



introduction

Established in New South Wales in 1988, 1st Fleet is a privately owned Australian transport, warehousing and recruitment company. It boasts a 'can-do' culture and strives to deliver flexible supply chain solutions for its customers.

Since its inception, the company has enjoyed rapid growth and is now a highly regarded service provider in the 3PL market place. To gain a national presence, 1st Fleet initially acquired Cadima Express in 1997. And then quickly went on to develop an express division to provide a premium inter and intra state road express freight service operated by company personnel in company owned vehicles and with dedicated terminals in each mainland capital city.

Further acquisitions have ensued. With these adding to 1st Fleet's national warehouse capacity and ensuring it can readily provide 'complete supply chain solutions', including multi user and dedicated warehouses, comprehensive pick and pack facilities, together with inhouse freight forwarding, licensed bonded stores and customs agency capabilities.

Company strategy is targeted to continued growth, both organically and via other acquisitions designed to potentially compliment or enhance core competencies.

1st Fleet operations that are geared to service the supply chain nationally include:

- Contract distribution.
- Road express.
- Contract warehousing, fulfilment and distribution.
- Linehaul national and intrastate.
- Transport management.

- International services including customs.
- Consultancy support.
- Labour hire and recruitment support.

pallet control objectives

- Consolidate all individual operations under single pallet supplier accounts.
- Ensure ease and effectiveness of pallet stocktakes.
- Ensure customers receive only one pallet account irrespective of how many individual 1st Fleet locations they are dealing with.
- Eliminate the double data entry and error prone processing of internal pallet transfers.
- Rapidly identify where pallet transfer problems are occurring so prompt corrective action can be initiated.
- Reduce overall reconciliation workloads.
- Minimise the risk of lost pallets and thus the need for compensation payments.
- Better manage pallet transfers to, among other things, eliminate unnecessary hire payments.

background

As a national company, 1st Fleet had traditionally operated separate pallet supplier accounts for each of its 12 geographic locations. However, several years ago, a review of this practice noted several major inefficiencies and shortcomings.

Overall, for example, it was recognised that getting all relevant pallet information, and then meticulously checking this, posed several very major challenges. Internal pallet transfers necessitated the time consuming and error prone duplication of data entry. Internal



transfers additionally attracted processing charges from pallet suppliers. While, from a customer service viewpoint, individual clients – dealing with several 1st Fleet locales – were managing transfers from multiple pallet accounts.

Added to this, the essential task of pallet reconciliation was spread across the organisation, with many people needing to be involved in the task thus seeing a duplication of effort and staff costs.

The company accordingly decided to substantially enhance all facets of its pallet management and control.

the solution

As the first part of this process, 1st Fleet elected to centralise pallet management at its headquarters in the western Sydney suburb of Smithfield. An initiative that was accompanied by a move to consolidated corporate wide monthly accounts from both of its pallet suppliers.

With centralisation achieved, the organisation next looked for ways in which things such as reconciliation could be better automated. At that time the IT tools provided by each pallet supplier were being used. However, it was strongly felt that this was far from an optimum solution. For example, it inherently required staff to work with three totally different software programs – the DOS based CHEPMate and Loscam HMS applications for transfers, plus an in-house Excel spreadsheet for exchanges. Even then, 1st Fleet believed it was still not getting the full range of controls and reports it ideally required.

As such, the decision was taken, in 2002, to install the 2ic Pallets solution, designed and supplied by Adelaide headquartered 2ic Software. This immediately ensured all pallet information, from both suppliers, could be optimally combined on a single system and on one screen. With 2ic also interfacing seamlessly with the corporate systems of both CHEP and Loscam. And that, as National Pallet Coordinator Mick Atlee notes: “immediately contributed to the ease with which we can now manage our pallet movements and accounts. Without an effective system we would be taking two to three times longer to get the work done.”

Significant here too is that centralisation, based on the use of 2ic Pallets, now ensures that all pallet management can be overseen by a single manager who is able to focus on accuracy and consistency. “This means that we can now very quickly identify any problem areas and rapidly nip them in the bud, rather than having issues escalate and cause very major problems down the track”, Mr Atlee explained.

“Without such controls, it can be all too easy to send out pallets without raising the appropriate paperwork and if you do that, a monthly unfavourable variance of 1,000 pallets could translate into an unnecessary hire cost of approximately \$A30,000.”

Part of 1st Fleet's controls is the regular conduct of pallet stocktakes. With the 2ic system, these can be done at any site at any time. Although typically the company performs the counts weekly at ‘high-risk’ sites – where daily pallet volumes are high – and monthly at other sites, such as warehouses. Notably, in-transit pallets are also counted which is seen as a detail often ignored by some pallet coordinators.

“Without 2ic, we would not be able to do our pallet counts nearly as effectively and we would again be missing out on the prompt identification of particular problems and operational areas where these have started to occur.”

A further major advantage of the 2ic system, detailed by Mr Atlee, is the ability to run reconciliation reports at any time and for a limitless combination of dates and operational sites. It is not a matter of having to wait for the supplier's bill to arrive at the end of the month.

The system automatically imports the pallet hire invoices electronically, reconciles the bill and reports exceptions. 1st Fleet can then accept or reject these exception transfers on or off their pallet account as required.

Says Mr Atlee, “because we are only working with exceptions – as opposed to having to work through each and every transaction – we are now saving a huge amount of time. And where exceptions are noted, we no longer have to plough through records manually. We can use the software to browse or search for lost pallets by date, account or customer, even if only part of the docket number is known.”



In reviewing the substantial progress that 1st Fleet has made in its pallet management, Mr Atlee says that “bringing it all together does certainly take some effort. But it does not take long and there are really very few hassles associated with getting it right.

“Important too is that no matter how good the software tools that you use, there is still an absolute need to have all of the right general controls and procedures in place. So that while great IT is mandatory it must be seen as a part of the overall picture.”

the 2ic contribution

- Facilitates consolidated pallet hire billing.
- Reduced pallet paperwork by 50 percent.
- Substantial time savings in pallet reconciliation.
- Allows pallet management by exception.
- Substantial monthly pallet hire savings.
- Facilitates effective pallet stocktaking.
- Automatically allocates pallet costs to operational centres.

the final word

“With consolidated company wide pallet supplier accounts, itemised reconciliation went from days down to hours. With 2ic helping us, hours have been reduced to minutes”

Mr Mike Atlee, National Pallet Coordinator, 1st Fleet Pty Ltd