THE LOGISTICS POINT

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LOGISTICS TURNS SOCIALLY RESPONSIBLE

SOCIAL AWARENESS

Logistics is becoming more socially responsible

ULTRA URBAN HUBS

Cities welcome the change in urban logistics

CHALLENGES OF EVS

What do to before you go electric

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EDITOR'S NOTE

The role of logistics and supply chain is quickly changing. Large organisations now realise that they need to step up their social responsibility and embrace a generation that wants each business to be more aware of how it impacts the society. For companies like Hermes, one of UK's largest couriers, this means the creation of a new role that specifically looks at Environment, Social and Governance. An exclusive interview with Nancy Hobhouse reveals how logistics organisations are dealing with this new agenda.

Moving forward urban centres will play a huge part in the supply chain. It is no surprise then that more and more organisations are focusing their efforts on finding the best ultra urban location.

The transformation will be electric powered but there is more to be done until the industry is fully prepared. Alan McCleave, Regional Manager for the UK and Nordic, at NewMotion, speaks to us about how logistics companies are coping with the shift to electric vehicles.

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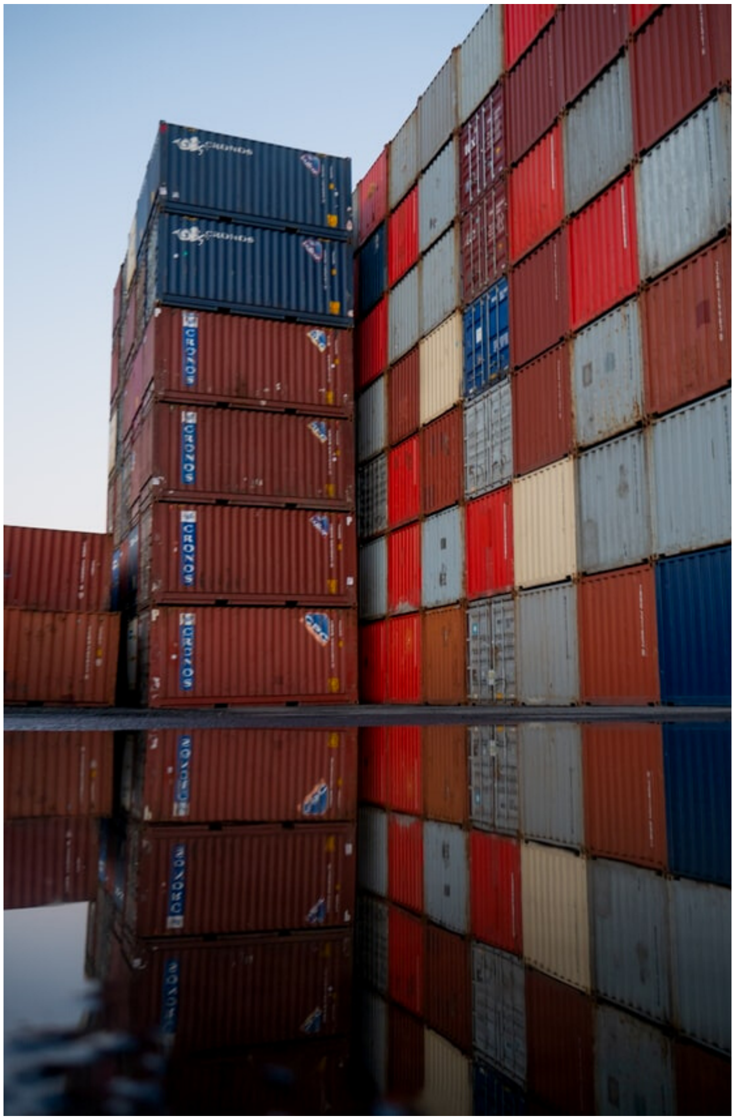
IN THIS EDITION



EXCLUSIVE
VIDEO
CONTENT

SOCIALLY RESPONSIBLE LOGISTICS

Nancy Hobhouse is taking over a newly created role at Hermes, one of UK's leading home delivery companies, as Head of ESG (Environmental, Social and Governance) to drive the business's environmental, social, governance agenda. She spoke to The Logistics Point about why this is important and what she hopes to achieve in her new job.

Why are organisations in the sector increasingly focussing on climate change?

There is no doubt that climate change is becoming a household conversation and is broadly understood to be one of the most pressing issues for humanity. I think what's important is to talk about the consequences of this change and to gain an insightful understanding of it. Companies need to understand the context and how to operate responsibly.

