

# Cargo and quality

How quality assurance programs provide supply chain sustainability

**A**s the logistics industry continues trending toward supply chain collaboration and electronic data interchange (EDI) integration, formal quality assurance processes and programs are being developed by an increasing number of transportation providers in order to compete in today's dynamic global markets.

"Product quality in the context of logistics can best be defined by an agreed set of performance measurement metrics, standards and criteria between the transportation organization and its network of agents, vendors or partners," says Aidan Oliver, director of field operations for AIT Worldwide Logistics, Inc. "Implementing a successful, comprehensive, quality solution begins with corporate commitment throughout the entire organization, extends to agent accountability, and ends with service excellence and customer satisfaction."

*Smart Business* spoke with Oliver about how logistics organizations can develop effective quality assurance programs that provide value and long-term sustainability to their customers' supply chains.

## What steps must a company take to effectively establish quality-driven processes?

To successfully implement a strategic quality control process within your organization, you must first ensure that precise guidelines, standards and expectations have been clearly and comprehensively outlined. Determine and assess the demands of your customers and measure your network's levels of performance specifically and scientifically according to those demands.

For example, consider qualitative factors, such as account management or vendor involvement, and quantitative measurements, including shipment-in-transit status updates, on-time delivery, claims ratio and invoicing accuracy.

Similarly, corporate resources and operational efficiencies should be properly allocated, particularly in terms of acquiring IT support in preparing internal and external reports and setting up an EDI infrastructure providing real-time information exchange between your organization and your network of agents. Because statuses including 'recovered,' 'proof of delivery' and 'out for delivery' are updated electronically as dispatchers and drivers change the status within the system, EDI allows logistics providers to provide customers and shippers



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the timely information they demand — and deserve.

Lastly, penalties, disciplinary action and/or probationary periods must be established and enforced in order to encourage and engage your line haul providers and preferred cartage vendors to remain in good standing with your program's quality-driven standards. For instance, mandate that proof of deliveries (PODs) must be entered into the system within one hour of drop-off time, or that all pickups and deliveries must be invoiced within 24 hours from the time all transportation charges were approved.

Keep in mind that each agent is an extension of your company — poor performance on the agent's part reflects poorly on your company in the eyes of your customers.

## What are the challenges of measuring the performance of agents, and how can those be overcome?

Quality processes will fail unless you receive continuous corporate dedication and follow-through in maintaining the standards of your quality assurance program. Getting prompt, accurate and critical shipment data to customers has become the minimum expectation and reality of the

business, but accomplishing this objective takes increasing and ongoing effort, time and accountability.

All employees must commit themselves to the daily challenge of continually monitoring and measuring agent performance, recognizing results, identifying where progress or improvements can be made and proactively making those changes to ensure compliance with your organization's quality criteria.

In short, employees must believe in your company's quality assurance program to the point where it quite simply becomes their way of doing business and they manage the exceptions instead of perpetually chasing down information.

Taking a proactive role in grading vendors on certain criteria means that you are frequently running reports and checking in with each vendor, regardless of the circumstances. Concentrating on what they are doing well in addition to their identified areas of improvement lessens their complacency or indifference with the program.

Whether it's simply to give them a pat on the back for a job well done, investigate a particular POD, or report on their failure to meet 98 percent compliance criteria in entering a certain shipment charge, keeping them actively engaged in the quality assurance process keeps them dedicated to improving their scores.

## How do quality assurance programs provide value to customers' supply chains?

Because they involve so many hard-to-quantify benefits and aren't built on a numbers-driven business foundation, it's difficult to determine exactly how much quality assurance programs contribute to your company's bottom line. However, streamlining operational efficiencies and synchronizing data connectivity dramatically reduces job redundancies while improving your organization's on-time percentages and customer confidence.

If you can't measure it, you can't manage it. Quality-driven programs serve as tangible management tools that make it easier to work with your supply chain counterparts in servicing your customers in the most seamless, optimal and efficient way possible. <<

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