



introduction

As part of the Toll Group, Toll IPEC provides a comprehensive range of services for customers with urgent freight requirements.

Acquired by Toll in 1998, IPEC has a long history dating back well over half a century. Its distinctive yellow and black livery being readily recognised across Australia, where it arguably provides the most extensive network of any carrier.

Toll IPEC has gained a position of leadership within the Australian express distribution market and is continually introducing state of the art facilities, technology and training to ensure customers receive the best possible service.

Specifically, Toll IPEC services include Road Express, Priority, Local and Fashion. These options combine to ensure customers' express freight distribution needs are met through a single supplier. Which, in turn, enables integrated account management, a single invoice for all services and streamlined customer service.

Significantly, all services are supported by:

- Electronic Trading.
- Internet Proof of Delivery - on-line retrieval of POD's.
- Internet Track and Trace - on-line delivery status of consignments.
- Customer Service/Enquiry System - company depots nationally are linked to one central system that manages all enquiries.

pallet control objectives

- Minimise financial risk inherent in pallet loss.
- Improve customer service through enhanced pallet transfer procedures and management.
- Ensure the company is always totally aware of its pallet stock position and obligations.
- Place all depots nationally on individual pallet supplier accounts rather than having them operating under single corporate wide accounts.
- Substantially reduce the number of 'IOU' pallet movements by introducing formal transfer procedures.
- Ensure optimum pallet reconciliation and streamline this essential work.

background

In 2004 – and with a long standing culture that sees it committed to continual process improvement and refinement – Toll IPEC determined that it was appropriate to conduct a major review and overhaul of its pallet management and control activities. Driving such thinking was a belief that the company's exposure to and financial risk of pallet loss should be substantially improved. In addition, it was also felt that the then traditional way of managing pallet transfers was not doing all it could to contribute to maximum customer service levels.



the solution

Against such a background, Toll IPEC appointed Darran Largey to the role of National Equipment Manager. His express responsibilities being to fully analyse present pallet operations and to then recommend appropriate changes and enhancements.

As a result of such work, one of the first actions taken was to decentralise pallet billing and reconciliation. A decision that then saw each state operation receiving its own individual supplier accounts direct from pallet suppliers CHEP and Loscam.

Here Mr Largey notes, “we were of the strong belief that having single centralised accounts presented a scenario in which you are working under an ‘all care and no responsibility’ scenario. Our opinion was that it’s far more desirable to have each State fully owning what it is doing and totally managing every aspect of its own operations. The bottom line being that this type of ownership provides far more effective control. And it certainly makes everyone sit up at the end of the month when they get their pallet account. It’s a real incentive to manage pallets properly. Which is in stark contrast to a situation where someone in Melbourne is trying to manage things as far apart as Brisbane and Perth and over which they have very little control.”

To facilitate this decentralisation, Toll IPEC also made the decision to immediately implement the 2ic Pallets software system. 2ic was viewed as far more than just a reconciliation tool and rather as an essential component of the company’s overall pallet management operations.

Using the system, pallet coordinators in each State fully reconcile their own accounts, with 2ic automatically sending appropriate reports to Melbourne for review and consolidation. A consolidated report is then prepared for Toll corporate. Notably, all coordinators also participate in a weekly national phone hook up to review agreed balances and to generally review their operations.

With decentralised accounts, procedures and systems in place, Toll IPEC’s next core initiative was to address its high volume of IOU pallets. These accounted for the bulk of all pallet movements and the objective was to

reverse that situation. As Mr Largey explained, “when our pallet review project began, we had very few pallets on hire but a huge number ‘owed’ to us. That way of operating really doesn’t work. And so we went to our major customers and gave them the choice of maintaining an IOU way of doing things or of moving to a formal transfer on and off approach. Some customers preferred to remain with the status quo, but the bulk preferred the transfer alternative.

”The ability to choose was, in itself, a customer service plus. However, the real service gain was that we removed the bulk of the unavoidable debates, about what is owed and what is not, that always occur with IOUs. This was a benefit to both our customers and ourselves.”

Indeed, such is the success of this particular move that now some 90 percent of all pallet movements are transferred whereas previously that figure was as low as 10 percent.

Notably, however, where IOUs do still occur, these can be fully accommodated by the 2ic system. This has accordingly eliminated the need to manage such movements via a multitude of cumbersome spreadsheets and the inaccuracy problem inherent in such a process.

A further key facet of Toll IPEC’s pallet management initiative was to change the operating procedures in depots to ensure all necessary paperwork was being done and done accurately.

“To achieve this we elected to take a highly consultative approach with people such as our drivers. We explained the cost to the business of not getting transfers right and stressed that we needed everyone’s help to ensure things were done properly.”

“We also introduced a range of checks so that we can very quickly see where any problems are occurring, which then lets us address these issues before they get out of hand. Indeed, the continual monitoring of everything we do is very much part of our ongoing pallet management strategy and allows us to maintain standards and regularly fine tune and improve how we are working.”



“It is fair to say that getting things working as we wanted them to did take a little time. But they have proved to be totally successful, with zero errors now occurring in shipments out and less than ten percent with shipments in”, Mr Largey explained.

Contributing to such accuracy, is 2ic’s ability to automatically email to depots, in advance, a detailed statement of what pallets are being shipped to them. So that while depots will still need to check this of on a load’s arrival, it eliminates much of the paperwork drivers need to carry.

Now, some two and a half years after Toll IPEC began its pallet review project, Mr Largey is confident that all objectives have been achieved.

“We have substantially reduced the risk to the business of lost pallets and that was always a principal goal. We are confident that the pallet management process is now in hand and fully under control. And all our State operations are happy with the changes and the progress we have made.”

the 2ic contribution

- Facilitated the move to decentralised pallet supplier accounting which would have otherwise required each operation to arduously work with time consuming and error prone spreadsheets.
- Ensured that decentralisation was achieved with a total consistency of reports from each State operation.
- Allows pallet management by exception substantially reducing reconciliation workloads – what previously took days now takes hours.
- Manages all pallet movements under the one system, irrespective of supplier, and totally covering IOUs as well as transfers.
- Enables reconciliations to be carried out at any time thus reducing the pressures of month ends and giving ample time to process queries.

- Significantly contributes to the minimisation of risk associated with lost pallets.
- Automatically streamlines pallet transfer documentation between States.
- Provides comprehensive financial reporting that clearly highlights what pallets are costing and where those costs are being incurred.

the final word

“Pallet management can all too easily become a very dark area that can result in substantial financial risk if not done properly. Optimum procedures, effective systems and staff commitment are needed to minimise that risk.”

Mr Darran Largey, National Equipment Manager, Toll In2Store (and previously Toll IPEC).