management that seamless collaboration was a critical success factor and a building block for the future.

### Approach

The partnership with SCCI was based on their unique Collaboration Measurement tool, PartnerLink, shown in green in the chart below. It fitted perfectly with the overall project approach by COL. This would provide tangible data that would enable the business to identify priorities. The overall process is defined in the chart below:



The project was jointly funded by the Client and the Service Provider, an important step that set the tone for the review; there was a willingness to cooperate. The operation was not broken; they needed re-alignment to enable continued future growth. We put a strong emphasis on communications up front so that all contributors from each business understood the purpose and

the reason for the review. Around 40 people were selected to participate in the PartnerLink on-line survey.

## **Process**

The survey results were turned around by SCCI quickly and reviewed with COL. The combination of SCCI's relationship management expertise and the COL knowledge of the client supply chain operations, process and organisation, formed a powerful analysis capability.

Compared to traditional survey techniques, this process provides great value to clients because interpretation of the results enables them to decide priorities and take action accordingly. The analysis process includes much in-depth and detailed consideration, especially in the context of a large multi-business group. We therefore presented the results in a concise and straightforward way that focused the discussions with the clients on the essential actions needed to achieve the realignment they were seeking.

A feature that was really appreciated was that SCCI retained the raw data so that all survey responses were non-attributable. This proved invaluable because it meant that we addressed each score as a reference point for discussion, irrespective of its' source. The same applied to qualitative comments, although many surmised the likely source of comments, we steered the process towards data as evidence, and away from subjective opinion.

## **Results**

We set out to measure the collaboration effectiveness of the alliance, and to identify priorities. We achieved that and a lot more. In addition to a 'base measure' of the collaboration which confirmed that the relationship was valued, there were many pointers to improvement. The real value in the results was the revelation that organisation alignment was the key issue.

There were two areas where this was evident; both within the client organisation where increasing complexity in their rapidly growing business was driving significantly different business needs and, also between the client and their service provider where no change had taken place to accommodate the new business requirements. There was evidence of failures but not in contracted service areas, mostly in areas driven by new requirements.

This may sound simple enough, but in the reality of day-to-day operations of fast-moving businesses there was no "space" in the organisation relationship to accommodate discussions on such needs. The visible service demands were given priority which of course they are on a day-to-day basis. Strategically however the opportunity to think together off-line about the new business needs and how best to serve them simply did not exist.

It all comes down to figuring out what adds value in the collaboration and, what destroys value. We are well on the way to sorting this out now, and interestingly the project results have found themselves on the radar screen at main board level. This is indeed confirmation, if it were needed, that collaboration performance is both a strategic issue and a boardroom one.

## Contacts

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