

LOGISTICS

LEADERS 3

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The secrets of strategic
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Consumer trend that's forcing
a retail logistics rethink

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Industry leaders act to
bridge the skills gap

QUALITY BRANDS | INNOVATION | EXCELLENCE

Contents



6-8 COVER STORY

Carnival is the world's biggest cruise liner operator and owner of the Cunard brand. Peter Acton goes to Liverpool to see the historic moment the Three Queens of the Cunard line unite and talks to the man whose job it is to keep these floating cities replenished wherever they are in the world

10-12 THE POWER WITHIN

"If a company aspires to establish supremacy over its competitors it has to change the rules," says John Acton of DPI Europe. And he reckons the best place to start is right on the doorstep, harnessing the ideas and energy of your people. Learn how DPI approaches the business of finding the winning edge

14-15 FIRM FOUNDATION

Travis Perkins knows a thing or two about the building trade, and the FT100 group believes it is on solid ground with its support for the NOVUS scheme. Read how the company is staking a big part of its future on the development of home-grown talent

18-19 SKILLING UP

With roughly one in 10 jobs related to the supply chain and logistics industry, it's imperative that 'UK PLC' stays at the forefront of the sector. We look at how the Bis Henderson Academy is playing a core role in attracting bright young people into the profession and equipping them with the skills they need to be tomorrow's leaders

20-54 THE PACE SETTERS

We're proud to showcase some of the most original and innovative businesses in the logistics industry today. Within these profiles you will find shining examples of leadership, process and execution culminating in the Holy Grail of customer delight. Enjoy!



strategic review **logistics**
 planning **development**
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 needs case
 site finding site assembly
 viability assessment
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Vince cable

By Peter Acton, Chairman of the Logistics Leaders Network

“The ‘NOW’ delivery is a complex task and one that has the power to shape the customer experience”

Every industry and every sector has its own three-letter acronyms. Logistics is not short of them. When I first came into the industry 30 years ago the buzzword was JIT, standing for just in time, which I suppose had replaced JIC (just in case) and for non-deliveries JTL (just too late)!

As supply chain management and logistics developed and facilities began to be integrated or streamlined, the humble warehouse became a distribution centre or decoupling point (DCP). Before long retailers and manufacturers were creating regional distribution centres (RDCs), which in the quest for reduced costs and improved efficiency morphed into the single national distribution centre (NDC).

The supply chains themselves also started to take on fancy names, and we had a period of the development of the lean supply chain which was not simply taking cost out of the supply chain but was, in my view, a JIT-plus solution with technology giving partial visibility of the end-to-end (E2E) supply chain.

Latterly, we have agile supply chains: ones that can adapt to variable demand peaks and ordering patterns. The agile supply chain is here to stay, in support of multi-channel ordering by customers who want products as soon as possible regardless of the distance between them.

And with ‘omni-channel’ being the new super multi-channel ordering opportunity via mobile phone, tablet and other mobile devices, it is the broadband super-highway (BSH) that will be making supply chains ever more agile (or is this simply JIT-plus-plus...)

The new ease-of-ordering scene makes logistics mission-critical for businesses. As a friend remarked: Twenty years ago there were millions of PCs linking people together; today, there are billions of mobile phones and technology devices linking the consumer with the products they want delivered N-O-W...Now!

Achieving the nearest thing to a ‘NOW’ delivery is the role of the logistician. It is a complex task and one that has the power to shape the customer experience. But without the sort of dynamic leadership we seek to inspire and hone through the Logistics Leaders Network the NOW delivery will remain just wishful thinking.

Outstanding logistics will enable the customer experience to be met in full, so let’s make CEF – Customer Experience Fulfilment – our new mantra. A new definition of logistics for a new era.



Have you got something difficult to sort?



HOW CARNIVAL RULES THE WAVES

Peter Acton reveals the role logistics plays in helping the globally renowned cruise giant to deliver an outstanding customer experience

In the last week of May 2015, Cunard's 'Three Queens' – the *Queen Elizabeth*, *Queen Victoria* and *Queen Mary 2* – called at Liverpool, the spiritual home of the famous shipping line.

It was the first occasion this trio of ocean-going royalty had come together and it made for a stirring spectacle on the River Mersey, a genuine piece of maritime history.

The gathering was the centrepiece of celebrations to mark the 175th anniversary of the first transAtlantic mail delivery service to the US from the UK. On July 4th, US Independence Day 1840, the first Royal Mail Steamer left Liverpool for Halifax and Boston, and the Cunard Line was born.

One hundred and seventy-five years later Cunard is now an important part of the Carnival Corporation, the largest cruise line in the world, with a fleet of more than 100 ships.

Carnival UK operates 11 ships under the P&O brand plus the three Cunard Queens, whose occupancy rates are nigh-on 100%.

The task of the supply chain is a simple one: give passengers an unparalleled experience and the perfect holiday.

Carnival has just taken delivery of *Britannia*, P&O's new flagship, which has instantly added 25% capacity and all the additional supply chain complexity that goes with it. This is a very rare occurrence in retail and manufacturing supply chains and has to be managed carefully.

While Cunard and P&O offer different customer propositions, there is a standard supply chain that does not differentiate between the brands. "Our aim is to deliver and exceed guest expectations 24/7, 365 days a year on a global basis," said Sermet Baykaner, supply chain director of Carnival UK.

"In effect, we are servicing 11 floating towns needing everything a home, shop, restaurant, hotel and garage requires; anything from a door key to a propeller, often having to deliver single bespoke items which are often difficult

to handle." This is the reason supply chain costs are second only to fuel.

The complexity of dealing with 250,000 stock holding units (skus) creates huge challenges for the supply chain team. Basically, they have to intercept the ships wherever they might be on specific dates, replenishing them accurately with huge lead times.

"It is like hitting a constantly moving target that happens to be a warehouse every time on time," says M Wilson. "We have, for example, the largest stock holding of carpet outside of a carpet retailer in the south east of England which might have to be moved to the South Pacific."



"We have invested in systems and individual capabilities to manage this supply chain complexity," says Sermet Baykaner. "This has enabled us to introduce demand-led planning in an environment where logistics plays a key role in the itinerary of the ship. This is one of Carnival UK's biggest saleable tangible assets."

Designing menus around the logistics challenges is also paramount. Passengers are used to their supermarkets stocking strawberries all year round. Carnival UK's supply team needs to be planning to have them on a ship up the Amazon 18 months down the line.

Generally, the logistics costs at Carnival UK



A winning hand: Cunard's Three Queens came together to celebrate Cunard's 175th birthday

Meachers Global Logistics plays an important role in keeping things running smoothly for Carnival UK



DID YOU KNOW

- The 14 ships in the Carnival UK fleet together serve more than one tonne of steak, 43,000 eggs and 2,300 bottles of red wine each day
- Carnival UK uses about 40 tonnes of fuel a day, which is the same as driving a standard saloon car around the world 20 times
- During a round-the-world voyage, around 4,000 portions of Beef Wellington are served
- Every ship in the Carnival UK fleet runs continuously 24/7, stopping for only two weeks every five years for maintenance
- Nearly 600,000 litres of ice cream products were consumed on Carnival UK ships in the past year
- More than 90% of people who try a cruise holiday will return for another

“As a service business, Carnival UK has a simple logistics mantra: phenomenal customer service leads to the creation of a strong operating margin and yield per holiday”

are planned to be less than the purchase costs. On the three Cunard liners alone, £2m of beef is consumed every year, and the quality of every single steak must be top-notch.

The focus on consistent quality inevitably pushes up the logistics costs which, it has to be remembered, is a small cost of the asset value of the three ships. As a service business, Carnival UK has a simple logistics mantra: phenomenal customer service leads to the creation of a strong operating margin and yield per holiday.

However, Sermet Baykaner says the ultimate logistics challenge is managing what he calls the technical supply chain. The whole customer experience can be undermined by a breakdown or the ship running out of fuel.

The technical supply chain covers everything down to each piece of artwork on the ships. The team monitors the status of all technical aspects from replacement engines to individual

key cards. This is achieved by having a main consolidation warehouse and strategic spares locations in Scotland, Holland and Germany and other Carnival Corporation facilities in Miami, New York, Genoa, and Hamburg.

