

Successful Partnerships Solving the Puzzle

Case Study



Companies Involved:

- ➡ Currie European Transport Ltd
- ➡ Jigsaw Solutions Ltd



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➡ Currie European Transport Ltd

➡ Jigsaw Solutions Ltd

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Introduction

Partnership or collaboration between transport companies has been an important feature of the industry for many years. In particular small regional operators have established partnerships with other regional companies around the country.

These partnership arrangements can:

- ➡ Improve vehicle fill
- ➡ Reduce empty running
- ➡ Increase customer satisfaction
- ➡ Improve fleet utilisation

However developing successful partnership arrangements present many challenges including:

- ➡ Sharing the profits
- ➡ Division of responsibility
- ➡ Resolving disputes

Today there are many resources available to help a regional company benefit from collaboration with other organisations. This case study looks at the benefits of Currie European's partnership arrangements with other companies and how partnerships can come together to rescue a situation following adversity.

It also shows how the company has benefited from being a founder partner of a partnership through Jigsaw Solutions Ltd which manages large scale transport solutions through a nationwide network of operators.

Are transport partnerships a recipe for success? Do you think your business could benefit from collaboration with other companies? Read on to discover more.



Currie European

Fleet Resources

Currie European operates 130 tractor units and close to 470 trailers. 140 subcontractors are also employed to provide traction on both domestic and international work.

The company offers a range of added-value logistics services. These include airfreight transport solutions, warehousing, facilities management and integrated logistics for the furniture industry.

Why Join a Partnership?

The company recognised that there was a large gap in the market for hauliers who, when working together in partnership, could provide competitive transport and network solutions to larger blue chip companies that have traditionally used much bigger transport suppliers.

Long term relationships with other haulage companies have been at the heart of the Currie European business. Following many years of working with other regional hauliers, Currie European was invited to become a founder partner of Jigsaw Solutions Ltd that was launched in 2002

“There is a large element of trust placed between partnering companies, you are trusted to carry goods and provide a service based upon someone else’s contract, so you had better get it right!”

Allan Jamieson – Transport Manager



Benefits to their Business

The major advantage of a partnership is that the company is able to tender for contracts of a size that it would be unable to access as a standalone operator.

Operating in partnership, Currie European can assure local customers that it can cover all UK geographical areas. Customers can be assured of adequate vehicle and trailer availability to cope with fluctuating demands.

The result of partner companies working closely together is that they adopt similar operating standards and processes. So that vehicle movements, material handling and administration all have similar procedures.

With nationwide coverage, partner companies can better monitor and share intelligence on future tenders ensuring that together they can deliver services at a competitive price.

Over 8 years of collaborative initiatives the company has seen clear business benefits. It has:

- ➔ Become more competitive
- ➔ Won larger contracts
- ➔ Strengthened its market position

“On groupage operations with partners our target is 90% load fill which is well above the norm for general haulage.”

Allan Jamieson – Transport Manager

Benefits to Operations

Vehicle and load theft is a major issue for the industry. Partner companies can provide secure parking arrangements on a reciprocal basis. This allows visiting vehicles and drivers to benefit from facilities at each partner depot.

Truckstops, approved by the partnership and their customers, are used in the event that vehicles have to park away from a convenient location. Empty running has also decreased as Currie European is continually offered part and full loads within the partnership.

Operational benefits include:

- ➔ Improved fleet utilisation
- ➔ Increased vehicle fill
- ➔ Reduced empty running
- ➔ Improved back loading potential

“Following our initial partnership with another private company we saw our fleet utilisation rise by 14%, empty running fell by about the same margin so we are very happy with progress.”

Allan Jamieson – Transport Manager

Information Sharing-Fleet Efficiency

Information sharing through the partnership allows the partners to gain valuable insight, for example into commercial Fleet Management software, without having to trial individually, which can be time consuming and costly.

Currie European's clients benefit from the investment in state-of-the-art information systems. The system allows traffic office staff to monitor all aspects of the vehicle and driver's operation ensuring efficient vehicle operation and maximising drivers' working hours.