All organisations are facing more pressure to manage ESG and that is being driven by increased legislation, customer requirements, current requirements and the management of risk. Other considerations are the need to manage any increase in revenue expenditure to make any necessary changes and also any .

potential business continuity risks. And the stakes are high – if you are not dealing with climate change, then this could become an issue in the next five years.

Is ESG only something that large organisations with considerable budget can address?

No, absolutely not. I think ESG is not just a nice-to-do anymore, it is absolutely part of running any sort of business. Of course, the cost of that is an element but also there is an opportunity to gain real business benefits. For example, increased client and employee retention can result from ensuring that your company is seen to be fair. Some clients may tap into what you are doing to support their climate targets. There may also be resulting savings - for example, as we are starting to see the government put in more and more taxation on high polluting fuels like diesel and petrol, there are significant financial as well as environmental benefits of looking at alternative fuels. In fact, the cost to pollute is only going to increase.

NANCY HOBHOUSE, HEAD OF ESG, HERMES UK

As a home delivery company we are closely aligned with our customers in the retail sector and many of them, as part of the British Retail Consortium, have made a commitment to be net zero in their own operations by 2030 and then net zero, including the suppliers, by 2040. So, in simple terms we need to be part of this if we want to continue to be in business.

There is good news for small businesses despite this seeming like a mammoth task.

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If you are just starting out on the ESG journey there is low hanging fruit that doesn't cost a lot but will start bringing you returns. Also many larger businesses have already paved the way with great innovations and some of these have developed and are market ready for you to implement.

You have just started your role at Hermes, what are your plans?

I'm really excited to be here. My first job is to look to get a new strategy in place to cover the whole of the business. What we would really like to do too is increase the visibility of what we're already doing. We already do some really great stuff in this space through the use of alternative fuels and electric vehicles but we don't shout about it enough.

We also want to go beyond what we're already doing, so watch this space! I have never joined a business and had so many people call me up and say they are really excited I am heading this up. So, as a business, we're going to pull this together, increase the visibility of what we're already doing, and then put in a lot of additional stuff. On top of that, we are looking at making sure we deliver a green product so our customers can choose to offer that to their clients. ✷

HOW RETAILERS ARE LEVERAGING TECHNOLOGY AMID LTL CAPACITY CONCERNS

In the past few months, the freight industry has been reporting troubles keeping up with the current demand for LTL services. Pandemic-related causes such as spikes in eCommerce sales, stimulus checks, and carrier staffing shortages are the most obvious culprits. Still, the usual suspects are also seemingly heightened this year.

"Common causes of overcapacity – like extreme weather and seasonal spikes – seemed to have hit carriers harder in this past year. These common occurrences, when coupled with an explosion in consumer demand and staffing challenges, have been tough on carriers," says Chris Randall, SVP of Freight Club, one of the fastest-growing LTL shipping solutions.

Causes of overcapacity, which seem to be hitting carriers from all angles, are putting them in a constant state of peak season, complete with high rate increases and anticipated delays. Some carriers have even turned away business to focus on providing better service to higher priority clients. "It's a seller's market. Shippers looking for deals may be out of luck without a shipping partner who can negotiate for them," Randall explains.

Randall believes that rate increases and limited accessibility are why tech solutions like Freight Club are becoming increasingly popular – they automate and facilitate the hunt for affordable freight.

As shipping makes up 18-30% of the eCommerce product cost, much is at stake for retailers right now, and sourcing discounted freight is only the beginning of building a shipping strategy free of profit drain. Thankfully, freight marketplaces like Freight Club provide another benefit to prevent losses: creating a multi-carrier network. "Many shippers rely on just one or two carriers to manage their entire inventory to receive volume rates. After the year we had, shippers are beginning to realize this is a big risk to their business and their profits," Randall warns.

Countless opportunities

In addition to risk-reduction, the multi-carrier approach opens countless opportunities for saving. "A more diverse carrier mix opens up savings opportunities based on geography, reduced damage rates through curating carriers to a specific product type, and better customer experience resulting in better reviews. The possibilities for saving are endless," says Randall.

CHRIS RANDALL, SVP, FREIGHT CLUB

Consultants at Freight Club are currently helping retailers spot these key opportunities by leveraging years of eCommerce shipping data to increase the profitability of shipping programs and even specific SKUs.

As retailers begin plans for another record-breaking holiday season, preventing strain on operations during the high demand will also be top of mind. In addition to providing savings, Freight Club is also offering retailers built-in customer service, insurance, and claims management – aspects of shipping that are harder to manage during high demand.

A more diverse carrier mix opens up savings opportunities based on geography, reduced damage rates through curating carriers to a specific product type, and better customer experience resulting in better reviews.