The ships act as ‘transit hubs’ and the supply team tries not to have large stockholding on land, often working with suppliers to manage the movement of ‘ugly freight’ items direct to the ships.

On the *Queen Mary 2* it keeps two turbochargers on board and one with the supplier, which delivers it to the ship in Southampton when one is replaced.

As the largest cost is fuel, usage is monitored round the clock by a team of engineers on each ship. The key role for the supply chain team is to plan for the bunkering facilities to be available at every port of call. Waste control is becoming ever more important as environmental issues rise up the agenda for shipping lines.

To keep the Carnival UK ships in calm water, the supply chain team has developed internally highly skilled staff. “We have developed our own strategy in terms of airfreight, seafreight, rail and import and exports which is supported by long-term partnerships with locally based Meachers Global Logistics and Southampton Freight Services,” said Sermet Baykaner. “The agility of Meachers and SFS helps us solve instant issues and ruthlessly drive down lead times.

“We have agents in every port, and local customs and stevedores come to us and are part of the cruise and maritime network to support the fast turnaround of the ships.”

Cunard Line has survived and prospered through a number of storms in its lifetime. With excellent supply chain planning and execution playing a key part, Cunard is in good shape as a business to be confidently looking forward to its 200th anniversary.

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Three steps to strategic supremacy

John Acton of DPI Europe explains how logistics organisations can transform the way they do business, starting by harnessing the ideas and opinions of their people



Thought leader: John Acton helps companies understand how to achieve competitive advantage

Any company that wants to thrive consistently and remain a leader in the evolving and, at times, dramatically changing logistics market must be successful in three fundamental areas:

- Developing and deploying a successful business strategy
- Continuous innovation of products and services
- Identification of potentially disruptive 'stealth competitors'

Achieving success in these three areas is not easy but the companies that do it best are the ones that dominate in their business arena. And the thought process and leadership skills that are needed apply to all businesses regardless of scale.

1. Developing and deploying a successful business strategy

A clear, well-articulated strategy that has been developed by the CEO and his/her leadership team is one that defines the corporate mission and objectives for those responsible for carrying them out. Without this, a company will lose focus and meander dangerously from one year to the next without ever getting any closer to achieving its vision or fulfilling its potential. Furthermore, this company increases its vulnerability to the harsh realities of the business world.

Many organisations will seek external help in the shape of a consultancy firm that will come into their organisation and tell them what their strategy should be. The risk

with this approach is that the strategy may have weaknesses and, critically, it may not reflect the views of the senior management team who will be responsible for the successful execution of the strategy.

Some companies try to formulate their strategy themselves with the common failing that not enough time is dedicated to the process and operational or budgetary issues dominate the discussions rather than genuine strategic thinking.

A fundamental belief is that the best strategy and the best ideas to innovate and keep ahead of your competitors rest in the heads of your own senior management team. They know your company and the

industry inside-out and have a vested interest in ensuring the company succeeds.

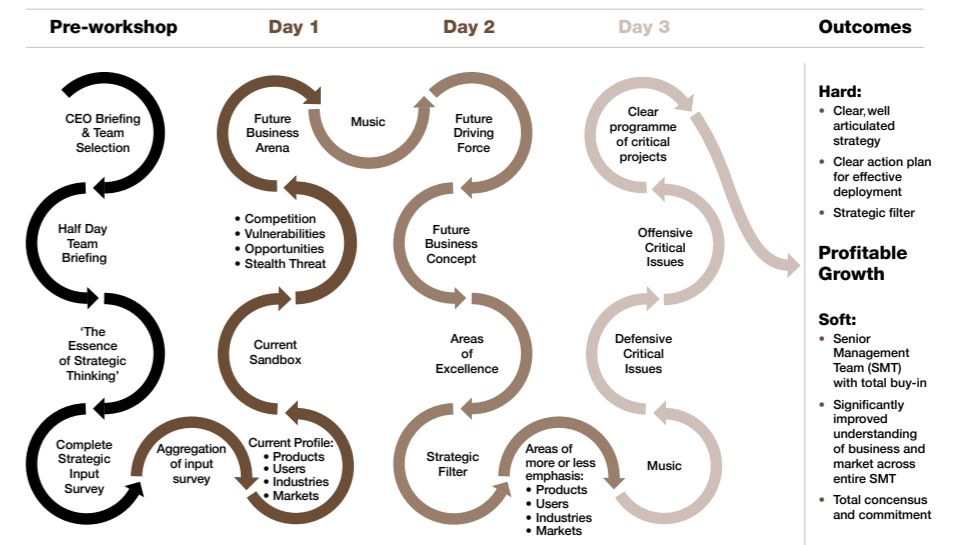
2. Continuous innovation of products and services

To be a leader in its business arena, an organisation must drive continuously the innovation of its products and services. Market leaders are rewarded by being in a position to take advantage of the premium margins of being first to market and the opportunity to win new customers.

Most organisations practice innovation in a haphazard manner, hoping it will happen. Failure to innovate products and services continuously, consciously and consistently

Strategic Thinking Process

Fig. 1



Exploring the Sandbox for a winning formula

A clear strategic thinking process takes the CEO and the senior management team through an in-depth series of exercises that involves a strategic input survey, a half-day briefing session and a three-day offsite workshop.

The process leads the team through an analysis of the current profile of the company: its current products and/or services, its customers and/or users, its industry segments and geographic markets. The process continues through an analysis of an organisation's current market segment (or 'Sandbox' as we call it), the competitive landscape and the future business arena

(see Figure 1 above).

The next step involves selecting the 'Driving Force' for the company which is the key component of the business, the DNA of the company and the key determinant of the choices management makes. From this it is possible to build a future business concept, areas of excellence, a strategic filter to ensure decision making throughout the organisation is aligned to the strategy.

Agreement on whether more or less emphasis is placed on future products/services, its customers/users, its industry segments and geographic markets can be clearly identified.

The hard outcome of the process is a clear, well-articulated strategy with an action plan to deploy it effectively. The soft outcomes are a management team that is totally committed and 'bought-in' to the strategy because they designed it and they own it.

Organisations cannot underestimate the power of strategic 'buy-in' because without it they could be heading toward strategic terrorism. This is a term used to describe the behaviour of managers when they don't believe in something; they will seek all the reasons not to support it and implementation will never happen. Worse still, companies will go backwards fast.

will result in an organisation always playing catch-up and never leading its market segment.

To be successful a business should adopt an innovation process that will identify new products and/or services on an ongoing basis. The process is formed of four steps:

1. Creation – Monitor the key sources in your business environment from which you can create a broad range of opportunities
2. Assessment – Measure the new products/services opportunities in terms of costs, strategic fit and difficulty of implementation
3. Development – Anticipate the critical factors that will cause the new product/service to succeed or fail
4. Pursuit – Develop a specific implementation plan.

Long term success is highly dependent on an organisation's ability to create and bring to market new products and/or services more often and more quickly than its competitors do. This new product creation is the fuel of 'corporate longevity'.

3. Identification of potentially disruptive stealth competitors

If a company aspires to establish supremacy over its competitors it has to change the

rules. In the past decade, however, we have come to the conclusion that changing the rules is no longer enough; we must now change the game itself.

The assumption that your industry cannot be 'disrupted' could prove fatal. You need to look beyond the conventional competitive environment and identify potential disrupters to your business arena.

The book chain Borders seemed blind to the emergence of Amazon, as did the big UK supermarkets by the sudden market-share grabbing of Aldi and Lidl. The taxi industry is in shock by the appearance of Uber, as was Blockbuster by the success of Netflix.

These are highly visible examples but let's be clear – every day one of your competitors, or potential competitors, will be discussing how they can grab business and market share from you.

Successful businesses need to adopt a 'Stealth Threat Process' by grouping together a cross-functional team of an organisation's up and coming 'high potentials/emerging leaders' and set them the task to develop a business concept to directly rival the company.