Included in the telematics system is an engine idling warning system that automatically calls the traffic office when the vehicle has idled for more than 4 minutes. If the driver is not available and the vehicle continues to idle, the automated system then reports directly to the transport manager.

This system benefits the company through:

- ➡ Keeping fuel bills down
- ➡ Monitoring vehicle downtime and idling
- ➡ Providing additional security, (through the first indication of abnormal vehicle activity)





Problems and Solutions

Partnerships are not without their problems and Currie European has had to deal with issues on behalf of the wider network, taking on the responsibility for its own actions and those of partner companies.

Following the unforeseen closure of F Swain and Sons Ltd, which had a long working relationship with Currie European, the company was in a position to buy some of Swain's vehicles from the administrators, thereby allowing Currie European to grow and develop the business further. Importantly this allowed the continuation of business and support to those customers who were effected directly.

In the past the Jigsaw partners had attempted to use their combined buying power to procure

new vehicles. However experience has shown that network coverage provided by some truck manufacturers is not comprehensive enough to support every partner's requirements. In this instance long standing relationships with local dealerships proved a stronger tie than that of their business partnerships.

Long Term Plans

Currie European was one of the first road haulage companies in Scotland to employ intermodal rail freight, operating between Scotland and the rest of the UK and into Europe during the 1980s. However reliability issues and a change in business direction stopped those services early in the 1990s.

The company has not discounted a return to rail freight for longer distance trunk hauls and particularly into mainland Europe.

Considering Joining a Partnership?

Do	Don't
Consider it as a long term investment	Treat joining as a quick way to make profits
Take advice on the financial and legal implications of partnerships	Join without fully considering the position of your company
Be as open with existing partners as possible	Hide information from partners that you may regret later

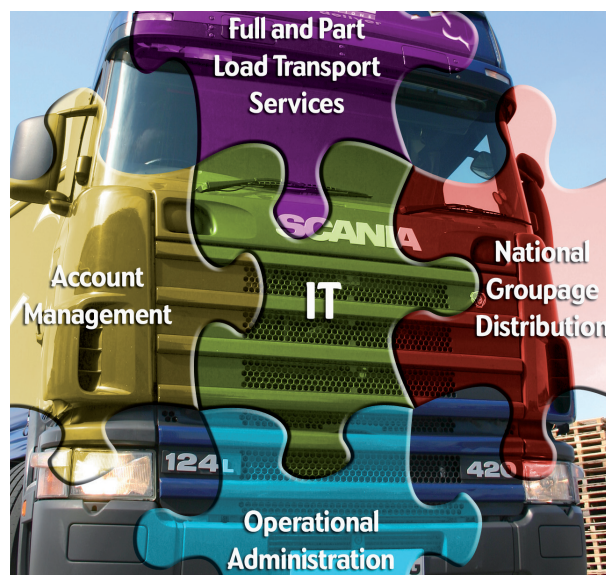


Jigsaw Solutions Ltd

Jigsaw Solutions Ltd is managed independently from its partner companies. Vehicles operating on Jigsaw contracts are controlled through their National Operations Centre in Leicestershire.

There are eight member companies constituting Jigsaw. These are:

- ➔ Bartrum Group Ltd
- ➔ Currie European Transport Ltd
- ➔ C.M. Downton Haulage Ltd
- ➔ Elddis Transport (Consett) Ltd
- ➔ S&R Smith & Son
- ➔ Sparks Transport Ltd
- ➔ Pollock (Scotrans) Ltd
- ➔ Widdowson Group Ltd



In 2009 C.M. Downton Haulage Ltd bought out other shareholders of the company and the consortium is now wholly owned by C.M. Downton Haulage Ltd. The combined power of this central operation provides large scale haulage and warehousing solutions to manufacturers and retailers.

At the network's disposal are in excess of 1,600 vehicles based in the UK. There are over 30 depots covering the whole of the UK and a number of sites in Europe. Between partner companies there is also 2.5 million square feet of warehousing.