"We like to say that people come for the rates and stay for the customer service – our team has direct lines of service to all of our carriers, allowing for faster carrier updates. Our platform is also built for easy self-service, making filing claims easier with faster payouts, even during times of overcapacity," says Randall.

As the freight market continues to get shaken up by high demands, retailers will continue to grow strategically in their use of technologies while broadening their carrier networks. The tech that delivers on these new strategies will continue to be adopted by retailers looking to reduce risk and gain an edge on the competition.

"This past year, Freight Club saw a 300% increase in shipments. The fact that our tech has made shipping accessible to retailers of all sizes during a time when carriers are at max capacity shows the value that technology combined with a diverse carrier network can provide in keeping eCommerce a meritocracy," says Randall.✷

ROBOTICS BECOMES A CRITICAL SUPPLY CHAIN INFRASTRUCTURE

Due to the rise of e-commerce in the last year and a half, staff shortage in the supply chain has intensified. Robotics and automation could be a useful tool to deal with that problem. 'Every warehouse operator says it is hard to find staff,' begins Vince Martinelli, Head of Product and Marketing at RightHand Robotics.

RightHand Robotics builds a data driven intelligent piece-picking platform with the key goal to create a predictable fulfilment capacity. The technology in robotics can pick up warehouse jobs that are repetitive and do not require specialised skills. Martinelli is quick to clarify that warehouse workers will still be part of the operations and will execute jobs that need more variety.

'The e-commerce supply chain became essential and was needed to supply basic food,' Martinelli explains, looking at how automation has developed over the course of the pandemic. If in the very beginning, retailers were slow to realise the importance of automation, they soon accepted that such technologies are a critical part of their operations. In the USA retailers listed workers of software and automation companies as essential to allow them to support the network.

The last few months have given the chance for robotics to prove itself as a useful tool that can alleviate many of the problems e-commerce and retailers have in day-to-day operations.

Secondly, retailers do not want to have to deal with the same problems a few years down the road in case there is another disruptive or unforeseen event. ‘It has been a fairly busy spring in terms of customers’ interest,’ admits Martinelli. ‘We are seeing strategic interests from customers and integrator partners.’

European Growth

RigthHand is expanding into the European market with the opening of a demonstration centre in Germany. EMEA Senior Sales Manager Roderik ter Beek echoes Martinelli’s observation on the way retailers in Europe are embracing automation in their stores and warehouses.

'The RightPick Center in Nürnberg will give customers and partners an opportunity to get an up-close look at the piece-picking solutions and directly interact with regional teams for further education,' shares ter Beek.

VINCE MARTINELLI, HEAD OF PRODUCT AND MARKETING AT RIGHTHAND ROBOTICS

The robots are best suited for picking smaller items at locations in the warehouse where goods are brought to a station and need to be sorted out into individual boxes and be packed into orders. ‘Such robots really work well at transition points,’ continues Martinelli. Of course, the technology has some constraints. Robots are static and do not move up and down at the moment.

The reason is that such movement would require deeper integration and shelf structuring. RightHand’s system integrates well with mobile robots that can deliver goods to it for sorting.

The warehouse of the future would use a hybrid model with robots and humans working together.

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Future development

For Martinelli the warehouse of the future would use a hybrid model with robots and humans working together. He believes people are good at certain tasks that robots would struggle with. In addition, there will be the need for human intervention in case of a problem and also the need for continuous maintenance. 'If you are shipping the same item from a warehouse, you can automate the process,' Martinelli explains. 'Automating across a larger range of SKUs is a bigger challenge.' ✷

EMEA SENIOR SALES MANAGER RODERIK TER BEEK

DIGITISING COST-TO-SERVE WITH SIMPLE TOOLS

Knowing your costs is a challenge for many businesses but according to Lauri Kailio, Supply Chain Consultant, companies do not realise that Cost-to-Serve (CtS) is often thought to be a much more complex exercise than it actually is.

'Tools like PowerBi and even Excel are really good enough to do the first Cost-to-Serve analysis, meaning no investments would be required. Though there are many different advanced technologies/digital solutions for Cost-to-Serve, higher investments and implementation efforts are needed,' begins Kailio for The Logistics Point. Fully embedded and real-time access to data has proven to have much higher impact as results are right away visible.

Understanding CtS

CtS has existed for decades but recent developments in available analytical technologies have enabled it to become a critical operations tool. Now it can be done easier and provide a deeper understanding of what is happening throughout the business. Importance of understanding CtS has increased also due to the change in.

customers' and consumers' behaviour and with requirements for different services becoming more complex. The full CtS covers all business activities, including commercial, and can be done on a smaller scale, for example looking solemnly at logistics operations. 'CtS gives you the ability to know your exact costs and profitability in customer and product level when serving customers, taking into consideration all different activities that are needed/happening to execute the order deliveries,' Kailio explains.