Clients are committed to investigating their market for game-changing

technological advances, new entrants or new products (see Figure 2). This can generate incredibly diverse and unpredictable ideas that can be invaluable to the future planning of the business.

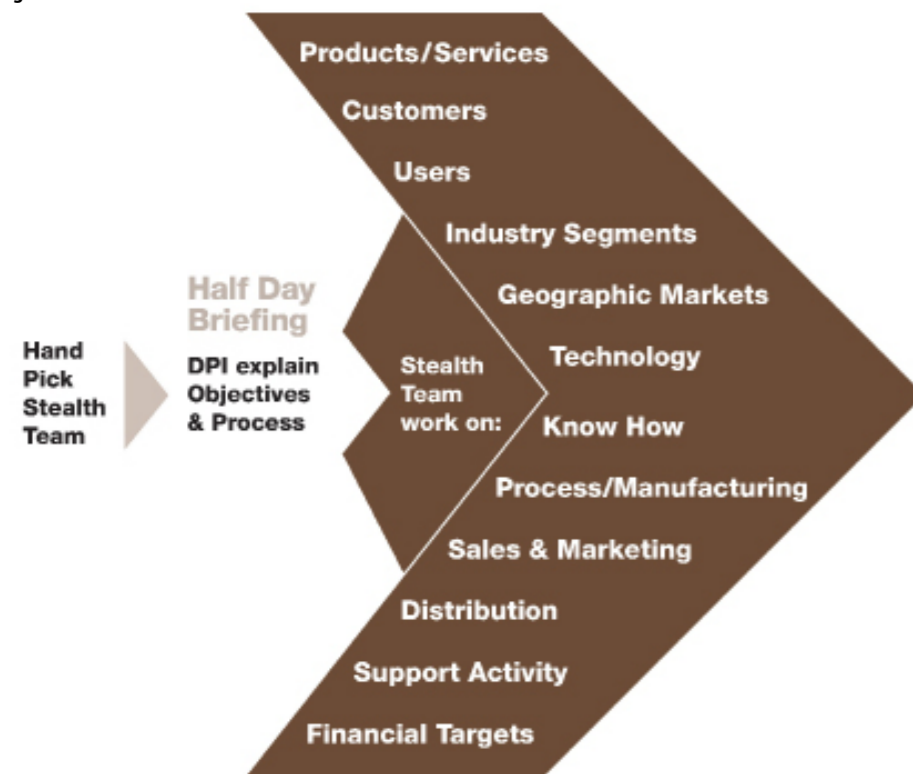
The creation of a stealth competitor is an enlightening and innovating exercise that has the potential to transform the way a business operates. Without the exercise, a company risks severe damage by something they did not see coming. Having the right mindset in the business will help them deal with anything extraordinary.

About DPI Europe

DPI Europe is the European operation of Decision Processes International, a global management consulting and human capital development firm that specialises in critical thinking processes. DPI's tailored services and training programmes empower its clients to consistently out-think and out-pace the market place to achieve 'strategic supremacy'. For more information, contact John Acton on 0203 744 1181 or email johnacton@dpi-europe.com

The Stealth Threat Process

Fig. 2



Hard Outcomes:

- Helps identify weaknesses with current business model
- Identify fresh perspective on all 12 Key Strategic Components
- Allows the business to adopt all or part of the Stealth model
- Identify potential new competitors or collaborators
- Identify potential acquisition or JV partners

Half Day Pre-Board

Preparation for Board

Soft Outcomes:

- Establish better cross-functional behaviour
- Next wave high potential employees/junior executives feel valued, motivated and engaged
- Build stronger succession foundation stones
- Test the creative and strategic thinking of the next wave
- Identify individual areas of development



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Building a brighter future

Through its high-level support of the pioneering NOVUS scheme, Travis Perkins is laying the foundations of its growth strategy



“The internet revolution has given customers visibility and choice of wider product ranges and quicker delivery solutions, so supply chain management is becoming an ever more critical skills set to sustain and improve business profitability”

The rapid growth of the supply chain industry – fuelled by new services like next-day and in-day delivery and click-and-collect – is outpacing the availability of qualified and talented individuals.

Travis Perkins, the UK’s leading supplier of materials to the builders’ merchant, home improvement and construction market, wants to close the gap and inspire the next generation of supply chain professionals.

In spring 2015 the FT100 group announced plans to create 4,000 jobs and 400 new branches across the UK by 2019. There will be a mix of 170 apprenticeships for younger people, and 200 branch managers and assistant managers a year, skilled IT professionals and supply chain specialists. Distribution warehouses will be opened or extended in Warrington, Leeds, Northampton, Coventry, Cardiff and Tilbury.

Given its focus on developing talent for the future, it is hardly surprising Travis Perkins has chosen to get involved with NOVUS – a unique scheme that provides an excellent opportunity to learn, secure in the knowledge that a rewarding career will follow.

A career in supply chain and logistics management offers students an unmatched range of rewarding challenges: global sourcing; strategic planning of products, factories and logistics operations; creating innovative solutions to the next generation of delivery services (3D printing, for example); planning and running complex, carefully-timed operations with large elements of people management; developing commercial and communications skills; and problem-solving in fast-changing business environments. Who said logistics was dull!

Travis Perkins’ supply chain team is critical to its business. The group sources more than 150,000 products from across the globe, with colleagues in Shanghai and the UK co-ordinating land, sea and air solutions to control the flow of products to customers and branches.

In the UK Travis Perkins uses state-of-the-art fulfilment facilities and more than 3,700 commercial vehicles to meet the needs of customers every day. The whole operation is connected by Google technologies so colleagues are up to date with the latest thinking and activity across the supply chain.

Being involved in the NOVUS scheme is not only about investing in future business leaders – it is a core element of Travis Perkins’ growth strategy.

The NOVUS scheme has been developed with the University of Huddersfield, with help from the sponsor companies. Students study toward a BSc (Hons) in Logistics and Supply Chain Management at the university and, to attract the best talent, the scheme offers a unique range of benefits to prospective students. These include a guaranteed graduate job with one of the supporting companies following the successful completion of the degree programme, and a third year salaried position, gaining valuable workplace experience.

Students on the course will learn key business skills such as how to organise and manage the planning, sourcing, manufacturing and physical logistics of their supply chains. Learning these skills gives them a unique insight into the operational and strategic supply chain theory and practice.

“The NOVUS course has been developed

through consultation with industry partners, building on Huddersfield’s long experience in the subject,” said David Leach, a senior lecturer in Supply Chain Management at Huddersfield and programme manager for the NOVUS scheme.

“Together, we have constructed a programme that will be attractive to students and will develop the professional skills and competencies specifically required by employers in this field.”

Throughout the scheme programme, students have a company mentor to guide them on their journey. Robin Proctor, Group Supply Chain Director, is Travis Perkins’ longest serving mentor. (All of the NOVUS mentors at Travis Perkins are directors, a clear sign of how highly the group values the scheme).

Robin was delighted the group chose to become a founder sponsor and address the challenge of developing talent. “The internet revolution has given customers visibility and choice of wider product ranges and quicker delivery solutions, so supply chain management is becoming an ever more critical skill set to sustain and improve business profitability,” he said.

“Skills in this area are in short supply, and demand will be high for those people that have them. It is critical to our business success that we grow this talent group, which is why Travis Perkins plc supports the Novus initiative.”

Ellie Langdon is one of the students being mentored by Robin. She said: “Robin and I are in regular contact and he’s been really supportive in finding me a placement. He also supported me a lot over the summer and arranged for me to spend three days at the Travis Perkins site in Northampton.

“Robin has been brilliant with helping me



Three young students who are looking forward to a rewarding career in logistics thanks to Travis Perkins and NOVUS

network around the company and guiding me on assignments. He always puts me in contact with people if he can't help me directly with my questions. I really feel that Travis Perkins recognises that we are the future."

Travis Perkins is involved in the process of assessing students prior to entry into the course, and the facilitation of student placements.

Rebecca Martin-Cortez, part of the recruitment team at Travis Perkins, is a great advocate of the NOVUS scheme and knew all about it in her previous job. She brings the background and history to the Travis Perkins team and is heavily involved

in the assessment centre days and course development.

