

'Logistics Broker'



**How to set up an innovative logistics service
address to Small and Medium Enterprises**

Responsible of the Project

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The document is developed thanks to Ecomark Project financed by the European Union (MED Programme)

Province of Bologna – September 2011

The Logistics Broker service



The innovative logistics service is addressed to enterprises located in an industrial area.

The service is a brokering system based on two operative tools:

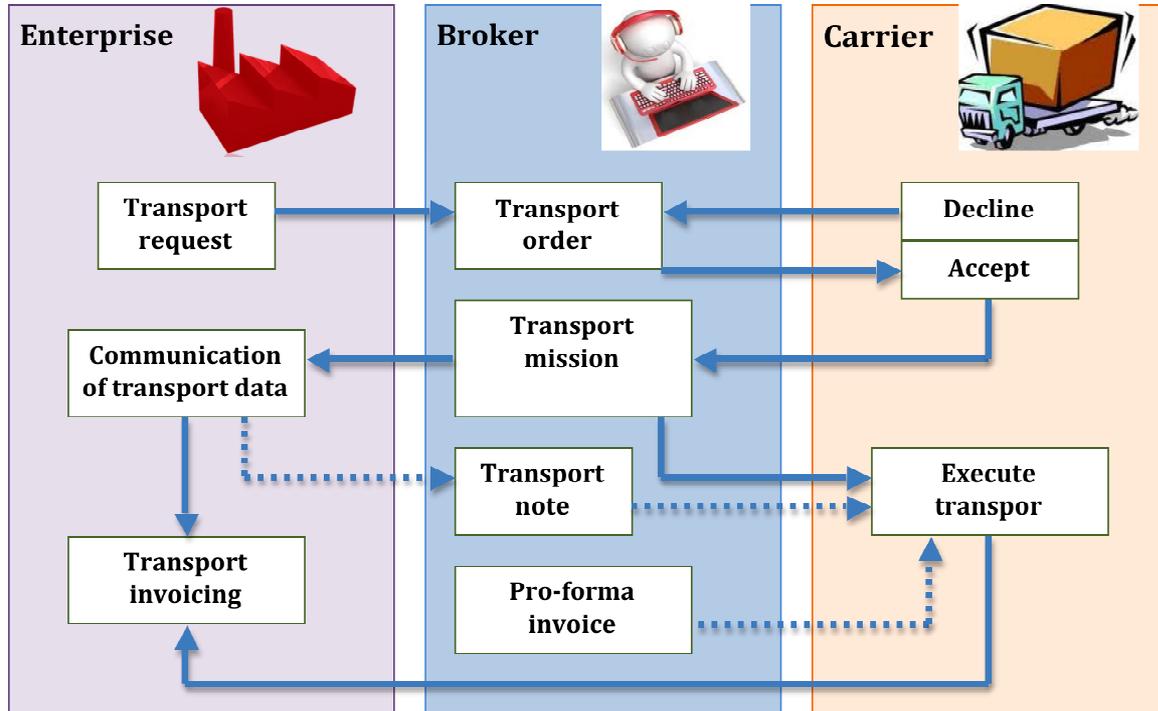
- a) a software for the loads optimization and
- b) a software for the road optimization.

The two tools are managed by a 'broker', who is a skilled person on logistics matters, in cooperation with companies and the providers involved in the project .

The 'Logistic Broker service' interjects a logistic broker between the companies and the carriers. Using modern ICT-Tools (software) the broker supports the customers and the carriers in their daily transport planning.

The broker takes over the entire transport planning acting as a mediator between customers and carriers and reducing their effort of finding the best and cheaper transport solutions.

How does the service work



The participants of the broker service

The main groups of potential participants of the logistics broker service are:



Enterprises

Broker solution could offer many advantages to businesses in their logistics activities, but not all enterprises may find benefit from the innovative solution.

In particular the firms have to follow these requirements:

- Possibility to transport their freight by road
- Willingness and potential to reduce costs
- Willingness to postpone delivery times
- Willingness to show dates and requests on the platform to the broker
- Standardised packaging and no special transport needs
- Use of IT and internet access.



