YELLOW CORPORATION …
Integrating complex business operations.

Background

While Yellow had a wide range of advanced computer and communications systems in place, in early 2001 the integration of certain of these applications was slated as an immediate IT priority. In particular, the company wanted to effectively and seamlessly link its Courier business' automated radio despatch system with its general business, accounting and financial software.

As Yellow Managing Director, Mr. Ron Barton, explains, "by effectively marrying our back office and front of house systems, we believed we would substantially improve customer service, while simultaneously achieving major productivity gains that would help drive further growth."

As a substantial project, that would require a highly specific and customized solution, Yellow recognized that there would likely be a need for the installation of new business systems. However, these, in turn, would need to be capable of addressing the company's diverse commercial interests in general, and the major operating challenges of the courier activities in particular.

Such challenges are inherent in the courier business which Mr. Barton depicts as "a very, very complicated one".

For example, Yellow currently handles some 1700 jobs a day, some of which may involve as many as 50 individual pick up and put down 'legs'. It carries out this work with a large team of contract drivers and using a 200 plus vehicle fleet that spans an array of vehicle types and sizes. Client billings can be as little as $50 per month to millions of dollars a year. With the work this represents being infinite in variety and ranging from small purely ad hoc jobs, to large permanent and set runs.

Many customers will also have negotiated their own contract rates and the ways in which they want to be charged. All of which means that fast and accurate customer billing is dependant on any IT system's ability to correctly identify, capture and manage the huge range of variances that can apply.

It is also essential that none of this costing complexity compromises the speed and accuracy of driver payments. These are generally based on a share of the work done and fee charged. However, Yellow also requires full flexibility in this as it may increase a driver's percentage where it feels a particular rate is not giving an operator an appropriate return.

Business objectives

At the core of Yellow's new IT requirement, was the need to integrate its systems so as to:

- Substantially reduce the amount of time needed to initiate a job.

- Remove the errors that are inevitable with non-automated and non-integrated systems.

- Enhance customer service through improved speed and accuracy.

- Remove the stress and pressure in the radio room.

- Improve internal productivity.

- Remove operational bottlenecks that were impeding growth.

- Bring much improved efficiency and accuracy to the highly complex processes of job costing and driver payments. This requirement to include the automated creation of Recipient Credited Tax Invoices (RCTIs) for contract drivers.

At the same time, any new business system would also be required to provide:

- An optimum accounting and financial system for the entire Yellow Corporation group.

- Rapid month end management accounts – both on a subsidiary-by-subsidiary and a consolidated basis.

- Timely weekly statistics and reports to support top management review and decision making.

The solution

Based on solid referrals, and a known reputation for the company's work with other clients, Yellow Corporation engaged PROMADIS to create the necessary IT framework and capabilities.

The PROMADIS approach was based on its well proven family of integrated business and financial systems which were to be tailored to precisely meet Yellow's exacting requirements.

Using its typically consultative implementation methodology, PROMADIS business analysts worked with key Yellow management and staff for approximately a year, to complete a program of business analysis, project management and systems development.

The resultant solution now fully links the PROMADIS' Eclipse Business System with Yellow's radio despatch technology supplied by Raywood Communications.

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Yellow Corporation Managing Director Ron Barton, and PROMADIS CEO, Darren Shaw, discuss implementation outcomes.

With this integration, the back office and front of house systems continuously and automatically exchange information.

Once operational, the system allow operators and radio room staff to create jobs in either the PROMADIS system, or in the Raywood system, knowing that the work will be assigned to a driver accurately. More importantly is that all of this activity will occur without additional operator intervention and will be charged to each customer according to their specific contract or using standard non-contact rates.

PROMADIS Eclipse also manages the permanent bookings for repetitive work, releasing these jobs so they can be dispatched precisely when they need to be actioned. It also reduces time lost at wrong addresses by street directory-validating all pick-up and delivery data at the time of booking.

In parallel to this, the Raywood system sends all relevant job information electronically to a terminal in the nominated driver's vehicle. This terminal is also used to automatically advise the Yellow control centre after each delivery, so that driver location and availability is known at all times.

Business outcomes

Among the major business contributions that Yellow notes have resulted from the PROMADIS integration and system are the:

- Ability to readily handle substantial business growth that has seen average jobs per day rise to 1700 from 800.

- Capacity to drive that growth without needing additional dispatchers. It is estimated that without the new system, approximately double the present staff numbers would have been required.

- Marked reduction in average pick-up times by approximately two thirds, even in peak periods.

- Reduction of customer call-backs to zero in normal times, and to just a few in peak periods.

- Calm and relaxed environment that now exists in the dispatch centre. This adding to efficiency and customer service while also minimising staff turnover.

- Fifty percent reduction of staff needed in the radio room.

- Immediate response that staff can now give to customer queries about billings or the costs of individual deliveries.

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Next Steps

As Mr. Barton notes, "the nature of our business means that there are always some major new developments in information technology that can contribute to the way we do things, particularly in the area of dispatch. Right now that includes customer bookings via the internet, moves to more mobile phone-based communications to advise job details to drivers, and the use of barcodes for enhanced track-and-trace capabilities.

"With PROMADIS, we are currently investigating the adoption of all these types of options and their integration with current systems.

"We are also looking at PROMADIS' capacity to automatically give senior management the very latest KPI data, exactly when and in the format required, for a range of business variables that we will define."

The final word

"The complexities we face mean that we have to run our business in a very special and unique way. Our IT partner has to be able to come on board and deliver an equally special and unique system". Mr. Ron Barton, Managing Director, Yellow Corporation.