She said: "Having worked with graduate schemes throughout my career, I feel many students leave their schemes with purist views and strong ideas. However, they are often ill-prepared for a commercial environment and lack workplace experience.

"The main difference with NOVUS is that it does all the great stuff that degree courses do but balances it with key principles, experiences and commercial skills. More important, it takes these skills and teaches students how to apply them in a workplace, which is a huge benefit to both the student and our company."

FACT FILE

- Travis Perkins is the name behind the Wickes, Toolstation and Benchmarx chains
- The FTSE 100 group operates 19 businesses from 2,000 sites across the UK
- It employs around 24,000 people, 5,700 of them working within logistics and supply chain operations
- It imports products from more than 80 countries
- It generates revenues of more than £5.5 billion a year
- A fleet of 4,000 fork-lift trucks load more than 3,700 commercial vehicles in order to achieve one delivery every second of the working day, nationwide.

We have over 30 years of delivering professional logistics courses at Huddersfield. Our innovative partnership with the NOVUS Trust – linking the University with over 30 major companies – is helping develop the next generation of supply chain talent for the industry.



INSPIRING TOMORROW'S SUPPLY CHAIN PROFESSIONALS

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LOGISTICS APPRENTICES

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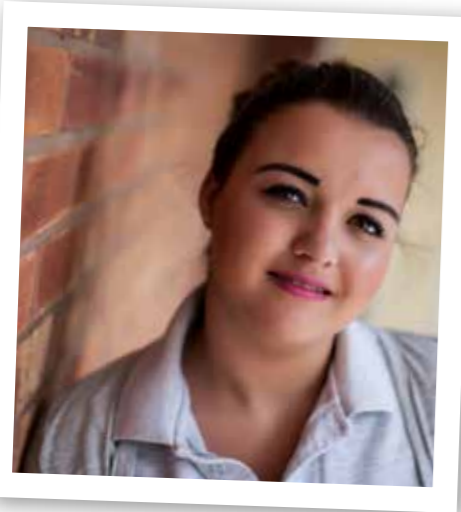
Tomorrow's talent today

The Bis Henderson Academy is at the forefront of efforts to support apprenticeships, plug critical skills gaps and generally secure a brighter future for the UK logistics industry

The supply chain and logistics industry, which accounts for around one in 10 jobs in the UK, needs to attract an increasing share of high quality talent and to play a greater role in making the UK more competitive. BiS Henderson Academy (BHA) was created to address these twin needs.

BHA, which is part of the BiS Henderson Group, supports organisations in developing their talent pools, inspiring young talent into the logistics industry, providing tailored pre-employment and career development programmes and creating gateways to higher education qualifications. BHA delivers this directly via in-house expertise and through a national network of high quality training partners.

This focus on talent is the fundamental aim of the new Academy; developing apprentices and apprenticeships as well as introducing school and university leavers to the exciting career opportunities that exist in logistics and supply chain organisations.



The importance of apprenticeships

Following the recommendations of the Richard Review, the Government is focused on delivering a restructured, 'employer-focused' plan for apprenticeships in the UK. All parties have stated that three million new apprenticeships are required, 25% of these will be existing employees being up-skilled.

There are now critical shortages in driving and supervisory roles and the industry also lacks individuals with higher skills and qualifications to progress to first line management. The solution to this requires businesses and support organisations to focus recruitment and development on these important areas.

With some 900,000 young people under the age of 24 seeking employment, the focus of government funding for logistics apprenticeships must be adjusted upwards from 16 - 19 year-olds to 21 - 24 year-olds to reflect the practical requirements of driver training and insurance.

Although the legal age for driving a 3.5 to 7.5 tonnes vehicle was lowered from 21 to 18, the industry is unable, in any practical sense, to take 16-17 year-olds into driving apprenticeships, and firms are struggling to get insurance for drivers under the age of 21. More than 70% of employers who were interviewed by BHA in 2014 would only consider starting with apprentices that were older than 19 years of age, and the majority of those were looking for candidates over 21 years of age.

The Government's Trailblazer programme, aimed at engaging with employers to establish new more relevant 'standards' for apprenticeships, is an important step to communicating industry's specific needs to



government and collaboratively setting the standards of each industry's apprenticeship schemes.

In the logistics sector, however, this process has been moving far too slowly. There is a need for stronger engagement, with real evidence of employer commitment, to showcase active schemes for funding that will create long term job solutions and show that talented people progress quickly.

The BiS Henderson Academy is working with employers, training providers and academic institutions to meet this need. BHA was established to collaborate on solutions to achieve these goals; working with potential competitors for the common good is in the Academy's DNA and this has already brought significant results.

Employability and Skills – where are the gaps?

The logistics sector's greatest and most urgent need is for new drivers – more than 149,000 of them by 2020. An already alarming shortage of proficient HGV drivers is set to worsen in 2015, as a generation of older drivers approaches retirement and the impact of DCPC regulations is felt, leading to even greater pressures on logistics costs.

About BiS Henderson

BiS Henderson is a leader in supply chain recruitment in both the private and public sectors. The company has a knowledge-based approach and a vision to work with its clients to develop high performance, diverse and effective management and professional teams. The company also now offers professional supply chain and logistics consultancy services via BiS Henderson Consulting (www.bis-henderson.com)

The Logistics Guild is wholly owned by BiS Henderson and has created an attractive and unique benefits solution for both employees (free with membership) and employers through tailored in house benefits programmes.
www.thelogisticsguild.com

There is a similar issue within operational supply chain roles. The historic view of a warehouse job is being replaced by more advanced, IT-literate roles with challenging and supportive continuous improvement environments that require higher skilled supervisors and first line managers.

The UKCES report into The Logistics Industry Skills Needs (2020) showed that almost 220,000 new employees of a higher skill level were required to replace those moving up or moving on. This is a key challenge BHA is focused on supporting.

With funding available across the UK for increasing the levels of English and Maths (a recent government report stated that 78% of the current UK workforce struggled with numeracy), employers can take advantage of free training in this area, giving their employees access to higher levels of learning at no cost to themselves.



“With some 900,000 young people under the age of 24 seeking employment, the focus of government funding for logistics apprenticeships must be adjusted upwards from 16 - 19 year-olds to 21 - 24 year-olds to reflect the practical requirements of driver training and insurance”



It was with this longer term sustainable development in mind that BiS Henderson Academy re-launched The Logistics Guild. Initially, the Guild was established to attract people into the industry and talk to the 2.3 million employees about opportunities for career progression and enhancement.

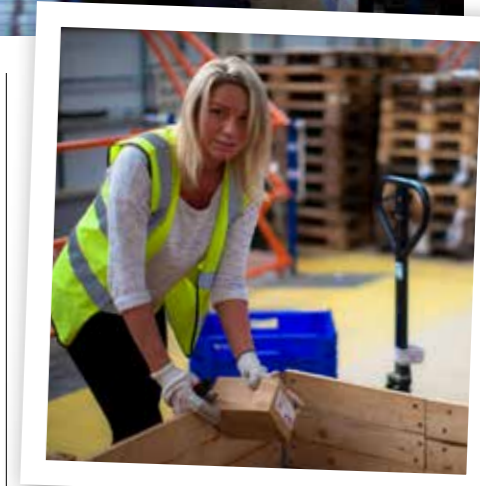
BHA has now focused it on making a difference to the lives of employees through employer benefits schemes. These benefits make logistics roles more attractive and the Guild also offers advice on careers (fitting in with the wider BiS Henderson Group approach).

Finding long term industry solutions to the skills shortages

The current targeting of funding at 16-18 year olds misses the industry's need to develop talent at 19+ and hampers the acquisition and development of skills. It is estimated there are 150,000 new entrants into the sector each year with only 6,500 benefiting from a full range of training, accreditation and development support by joining as new apprenticeships.

An academy that will make a difference

The BiS Henderson Academy is working with employers to set up apprenticeship programmes, secure funding and find suitable apprenticeship candidates. The vision is to create a 'gateway' into the logistics and supply chain industry for young



talent, developing their skills and to present them with an opportunity for a career in logistics.

