

Corus line

A year into logistics firm TDG's management of the Corus transport operation and progress is already visible. **Roger Brown** finds out how things are going

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The Corus steel operation in the UK is immense, consisting of more than 60 sites and steel mills.

The company was formed through the merger of British Steel and Dutch steel firm Hoogovens in 1999, and is now owned by the Indian Tata Group. It supplies a wide range of customers in the construction, engineering, automotive, aerospace, rail, packaging and metal goods industries.

Prior to last year, individual Corus sites across the UK had, for many years, bought and managed their haulage services separately, leading to a disparate collection of more than 30 individual road transport firms carrying out the work.

Corus believed that although the transport firms were efficient in their own separate areas, savings could be made through the introduction of a centrally-managed operation. It therefore contracted out the management of its overall transport operation to logistics firm TDG, which created a national transport planning platform, based at Corus's Scunthorpe, Lincs plant.

The roll-out

The seven-year programme went live in August 2006, with the logistics operations at the Corus business units in Scunthorpe and Teeside the first to be managed by it.

Due to the initial success of the project, roll-out to the remaining Corus business units

is due to take place during the remainder of 2007.

TDG believes it has already started to generate efficiencies by finding individual trucks more backloads, cutting down on empty running, and making the route network more efficient.

FIRE UP:
The Corus
steelworks at
Port Talbot,
Wales.

One of its targets is to cut the 40 million miles a year travelled on behalf of Corus, by about one million a year – saving 500,000 litres of fuel in the process. It also wants to increase the number of steel products distributed throughout the UK each day from 1,500 to a steady 2,000 loads. In total, TDG is looking to shave 7% to 8% (£5m)

The hauliers' views

Despite the claimed benefits for all parties, some suppliers needed convincing about the advantages of the new system.

For more than 20 years, all distribution from Corus's Teeside Mill had been undertaken by Yorkshire haulage firm Prestons of Potto.

Anne Preston, managing director of Prestons, says: "I don't think anyone could have been more nervous than I was when Corus announced its intention of having a platform to manage the whole of its UK [transport] business.

"After our initial meeting with Corus, I was even more sceptical, but I realised change was inevitable and we had to embrace it.

"Mike Lloyd did everything possible to help us understand the concept and the opportunities it gave a company like ours and the operational knowledge of the platform team helped to allay our initial fears."

Prestons has now been part of the new system for

just over 12 months, and believes TDG has "always been willing to listen to its concerns" and resolve any problematic issues. Prestons recently signed a new three-year contract with TDG, worth about £12m, to provide transport services to the Corus platform.

"The platform has proactively developed new business with us and also opened up work to Prestons from other Corus sites," she says, adding that the extra work has meant more backloads and better utilisation of the fleet.

Jim French, director and general manager of PD Logistics, says that the new system has also worked very well for his business: "The Corus transport platform enables Corus to put transport schedules together better, and for us to utilise our resources better and to reduce empty mileage."

Roger Boughton, founder of Multiserv Logistics, adds: "From our point of view we expect to see an improvement in return on capital, an improvement in efficiency; there will certainly be better opportunities to communicate with Corus through the single platform, which will simplify matters."

a year from Corus's annual transport spend of about £76m.

Over the seven years, TDG will be paid in part for savings realised, as well as achieving other performance criteria. Mark Starosolsky, TDG-Corus business director, says: "We have achieved year-one savings for Corus in line with our expectations and already the TDG-Corus platform has considerable industry recognition.

"After that, further improvements in service and efficiency – as well as additional cost savings – will be generated through continued supply chain re-engineering projects enabled directly by the platform structure and systems."

Experience counts

Mike Lloyd, project implementation manager for Corus, says TDG won the contract because of its experience in developing "fully integrated road transport networks" and "IT systems expertise".

He explains: "We're pleased with the way the way the project has begun. From all the options we looked at back in 2004, TDG presented the best solution to integrate all our UK road transport flows, improve service delivery and run the whole operation in the safest and most cost-effective way."

He adds: "This is truly a three-way partnership between TDG, Corus and its existing haulage contractors, who will remain key players in the future."

TDG agreed to honour the outstanding contracts of the original hauliers on exactly the same terms and conditions as before. ■

The staff

Recruitment activity started once the partnership was publicly announced in January 2006.

Paul Hayes, TDG's platform general manager, was charged with recruiting staff for the project, and, working closely with Starosolsky, quickly started on people profiles to match the agreed job descriptions. The team needed to be fully operational before the first Corus site switched over to the platform in August 2006.

Starosolsky says: "We had to build a team with a work ethos that would support our business objectives.

"So, we invested a great deal of time defining which qualities each individual player would need to bring. Above all, we were looking for people who could communicate well, support each other and who would challenge their own performance and that of their colleagues."

TDG did not concentrate solely on logistics industry experience and focused on areas such as personality and work style. Once the ideal candidates were identified, the team building process continued with all platform staff having to undertake a two-week general induction and then a further two weeks of initial role-specific training.

Staff have monthly one-to-ones with line managers, as well as annual development reviews and each employee receives more than 15 days of operational training during their first 12 months' employment.

Just 13 months after opening, TDG's Corus transport platform has achieved ISO 9001:2000 accreditation. Hayes adds: "It is a remarkable achievement considering the complexity and huge scale of the operation."

TDG and Corus have also created a steering group to plan short- and long-term strategy. David Garman, chief executive of TDG says: "Our role is to assist the hauliers, not replace them, and we think it's our job to help them deploy their capabilities, on behalf of Corus, even more efficiently than they have in the past."

IT development

TDG has invested more than £900,000 in software development for the project.

The systems are now in place to optimise route planning, load building and provide consignment tracking.

Starosolsky adds: "Our IT system allows staff to see the sequence of loads, pick-up and delivery times and details of individual consignments.

"It shows us the orders coming in and the transport assets available. The platform enables us to recommend the most appropriate transport provider.

"Significant cost savings are now achieved by linking journey legs to reduce empty mileage and by buying vehicle shifts, rather than as multiple one-way trips.

"Another benefit is a unique online management system currently being developed to enable the contractors, Corus, and ultimately its customers, to track workflow data via the internet."

Systems staff at TDG are now looking at the possibility of introducing real-time delivery confirmation.

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