

Innovation Sparks Transformation

TOLL TRANZLINK

Encouraging Innovation and Using Technology to Get Ahead



THE COMPANY Toll TranzLink is New Zealand's largest freight forwarding company and operates in a highly competitive and expanding transport sector. It has 34 branches all over the country serving more than 4,000 customers. TranzLink is in operation 24 hours a day, seven days a week and handles 35,000 transactions a week. It has 600 employees plus 400 contractors and 85% of this workforce is mobile – travelling in trucks, moving around rail yards and freight terminals.

PRODUCTIVITY CHALLENGE

The situation became critical for Toll TranzLink back in 2001, when the company was losing tens of millions of dollars. Outdated IT systems meant that deliveries were unreliable and often late, and company performance was hard to monitor and improve. Customers were dissatisfied. Staff morale was low, and turnover was running at 20% per annum. Technology was the new driver of the New Zealand transport industry and Toll TranzLink was lagging far behind its competitors. It had no financial information and operations tracking systems of its own. If the company was to survive – and become competitive – it needed to tackle its technical, management and leadership shortcomings head-on.

MEETING THE CHALLENGE

Toll TranzLink knew it had to reinvent itself if it was to have a future in the transport sector. It needed strategies for getting the right management team in place, investing in staff and investing in new technologies that would allow their mobile workforce to provide a competitive service.

A new senior management team of 16 was recruited to lead the company through its time of change. The team wanted a new IT system that would meet Toll TranzLink's needs, and those of its customers, by choosing and using the best mix of transport modes.

The company established a project team to develop the TranzLink Enterprise Management System. The team

identified each step in the process of moving freight, developed detailed costings for different types of service and defined critical performance indicators that would enable Toll TranzLink staff to monitor operations in real time.

A team of specialist external consultants came on board and drew on recent advances in GPS tracking, mapping technologies, bar-code scanning and wireless communications to develop programmes and process data collected across the Toll TranzLink network.

A centralised data warehouse was established at the hub of the business. This is fed by data entry stations at every branch, using bar-code scanners, and radio signals sent by black boxes in every truck.

Toll TranzLink knew the system had to be user-friendly to allow staff to collect and access data on the move. "That meant involving people from the word go," says Group General Manager Greg Miller. "We kept people involved as the design and development work progressed, so they could see



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Greg Miller, Group General Manager Toll TranzLink



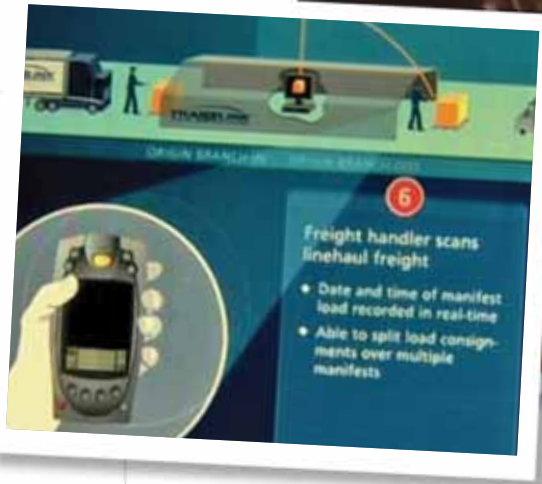
what was coming, influence the decisions, and, ultimately, own the results.”

The company also developed its own training programmes, which involved games and tools to make learning fun and get families involved. Key to installing the business software successfully, Greg says, was getting staff on board, and investing in their skills by providing adequate training.

The result is a system that staff can easily and quickly access, using PCs linked to the internet, to gain instant, accurate information in real time. Customers can also use the system to print their own consignment notes, retrieve invoices and sight proof of delivery. “We know where things are if someone asks,” says freight depot operator William Hay. “You pick up a scanner and it’ll tell you where each consignment is. It didn’t take long to learn how to do it.”

The Enterprise Management System processes more than 8 million data entries on more than 35,000 transactions each week. It cost TranzLink less to create than the licensing cost of the old IT system it replaced, and won the company two major awards in 2004. Return on investment has risen to 400% over three years.

From almost down and out to becoming a leader in technical innovation, TranzLink has used technology to gain every advantage out of the transition process. The company enjoys improved tracking, communications and business management, and greater operating efficiency.



There are also plans to further improve data entry and access through the use of new-generation cellphone technology.

“Technology has been a key component in the successful transformation of the business,” says Greg Miller. “Investment in cutting-edge technology has us moving at pace in one direction as a world-class logistics operation that people want to work for.”

KEY LEARNINGS

- Investment in innovative technology enables a company to remain competitive.
- Involving staff in systems development helps to ensure acceptability and usability.
- Strong leadership is key to managing organisational change.
- Investment in staff increases motivation and retention.
- Systems developed by sector experts deliver great efficiencies and dramatic growth.
- Management commitment is essential to workforce upskilling.

RETURN ON INVESTMENT

Target group	Benefit	Value to the company
EMPLOYEES	Capacity to be involved in development of new system Better job satisfaction through increased ability to perform work	Delivery of cutting-edge logistics services Better staff performance and retention
MANAGERS	Innovative and effective system means employees refer less to managers	Management is freed up to spend more time on developing a continuous improvement programme
CUSTOMERS	Increased control of business through access to accurate information	Growth of business performance and company reputation

BECOMING MORE PRODUCTIVE

Lifting productivity involves exploring all the ways that your workplace could do things better and smarter. No matter what your business does, or how big or small it is, there are a range of ways you can improve its productivity, including:

- Building leadership and management
- Organising work better
- Networking and collaborating
- Investing in your people and their skills
- Encouraging innovation and using technology to get ahead
- Creating workplace culture
- Measuring what matters.