Cost-to-Serve is often based on Activity-based costing (ABC), split between fixed and variable costs. The CtS model should also include the key KPIs that are driving the costs and what can be used to identify the possible optimisation areas (e.g. cost per unit/volume per activity, order size, no of orders/deliveries). The main benefit of CtS is knowing your costs and profitability for each customer.

Where to start from

When organisations are looking at improving or implementing a CtS Model there are a few areas they would need to look at first. All these can easily be done by using e.g Excel, but there are also many more advanced ways to do it:

CtS is also a great enabler of increased and improved collaboration and communication across departments

LAURI KAILIO, SUPPLY CHAIN CONSULTANT

- Identify all different activities that are done towards customer orders (e.g. order picking, packing, handling and delivering, return management, marketing and pre-sales costs);
- Determine and allocate the costs for all different activities;
- Include in customer level the number of different activities they have used;

'CtS is also a great enabler of increased and improved collaboration and communication across departments,' believes Kailio. Sales and Supply Chain, for example, can use CtS in their discussion as a fact-based starting point. In addition, sales representatives will have a pool of information that can be used to convince existing or new customers when it comes to changing the level of service or onboarding. It is also a great way to keep on top of changes to customers' requirements and how much these affect the overall profitability of the business.✷

EXCLUSIVE VIDEO CONTENT

CHALLENGES AND OPPORTUNITIES WHEN INVESTING IN EV INFRASTRUCTURE

Up until recently, most logistics companies did not have to worry about power. With the increase in EV adoption, it is becoming one of the most important topics in the industry. Alan McCleave, Regional Manager for UK & Nordics, at NewMotion, speaks to The Logistics Point about the challenges of turning fleets electric and what to look at when investing in charging infrastructure.

'It's an educational experience for everyone,' begins McCleave who admits there are many abbreviations logistics organisations and professionals will have to get used to. Two of the terms that are really important are 'Agreed Supply Capacity' and 'Peak Demand'. The way power is being used varies based on the time of year and day. During the months of January and February buildings usually use more power, as the weather is colder and they need more heating. What happens during the day and night also affects the power capacity and thus means there is more available power at night time compared to the day. Cost is also a big factor in terms of EV charging infrastructure and potentially power upgrades increases spending.

‘There has never been a better time to look at charging,’ McCleave believes. In the UK, the government is providing support for organisations that would like to invest in EV infrastructure. There is the OZEV workplace charging scheme and also a 130% super tax allowance for EV infrastructure investment that was announced in the last budget. ‘Talk to whoever your supplier is and they should be able to help you with all of this, even on the grants,’ McCleave advises.

ALAN MCCLEAVE, REGIONAL MANAGER FOR UK & NORDICS, AT NEWMOTION

Understanding the market

There are different solutions that are currently on the market and McCleave believes companies need to understand what would best work for them before investing. He thinks that AC charging would be sufficient for companies that are doing daily deliveries and are charging overnight. DC, is another option, could work for organisations that are looking for a quick turnaround with high charging utlisation requirements. Dynamic Power Management (DPM) adds to the mix of terms but McCleave cautions on it as DPM might solve the regulatory obstacle, but might also cause suboptimal performance, where there is not much available supply.

LeasePlan partners with NewMotion

NewMotion has been selected as the EV charging supplier for Europe by fleet management company, LeasePlan. This partnership with LeasePlan is a significant step for NewMotion in supporting the global ambition of Shell; to operate more than half a million charge points for businesses, fleets, at retail sites and customer’s homes by 2025. Under the deal, NewMotion will provide LeasePlan customers with EV charging solutions at home, the workplace, and on the go.

Regulations of the future

McCleave views the Netherlands as a country that is setting the standard for charging infrastructure. In recent years, however, more and more European countries are developing their own regulations which complicates the market even further. ‘I think we are going to see more of each country splitting away from using one kind of standard or approach.’

With the rise of EVs in logistics, McCleave welcomes the development of charging technologies that can be deployed at employees’ homes to charge vans overnight. NewMotion is receiving a lot of interest from companies that would like to provide the option for employees to charge vans at their homes by reimbursing the employee for the cost of the electricity and then billing the employer to offer a similar option to a traditional fuel card.

There has never been a better time to look at charging. Talk to whoever your supplier is and they should be able to help you with all of this, even on the grants

To learn more about the future of EVs in logistics, what are the obstacles and how to overcome them, watch the video interview with Alan McCleave below. ✷

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