Opportunities to encourage young people into the sector and develop the skills the industry needs will be lost if the sector fails to communicate clearly with its target audience of aspiring young people.

Industry associations led by RHA and CILT are already championing the case for logistics careers by engaging with school leavers and working with local government departments and colleges including LEPs.

There is significant funding for skills development and job-related infrastructure programmes; this investment money needs to be used to address the issues raised in this article and BiS Henderson Academy will play a clear role in support of the industry to deliver a positive outcome.



TRAINING LEADER

Logistics Learning Alliance
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Going the *final* mile

DOPsys from Logistics Learning Alliance helps ensure consistently high standard for technical distribution



FACT FILE

- Logistics Learning Alliance (LLA) was founded in 2004 to deliver accredited logistics and supply chain management training to all levels of supervisor or management, in both commercial and humanitarian aid organisations
- Clients include Argos, British American Tobacco, Beiersdorf, Brother, CAT Logistics, Fuji Film (UK), Nissan, Tesco and Oxfam, World Food Programme and UNICEF
- Individual students come from diverse backgrounds such as the armed forces, commercial organisations and humanitarian specialists giving a broad base for the development of innovative courses aimed at meeting specific needs

• LLA aims to be the preferred training partner for any organisation wanting to improve the performance of its supply chain through the development of its people, covering both management and specialist skills

• Programmes cover the supply chain from sourcing and procurement, through production planning and inventory management, to warehousing and distribution at all levels, from new entrant to senior management

• LLA is skilled at developing programmes to meet the needs of individual organisations and, where specified, can work with UK awarding organisations to accredit the programme

• The company has developed courses to UK awarding organisation standards from levels 2-6, leading to recognised qualifications from the Chartered Institute of Logistics & Transport and the Institute of Supply Chain Management.



A crucial part of any supply chain is the last-mile delivery – the final part of the distribution process.

A company can ship a product from China to the UK, clear it through Customs, transport it to a distribution centre and fulfil an order in record time. But if it doesn't get the last leg right, all that effort counts for nothing.

Logistics Learning Alliance (LLA) has helped to develop the world's first certified process for technical distribution and last-mile delivery. It is called DOPsys, which stands for Delivery, Offload and Position System. One of the components of DOPsys is an online technical distribution course.

DOPsys is designed to ensure consistently high standards are achieved by establishing a robust framework for all logistics providers offering specialist delivery solutions and, more important, for clients and end users procuring the service.

Peter Jones, managing director at LLA, said: "The last thing customers want is their new equipment arriving late, incomplete or damaged. When consumers remodel and

spend a significant amount of money, all the components need to be delivered on time and free from damage. Anything else, and the relationship between a company, its customer, or an end consumer, can be negatively impacted.

"DOPsys provides the logistics industry with a measured level of training and a clear standard, which will reassure customers that their exacting standards and demands will be met. It has already been recognised as setting an industry best practice solution by LaMiLo (last mile logistics) – an INTERREG IVB North West Europe project part-funded by the European Regional Development Fund."

DOPsys has three components:

Compliance Partners: These are manufacturers and distributors who endorse the DOPsys methodology in handling their valuable and sensitive product.

These organisations are supplying industries including medical and life science, IT, retail, banking, pharmaceutical, security and printing with a range of equipment including populated server racks, uninterrupted power supplies (UPS), medical and life science laboratory apparatus, automatic teller machines (ATMs), printers and photocopiers, commercial safes, vending and point of sale (POS) machines.

Certified Partners: Certified Partners are

technical distribution companies, third party logistics providers, transport and courier companies who are licensed to operate DOPsys internally. Companies choosing to operate DOPsys will conform to the required standards ensuring major benefits for their company, their employees and, most important, their customers.

Training: This is the first time a course focused exclusively on technical distribution has been available through remote learning modules. The programme is divided into three levels – technician, team leader and project manager. It is accredited by an internationally recognised awarding organisation.

Each stage builds on the previous level and can be separately certified. However, to achieve fully Certified DOPsys project manager status, candidates will need to have either completed both previous levels or provided evidence to the assessor of prior learning and experience at the lower levels.

The course is fully supported by LLA's expert team of industry professionals and learner support administrators. Whether studying as individuals or through a company programme, students can study at a pace to suit their circumstances.

Links with Humanitarian Agencies

LLA also works very closely with some of the world's largest humanitarian agencies to deliver a unique suite of qualifications for logisticians and supply chain managers.

Accredited by the Chartered Institute of Logistics and Transport, the Certification in Humanitarian Logistics, Certification in Humanitarian Supply Chain Management and Certification in Humanitarian Medical Logistics Practices have provided verifiable improvements in the support given to beneficiary programmes, especially in the Middle East, Africa and part of south-east Asia, where so many of the recent humanitarian tragedies are being played out. To date, more than 700 students have graduated from these programmes.

In 2014, USAid funded 41 scholarships through the programme, and individuals have been sponsored both by their own organisations and by third party companies such as Fair and Easy Co Ltd, based in Bangkok.

If your organisation would like to sponsor a student through one of the unique Humanitarian Logistics and Supply Chain programmes, please contact LLA through hlregistrations@logisticslearningalliance.com or through the CILT at enquiry@hlcertification.org



LOGISTICS FOR MANUFACTURERS

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Boxing clever

Reusable packaging innovation helps firms eliminate waste, cut carbon emissions and boost their 'green' credentials

It is a sobering statistic that UK society piles up almost six million tons of packaging waste a year.

So while it's fair to say consumers are, generally, becoming more aware of environmental issues, there's an awful long way to go in the quest to act 'greener'.

One way we can all help shift the carbon reduction needle in the right direction is to pay more regard to environmentally-friendly packaging materials that are sourced responsibly.

Today, sustainable packaging is as much a measure of a company's competitive standing as their products themselves. It sets the scene for the actual consumer experience a product is about to offer.

As manufacturers look to reduce waste and increase cost efficiencies in their supply chains, the movement and packaging of products is under scrutiny like never before.

To free manufacturers from the complex

task of managing their packaging and to help them eliminate cardboard waste, GEFCO has developed an innovative, reusable packaging solution called GefBoxSystem.

The automotive industry is a significant user of reusable packaging. A visit to any vehicle manufacturing plant will feature a steady flow of plastic and steel containers, crates and pallets moving from trailers through crossdocks, loading bays and on to the assembly line and often all the way back to suppliers again.

GEFCO has a 65-year heritage in the automotive sector. Its commitment to support vehicle manufacturers has led it to develop a unique expertise in the logistics market.

GefBoxSystem is an extensive pooled container service which encompasses a full range of standard washable and reusable plastic bins, containers, pallets and covers.

It integrates with GEFCO's international transport system which offers additional service enhancements such as stackability, consolidation, planning, transport, washing, maintenance, packaging rental and management audit via a web-based ordering system, NetBox3.

How GefBoxSystem works

- Manufacturer's suppliers order the different packaging units they require through NetBox3
- When the suppliers receive the reusable packaging units these are used to fulfill the production schedule
- Once the manufacturer receives the reusable packaging units – complete with parts – they process and empty them ready for collection by GEFCO
- Once collected, they are sent to one of GEFCO's European – wide wash centres for cleaning before entering back into the

“There are several key benefits of the GefBoxSystem to GEFCO's customers. First, the containers are 100% reusable and replace the customer's use of cardboard packaging solutions, which cannot be reused and which can be easily damaged”

reusable packaging pool

- GEFCO also provides its customers with the option to simply manage or audit the customer's own range of pallets and boxes in the same way they do with GefBox containers, through the same wash cycle.

GEFCO has targeted wasted capacity and made it a key part of its environmental policy. With the GefBox System solution, GEFCO is making a significant contribution to helping reduce the manufacturing industry's carbon footprint.

There are several key benefits of the GefBoxSystem to GEFCO's customers. First, the containers are 100% reusable and replace the customer's use of cardboard packaging solutions, which cannot be reused and which can be easily damaged. They offer a perfect durable and environmentally friendly alternative for customers looking to reduce waste in their supply chain and avoid having to stockpile cardboard boxes or pay landfill tax on their disposal.