Logistics Operator

Logistics operators have to be involved in the project and they have to meet the following requirements:

- To be a road transport operator
- Willingness to start a competition with other logistics operators within the broker network because pricing and equipment features are visible on the platform
- Willingness to neglect self organized low transport volumes in order to realize fully loaded transports following the broker solution
- Flexibility referring to transport times and routes
- Use of IT and internet access.

Advantages of 'Logistics Broker' service



The 'Logistics Broker' service aims at optimizing transport and logistics activities, increasing the competitiveness of enterprises in their local systems, sustaining the environment and preserving regional territories.

The main benefits provided by the service are:

- the optimization of transports,
- the cost savings for user and enterprises,
- less kilometers run by vehicles with a consequent decreasing of transport emissions.

Therefore the Logistic Broker service will provide advantages for companies and will promote at the same time transparent competitiveness among logistics operators. Together, lower traffic as result of the broker optimization process decreases the negative effects on the environment.



The following bullet points summarize the core benefits for each participants of the broker service:

- **Companies:** the Broker service represents an occasion to obtain costs savings and reduce their efforts on logistics activities
- **Logistic operators:** they can work in a higher market transparency, better and organized demand and higher effectiveness that can produce higher margins and cost effectiveness
- **Public administrations:** they can promote the cooperation between enterprises improving the economic competitiveness and the environmental wardship.



Changes on enterprises and carrier side

The introduction of new logistics service requires many changes in the structure of business relations with particular reference to the two main actors involved: company and carrier.
In the following table the most important changes needed are analyzed.



Carrier side

The carriers have to provide information on their price lists, vehicles size and features that are necessary to proceed an optimized transport planning.

It's necessary to introduce a new detailed design contract.

The carriers have to introduce a new orders management compatible with the broker platform.



Enterprises side

The firm has to use a specific platform to create a order request and this means a technological change in the firms organization.

Privacy and tricklish information posted on the platform have to regulate. Therefore the system implies the settlement of a legal document to define the business relations and legal constrains.

The companies have to introduce a new storage of transport documents and invoices both inbound and outbound

The new system introduce changes also in the relationship between customers and curriers with particular reference to the choose of transport provider and the duly payment for transport service.

Main phases of broker logistics service implementation

Phase 1 - Companies and logistics service providers involvement

Companies are the final beneficiaries of the project and their involvement is a critical success factor.

The first transport providers to be involved are those regularly working with the manufacturing companies because the broker should not suddenly change manufacturing companies managerial and organizational system.



Phase 2 - Framework analysis and process of simulation

After the identification of the enterprises involved in the project, an analysis of company internal organization and logistics habits should be realized. In particular, it is necessary to select a collection of a sample of IN/OUT freight flows (transport orders) of companies involved. It is necessary to reenact the present logistics situation referring to internal organization, kind and number of providers and customers simulating the cases of load sharing/aggregation for each enterprise interested in the project.

Phase 3 - Setting up the service

After the companies' commitment to joint the project, it is necessary to make simulation with company data mapping the actual logistics and transport situation of the company and simulating improvement solutions. It is also useful to plan a training course on the brokering for the logistics staff of the involved companies.

In a first stage in which the broker operations run in parallel to the normal companies operations.



Phase 4 - The broker goes live

In the last phase of the work plan, companies regularly use the broker service. Thanks to a regular monitoring of the savings and regular meetings among the companies to check eventual problems and improvements it is possible to have always updated information on the service.

Contacts to implement the service

ECOMARK Project wants to develop a green marketing, specifically for Eco Industrial Parks (EIP) and generally for Industrial Areas (IA), with the aim of favoring the competitiveness of SMEs and the a more sustainable community development. The Project involves 9 partners from 5 different European Regions: Emilia Romagna (IT), Côte d'Azur (FR), Comunidad Valenciana (ES), Western Greece – Central Macedonia (GR), Slovenia (SI).

The Project activities are part-financed by the MED Programme.

To have more information and to download the Service Guidelines

web site project: www.ecomarkproject.eu

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