How Membership Works

Jigsaw partners are employed to move goods on contract and are coordinated from the company's National Operations Centre. Vehicle availability is arranged with partners operating closest to the area of the customer. Jigsaw invoice the customers for loads shipped.

Each partner has an agreed haulage rate for traction and the carriage of goods between every customer and every destination. This is completely transparent to avoid complications between partner companies. Where additional cover is required to manage larger contracts cross-charging between member companies is arranged by Jigsaw's own traffic management.

Fleet Management

In development currently is a one-stop IT system for tracking and tracing all vehicle movements across the network. Currently members utilise their own fleet management software. Jigsaw's own IT system can 'piggy-back' these systems to provide members and customers with up to date vehicle and load tracking.

Partners can use the system to provide traction for other members' trailers or backload or part load their own trailers in the area, helping to improve vehicle utilisation and reduce empty running.

Often partners will use each other's facilities to park vehicles in order to make their vehicles available to service customers' demands in that region. This allows shared use of driver facilities and, if required, maintenance and repair facilities.

A number of Key Performance Indicators are used by Jigsaw to monitor the performance of the combined fleets. Indicators include:

→	Empty running	→	Collections
→	Vehicle fill	→	Returns
→	On-time arrival	→	Pallet allocation
→	On-time departure		

Overcoming Partner Problems

When the partnership first started, contracts were divided on an equal profit share basis which proved unpopular. Disparities in vehicle availability, mileage covered and other factors had led to a system of grading haulage rates.

In some instances problems with groupage occurred when certain operators could not travel beyond their own regions, leaving two or three principle partners covering much higher mileage.

Damage to shared trailers also proved a point of contention.

Typical daily operational problems concern instances where groupage and pallet loads have not been correctly labelled or where there is confusion between customers and the operations staff on exact volumes that may require additional vehicles to cover any overspill. These problems are overcome by Jigsaw who liaise between customer and partners, providing advice for customers on how much volume is available on their network and how to get the best out of their despatch process.

The recent closure of one member company resulted in the remaining partners undertaking the traffic. In that instance customers were not even aware that the company had ceased trading until long after it had happened.

With 8 years experience of partnership Jigsaw's operating procedures are now finely tuned with strict rules of conduct for all members. In certain instances where customers have been let down penalty clauses can be enacted to cover any losses.

Figure 2 (overleaf) details some of the key management processes and procedures that are in place to make the partnership function.

Reporting Channels

Jigsaw representatives try to visit each member of the partnership once every four to six weeks. This close relationship ensures that members are kept informed of developments and are given

the full resources of the group in targeting sales and new business opportunities.

Regular management meetings ensure that Directors of all partners involved are invited to express opinions about the focus of the company and how future business development can be taken forward.