Second, GEFCO can supply GefBox to customers throughout Europe through its International Overland Network, with washing centres in several countries.

The third most important benefit of

GefBox to customers is that GEFCO can track the items throughout the supply chain, first via GEFCO's own integrated network as well as throughout their European-wide warehouse locations.

Another benefit of GefBox is the ergonomic design of all the different boxes in the range. All containers can be handled safely, securely and with ease thanks to the comfortable side handles and sensible unit sizes within H&S guidelines. The containers and their lids are designed to ensure nothing can spill out of them and they cannot be affected by any external elements.

Minimising wasted space on a lorry is an obvious way to reduce overheads and, by eliminating wasted journeys, also cuts the carbon footprint. The clever design of the containers allows operators up to 30% more capacity utilization.

GefBox is being used by many of GEFCO's automotive clients, making their inbound parts supply safer and more environmentally friendly. Customers take advantage of GefBox for the delivery of parts from around the world and value a solution that helps reduce handling of parts at line-side and their return transport

FACT FILE

- One of the top 10 logistics providers in Europe
- 11,500 employees of 72 different nationalities
- Present in over 150 countries with 1,000 international linehauls
- 38 GEFCO subsidiaries and 70 partners worldwide
- Four million vehicles transported a year

GefBoxSystem

- 22 collection and cleaning centres (CCL) worldwide
- 8 collection and washing centres in Europe
- 23 countries covered
- 6.4 million handling units
- 48 million flows a year across Europe
- 1,500 customer sites supplied

costs. Companies across all sectors, whether they be in the automotive or industrial, electronics or high-tech sectors, all have a need to be both more efficient in their supply chains by cutting costs and waste but also need the reassurance that products are reaching their final destination as safe and securely as possible. GefBox can provide the right solution for all of this.



Altogether now

Web platform that hooks up transport operators and shippers spells greater efficiency, higher margins and a cleaner environment

Transport operators and shippers have welcomed the launch of a free web-based collection and delivery platform that promises to improve efficiency and profitability all round.

Following a pilot programme, Shipntrak went live in the UK in March 2015. The platform offers users a host of benefits, including improved vehicle utilisation, reduced operating costs and emissions plus real-time tracking.

Collaboration between transport operators and the shipper can now be carried out with

complete privacy, seamlessly and without intervention from a third party.

“To meet on-time deliveries 100 per cent of the time while keeping your head above water financially requires the highest utilisation of assets and control of the operation,” said a spokesman for Shipntrak. “That’s no easy task in a 24/7 business with delivery time windows that can be as tight as eight hours from initial order to delivery.

“Shippers are rightly concerned that in this increasingly online ordering age, a failed delivery or a ‘stock-out’ can lead to

a customer being lost for life. They are also very anxious about information on their valuable cargoes being visible throughout the journey. Shipntrak addresses those twin concerns.”

The trial, which ran over six months, featured a shipper – ‘Shipper A’ – which has six haulage companies contracted to deliver various loads from its depot in the Midlands to other depots in the UK.

Until now, the firm has employed four staff to telephone and negotiate a price on each load and correlate the pick-up and

“Shipntrak’s implementation team visited each haulier and provided training on the system. The team explained the benefits for the haulier and the how to achieve them”



delivery times with the recipient/customer.

Shipper A agreed to use the platform and slowly integrate the system with its existing group of hauliers. It chose a single contract, which is normally 140 to 150 loads per month, and put the word out to the hauliers.

Shipntrak’s implementation team visited each haulier and provided training on the system. The team explained the benefits for the haulier and the how to achieve them.

The hauliers soon realised that by having visibility of loads well in advance, they could choose which loads to offer with their own fleet and which to sub-contract.

From speaking with the six hauliers, the average cost for delivery was £1.50 per mile, and Shipper A had been happy to pay this. They would have liked more per load but were saw the advantage of being able to their operation around known work in the pipeline.

By utilising Shipntrak and being aware of loads being offered in places relevant to the drop-off area, the hauliers were now in a position to look at a two-way trip fully loaded.

Once the hauliers got to grips with the system their tendering became very competitive, appreciating that the return full load was just as important as the initial load being delivered.

A single example illustrates how the collaboration works in practice:

- Shipper A wanted to deliver product from its factory in the Midlands to Southampton Docks, a 300-mile round trip at £1.50 per mile (£450).
- The haulier tendered and won with a somewhat reduced price of £295 (98p per mile).
- Through the Shipntrak website, the haulier had tendered and won a load to be picked up from Shipper B in Fareham, Hampshire and dropped off in Oxford, an extra 40 miles on the round trip (now 340 miles). The return tendered price was £265.
- So Shipper A earned £560 in total, or £1.65 per mile.

Both Shipper A and B achieved a better

price, the haulier ran full both ways and returned a better pence per mile rate for the round trip, and emissions were reduced by more than 30%.

Shipntrak could also manage the sub-contract work the six hauliers decided not to do themselves in the same seamless way. This is where the haulier becomes a shipper in their own right.

The haulier/shipper now invited its own group of sub-contractor/hauliers to tender for the sub-contracted work on the Shipntrak platform. The haulier/shipper put loads onto the platform in order for the sub-contractors to tender. If that load was tendered and won already within the platform from another shipper, the haulier/shipper would simply hit the ‘re-list’ button and send it out to their managed group of sub-contracted hauliers.

The shipper has spent less time ‘selling on’ the sub-contracted work and has improved its profit by receiving more competitive quotes.

Shipntrak’s implementation team will have visited the sub-contracted hauliers as well for training and tips on how to get the most out of the system.

In addition to the sub-contracting angle, Shipntrak can source and secure back loads, reducing the cost to the shipper and increasing profit per load for the haulier.

There is also marketing dividend: By introducing the hauliers to various shippers in locations in and around drop-off areas, the hauliers were able to introduce their services to newer locations and other shippers.

As Shipntrak grows and more shippers use the system, there will be further opportunities for those shippers to identify relevant hauliers to optimise their operations as well by planning stock movements in advance.

The Shipntrak platform is available as an app on smartphones, iPhone and Android. It tracks the vehicle/load in real time so you can confirm the exact pick-up and delivery times, identify unexpected delays

and provide a better customer service, announcing delays directly as they happen.

Keeping everyone informed reduces anxiety and enhances professionalism. Within the app, the driver can select ‘load picked up’ and ‘load delivered’. These time stamps and locations are available to both the shipper and haulier providing confirmation in real time as opposed to waiting for a POD to be uploaded.

New loads can be planned in while the vehicle is on the move by shippers and hauliers responding to immediate demand changes, reducing the requirement for an ‘emergency’ call out and the additional cost that entails.

The data from the Shipntrak platform is automatically collated into various reports which can be downloaded in PDF, CSV or Excel, printed off and/or e-mailed to relevant parties. There are several important benefits, the obvious one being that each load can be audited at the touch of a button. Other benefits include:

- Allowing hauliers to reach a wider audience which presents more parties to add their tender and achieve greater competitiveness in delivery times and costs
- Reducing the need to telephone depots and sub-contractors to discuss each load many times over and wait for replies with prices
- Eliminating the possibility of ‘favourites’ winning the work
- Not basing the price on the first person the shipper rings.

Shipntrak is a game-changer within the logistics industry. Manufacturers and retailers can reach a wider audience of haulage companies to carry their goods efficiently and cost effectively.

Haulage companies are more proactive in filling empty loads on the outbound and backload journey. Filling more empty space means fewer vehicles will be running empty.

Moving goods around will always require a physical transport solution. Maximising the use of space on every vehicle will reduce the carbon footprint of the logistics industry across the board.





SPECIALIST LOGISTICS

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The dream makers

Spatial Global's pioneering holiday medications delivery service has enhanced the quality of life for so many patients who want and need an overseas break

Back in 1998 Spatial Global was presented by Europe's leading provider of infusion therapies with the task of managing the transportation of medication for UK-based dialysis patients travelling overseas on holiday.

Without the service most of the individuals concerned would not be able to have a holiday at all. The philosophy behind the scheme is to support them and their families so they can maintain a lifestyle that's as normal as possible.