Benefits to Customers

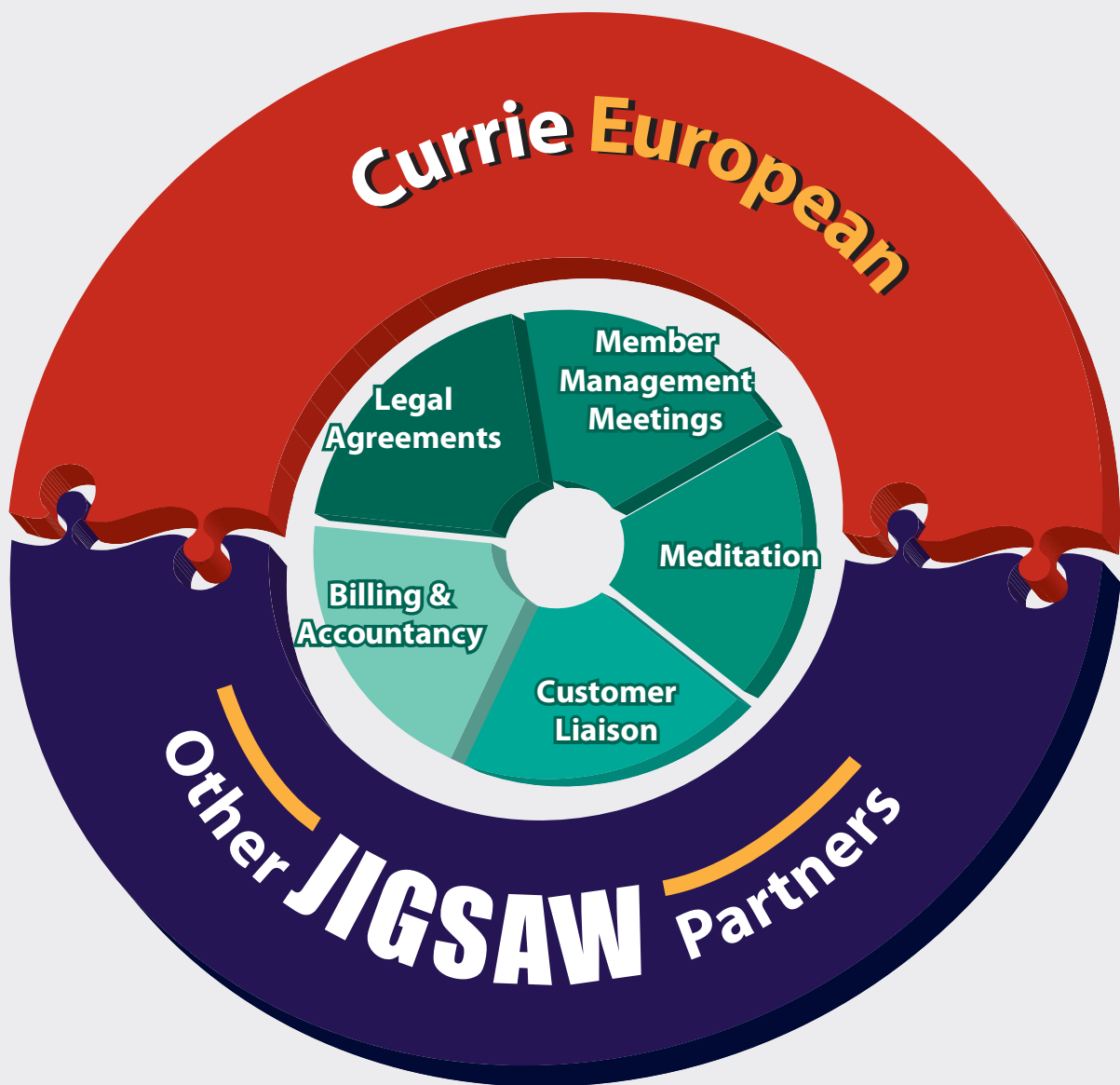
Current Jigsaw customers include Mars, Premier Foods, Bacardi-Martini, Indesit Company and Danone Waters. These companies have all opted for Jigsaw because they have a requirement to move large volumes into a demanding and variable retail client base.

Jigsaw has also investigated moving longer distance trunking operations onto rail as a solution for the growing demand by customers for providing sustainable and carbon reduced transport modes.

In the future this partner organisation will become multi-modal including rail freight partners to help meet the growing demand for such services.

“With our regional coverage and a UK wide network Jigsaw can confidently handle larger contracts worth between £1 and £5 million.”

Paul Derrick – Haulier Network Manager





Conclusions

This Case Study has shown that for collaborative partnerships to work there needs to be a very strong element of trust between member companies. This trust cannot be bought but has grown from long term collaborative relationships that benefit all parties.

There are clear benefits to be gained from partnership arrangements that you should be considering for your business. These include:

- ➡ Improved competitive position to tender for work
- ➡ Greater resource and information sharing
- ➡ Security for customers to engage in longer term contracts
- ➡ Increased vehicle fill
- ➡ Reduced empty running
- ➡ Improved back loading opportunities
- ➡ Reduced vehicle and load theft through secure parking arrangements



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Developing - **SKILLS**