The task's crucial requirement is that medication is both delivered to the destination and its receipt confirmed (as intact and in good condition) before patients are allowed to leave the UK. Upon arrival at their holiday destination – whether resort, campsite, cruise ship, hotel or villa – immediate access is required to the product so patients can continue with their strict medical regimes.

Spatial has undertaken the work exclusively ever since.

Perhaps surprisingly, the volume of dialysis product and equipment for a longer holiday can run into several pallets per patient. Convincing local customs authorities that this is a personal prescription for an individual – who is also not allowed to depart from the UK until delivery is completed – is no mean feat.

Spatial Global's challenge, in short, has been to manage palletised deliveries directly to holiday hotspots around the world – rather than conventional terminals, ports and commercial centres – while ensuring the very highest standards of service.

The lack of infrastructure and facilities for handling palletised freight at such locations can be a real problem. Often gone



are the simple pleasures of a receiving dock, a forklift truck, or a warehouse team with telephones. Sometimes there's not even a proper road to where the patient is staying.

Spatial Global began by working closely with local partners around the world on import permits, licences and customs declarations – effectively reinterpreting the global supply chain. It gathered knowledge from medical professionals, registered products with food and drug administrations globally, and created a tailored database of information and criteria for each delivery. The result is a unique operating procedure that encompasses the global movement of pharmaceuticals for personal use.

As confidence grew in the service, so the destinations have become more exotic. A television documentary entitled *The Ten Best Beaches in the World*, for example, brought new enquiries involving holidays in Zanzibar and the Caribbean. Spatial now

has an extensive network of trusted local partners in all the world's major holiday destinations.

Particular difficulties arise with patients on cruise ships. When vessels call at a port they are usually there for a few hours only, and given the very high levels of security now demanded – especially in the US – getting Spatial's agent quayside ready to load a considerable volume of product can be a headache. Nevertheless the company must deliver on time, every time.

Failure is simply not an option.

In 2004, some six years after the initial launch, a second service was added to support individuals requiring parenteral and enteral nutritional care. These patients are unable to eat normally – and many are children and some are severely disabled. With the support of Spatial's team, however, they are now able to have family holidays, often for the first time in their lives.

Spatial Global has, in addition, taken on



responsibility for transporting 'Sleepsafe' dialysis machines for patients. These expensive and delicate pieces of equipment are programmed individually for each user. The company also handles their return from the holiday destination directly to the patient's home.

A lot of therapies, although they can appear to be very complex, are now capable of being administered at home.

Spatial Global's customer, Fresenius Kabi, specialises in promoting, managing, providing and monitoring such therapies outside the hospital, to maximise patients' independence. With Spatial's help, Fresenius Kabi has succeeded where other providers have been unable to establish the necessary consistency and reliability in service levels.

Karen Flaherty, Head of Homecare & Customer Services UK at Fresenius Kabi, said: "Spatial really understands the needs of our business. It delivers on its promises and

prides itself on being the complete logistics solutions provider.

"It's imperative that our reputation is maintained at all times, and I have to put my faith in a partner to deliver our exacting standards. Spatial Global provides both the required service and the confidence I need. Its service is always first class."

By supporting the shift from hospital to home, many seriously ill people have been enabled to lead more normal lifestyles.

"Being involved with patients' holidays, and with deliveries of such a personal – and at times emotional – nature, is a huge motivator. It prompts the whole team to strive relentlessly for distinction in service quality," said Rachel Morley, Spatial Global's Freight Manager.

"Overall, it's a job that's impossible not to enjoy. It gives us a real sense of satisfaction, and we are incredibly proud of our achievements."



To date Spatial's team has arranged holiday deliveries for more than 3,100 patients to 58 countries on four continents (so far no-one has holidayed in Antarctica)

A matter of life and death

In 2010, Spatial Global received BIFA's 'Special Services' Award for its holiday service. BIFA praised the company for its proven ability to provide an efficient freight service when transporting life-saving products for dialysis patients wishing to travel overseas – where delays could, quite literally, make the difference between life and death.

They described the client relationship as having developed to the point where every patient could have the confidence of travelling knowing their lives are in safe hands. BIFA concluded that Spatial Global had made a real difference to people's lives by providing a service of the highest quality. And as every customer has unique requirements, a bespoke solution had to be delivered to each one.

FACT FILE

Spatial Global is:

- A leading independent UK-based international freight forwarder formed in 1980 at East Midlands Airport, Castle Donington, UK
- A one-stop-shop for handling imports and exports from or to anywhere in the world...
- ... plus UK & international mail and e-commerce and other fulfilment
- ... plus UK & international courier
- ... plus warehousing and logistics
- ... plus pick & pack and other added-value services
- ISO quality-certified across all products
- IATA and FIATA accredited
- A member of UKWA, BIFA & RHA and a DfT Regulated Agent
- The winner of BIFA Freight Services Awards in 2010 and 2013
- A member of The Keswick Enterprises Group

Walking the payroll *tightrope*

Rena Magdani, an employment specialist at Freeths, says logistics leaders must tread carefully in the wake of a landmark decision on overtime and holiday payments

The logistics sector needs a flexible workforce. The requirement to work overtime on a regular basis is key to ensuring customer demand is met, particularly during seasonal peaks.

The option for an additional source of income, over and above basic pay, can also be an attractive proposition for entrants to the industry.

A landmark decision in late 2014, which ruled that a worker's overtime should be factored into holiday pay, regardless of the terms of the employment contract, was seen as a victory for workers. However, it has presented a potential financial burden for logistics businesses.

The Employment Appeal Tribunal decision in Bear Scotland Ltd versus Fulton and another and others did not only concern future holiday payments but historical ones too (subject to when the last period of paid holiday was taken), causing fears of a flood of expensive claims.

Prior to this case holiday pay has been calculated at the basic rate of pay. Arguably, this has had the effect of putting some workers at a financial disadvantage when taking holiday, if they are accustomed to working overtime during their normal working week, as their remuneration drops while on holiday.

Outcomes of the Bear Scotland decision

Non-guaranteed overtime payments should be included within "normal remuneration" for the purposes of holiday pay. This applies to the statutory four weeks' annual leave under European law, meaning that any holiday pay in excess of four weeks can continue to be paid at basic salary only. Workers cannot claim underpayments for

holiday as unlawful deductions where more than three months has elapsed between the deductions.

Guaranteed and non-guaranteed overtime

To clarify, there is an important distinction to be made between non-guaranteed overtime (work which is not guaranteed by the employer but, when available, the employee is required to work) and voluntary overtime (which the employee chooses to work but with no expectation from the employer that they should work it).

The outcome of the Bear Scotland decision is that employees who work purely voluntary overtime do not need their holiday pay adjusting, although there is speculation this may change before too long as case law develops in this area.

What action should employers take?

Our clients in the logistics sector employ

hundreds of staff working regular non-guaranteed overtime and have had to consider the best approach to tackle the change to holiday pay. The approach taken by every logistics company will vary according to their own circumstances.

Unfortunately, this judgment did not provide the clarity needed, given its potential financial impact on companies, although a government taskforce has been set up to consider the outcome of the decision. For example, we await clarification with regard to the meaning of 'regular' overtime worked – how regular is regular?

So there remains uncertainty as to whether and when it is necessary to start changing the way holiday pay is paid, as well as how to make those calculations. Points to consider:

Some companies have decided to make no changes for now and await further guidance from the courts and the outcome



of the government taskforce on the issue. The risk with this approach is that claims may be brought by workers in the meantime which will need to be dealt with and which will incur legal costs as well as financial exposure. However, this option may avoid the possibility of unnecessary or over generous payments if the scope for overtime to be included in holiday pay is restricted.

If no holiday pay has been received during the previous three months, there will be no right to bring a claim for historical underpayments.

Where, on the other hand, holiday pay has been received at least every three months, there would be an ongoing liability (until the first gap of more than three months) which could build up to a substantial underpayment.

The way each business tackles the change to holiday pay will depend on its own circumstances, its current workforce, budget and attitude towards risk.

Payment for statutory holiday

It was also clear that the change to holiday pay applies only to the first four weeks of a worker's holiday entitlement and any additional contractual holiday can continue to be paid at basic pay, without the need to reflect overtime, commission or other payments.

It has been suggested that the 1.6 weeks' additional statutory leave under the Working Time Regulations 1998 is likely to be sufficient to break the 'series

of deductions' meaning that historical underpayments should not go back for more than one year.

Getting the balance right

This development will impact the majority of logistics businesses due to their requirement for employees to work overtime. Adopting a hard line might be both attractive and essential to protect the bottom line or respond to interests of shareholders.

However, if the supply chain is to be maintained, alienating workers by taking a hard line on the interpretation of this decision could be a bad move. As the biggest recruitment difficulty for the industry to overcome is the low number of applicants holding the required skills to do the job – with the most difficult jobs to fill at operational level – it is clearly important not to create more barriers over issues like this.

In short, the financial cost has to be balanced against keeping workers, who are at the front line of delivering service to customers, on side.

Best practice

Consider whether overtime is voluntary, compulsory or non-guaranteed.

Where overtime is compulsory or non-guaranteed, consider amending holiday pay policies to confirm which part of the four weeks' entitlement are deemed to be taken first in any given holiday year to avoid any dispute over which part of a worker's holiday pay can be paid at basic rate.

Businesses should budget for the potential increase to holiday payments and consider what systems they need in place to calculate holiday pay for each worker, says Freeths

FACT FILE

Freeths is a top 100 national law firm with a specialist team which works within the logistics sector, helping to keep businesses legally compliant and on track.

Being sensitive to barriers to recruitment is essential:

- All elements of the UK economy rely on logistics (DfT, 2011), contributing over £90bn in GVA in 2012, and being key to economic growth
- Logistics employs 2.2 million people; 1 in 12 of the working population (Office for National Statistics 2013)
- The sector is expected to grow by 6% or 155,000 jobs by 2022
- Attracting young people to the industry is a problem, with only 9% of the workers being under 25, and 45% over 45. (UK Commission for Employment & Skills Evidence Report Oct 2014).

Magna-ificent!

The state-of-the-art logistics facilities developed by John Lewis at its expanding Magna Park campus have been at the heart of the retailer's efforts to be the king of omnichannel

John Lewis has long been regarded as a beacon in the world of retail logistics, and its pre-Christmas 2014 trading figures served only to justify the reputation: in the five weeks to 27 December, sales were up over 5% on the previous year, with online sales up 19% and johnlewis.com representing 36% of total sales in the period.

Black Friday (28 November) proved an early sales spike – resulting in the highest sales week in the company's 150 years of trading – with johnlewis.com experiencing a 300% increase in traffic during the early hours of the day.

The fact that John Lewis' distribution operations coped with these demands is testament to the forward planning of its logistics team and the flexible capacity of the automated handling systems at its National Distribution Centre in Milton Keynes.

Andy Street, Managing Director, referred to Black Friday and the 2014 festive season as a 'Logistics Christmas', adding: "The investments we have made and the new capabilities we have built in recent years in Distribution and IT have been fundamental in ensuring we successfully navigate this changing shape of trade."

Omnichannel growth

The logistics facilities developed at Magna Park in Milton Keynes since 2009 have enabled John Lewis to adapt to the evolving retail market and secure crucial competitive advantage.

John Munnelly, Head of Operations at the Magna Park Campus, said: "Our supply chain capability is increasingly important to the business and plays a central role supporting the rapid growth and ever greater demands of omnichannel retailing."

The company has continuously developed Magna Park 1 and has now also invested in Magna Park 2 – a new 675,000 sq ft building connected to the existing facility via a bridge – to more than double the footprint and create a campus operation that will support further growth.

Over the past decade, John Lewis has had to adapt to the changing nature of retail demand. Customers today value not only choice, quality and competitive pricing but also convenience, reliability and speed of service – with the ability to browse, shop,



collect and return goods wherever and whenever they want.

Double-digit omnichannel growth during recent years – driven by the increasing range of products available online and the addition of new stores in a variety of formats – has prompted the company's investment in logistics, undertaken in close co-operation with KNAPP, its warehouse automation supplier.

David James, KNAPP's Regional Director for the UK, Sweden and Norway, said: "Even before e-commerce really took off, the John Lewis logistics team realised that change was required in the supply chain. They designed and implemented a 'little and often' replenishment strategy for the stores in order to minimise stock in the distribution network and free up stockroom space within the shops to create more sales area. They saw the potential of automation to improve performance, speed and accuracy – in fact, they realised it could minimise stock in the warehouse and retail stores yet increase sales through greater availability of stock."

Even as plans for the original 650,086 sq ft Magna Park warehouse were being developed, growing online sales led to constant revisions to cope with the ever-increasing sales forecasts. Despite the scale and complexity of the project, Magna Park went live on schedule and within budget in 2009. Store service was unaffected and the site immediately demonstrated its stability and capacity by coping with throughputs up to 40% above the business forecast at peak.

Click and Collect

The transition from multichannel to omnichannel began in 2011, as the introduction of 'Click and Collect' allowed customers to order online for collection in their local John Lewis the following day. The popularity of this service led to it being rolled out to more than 200 Waitrose branches as well and, subsequently, the

number of collection points has increased to more than 500 with the addition of the Collect+ network.

At peak, Magna Park 1 replenished some three million units of stock to stores each week. Gearing up to this level of activity required significant change since the facility opened in 2009. Each development of the automated systems at Magna Park has been meticulously planned – including computer simulation by KNAPP of a range of possible scenarios – to ensure minimal disruption to the supply chain. Extensions and additions have been installed, tested and commissioned during ongoing operations, with each phase of work commencing in early January, immediately after the Christmas peak.

Decanting is key

A core technology installed by KNAPP at Magna Park is its OSR Shuttle™ storage system. In line with the environmental credentials of the Magna Park site, the automated logistics systems provide sustainability in terms of energy efficiency, space optimisation and longevity.

With the handling systems being largely tote-based, decanting is a key process; more than 90% of the assortment at Magna Park 1 is broken down into single selling units rather than warehouse packs, which were previously the main cause of over-replenishment. This task is carried out at 52 ergonomically designed decanting stations that feature elevating platforms for delivered pallets to ensure an ergonomic working height as the load is removed. Goods are made shelf-ready by the removal of outer packaging – which is taken away via a high-level belt conveyor – enabling more waste to be recycled, providing an income stream.

Other automated processes used at the site include pick-to-light and put-to-light systems for order picking and, in the despatch area, I-pack technology



FACT FILE

- John Lewis operates 43 shops across the UK – 31 department stores, 10 John Lewis At Home outlets and shops at St Pancras International and Heathrow Terminal 2 – as well as johnlewis.com. Two further At Home stores – in Horsham, Sussex and Basingstoke, Hampshire – are scheduled for 2015, as well as a new regional flagship in the heart of Birmingham

- The company is celebrating 150 years in business since its founder, John Lewis, opened his first shop at 132 Oxford Street in London

- The John Lewis Partnership – comprising John Lewis and Waitrose – is the UK's largest example of worker co-ownership, with all 90,000 permanent staff being Partners in the business

- John Lewis achieved sales of £4.1 billion in its financial year ending in 2014

- John Lewis won the title of Multichannel Retailer of the Year at the Oracle Retail Week Awards 2014. The company also won a number of prizes for its logistics operations, including the Chartered Institute of Logistics & Transport's Annual Award 2014 for Excellence in the category Warehouse Operations

- The retailer typically stocks more than 350,000 lines across fashion, home and technology in its department stores, while johnlewis.com stocks more than 280,000 products

- Last Christmas, the Click & Collect option overtook home delivery for John Lewis, accounting for 56% of online orders

- The automated logistics systems at Magna Park enabled the processing of £1.1 billion of online sales in 2013, compared to the 2010 forecast of £300 million

- The Magna Park distribution centre has proven its capability to handle peak week volumes that are six times average, compared to a 'bricks and mortar' multiple of four

- Magna Park's costs as a percentage of sales have remained constant for four years, despite the increasing proportion of direct-to-customer sales handled there.