Service Excellence Maturity Model

How Shippers Can Simultaneously Drive Operational Efficiency and Exceptional Customer Service
Introduction

Like many ocean transportation intermediaries and logistics providers, you may find it challenging to deliver both excellent customer service and a profitable bottom line.

Why?

Profits can plummet when market growth is not strong enough to offset cost pressures. Several industry trends are causing shipping professionals to re-evaluate how to design a balanced approach to better service value that also keeps costs in check.

These trends include:

• Strong customer demand for new services and high levels of service and efficiency
• Growing pressure for profitability to combat rising carrier rates
• A heightened competitive environment, exacerbated by slowing global trade, where showcasing differentiation is critical
• An ability to respond to new business opportunities in existing or emerging markets

Market-leading shippers are adapting to meet these trends with a best-practice Service Excellence Maturity Model. Developed by INTTRA through our close work and observations with nearly 80,000 companies worldwide, this five-stage methodology helps automate, standardize and deploy global processes, allowing organizations to gain insights that feed a continuous improvement cycle.

By following the Service Excellence Maturity Model, you can do the same, achieving higher levels of efficiency while optimally supporting customers.
A Proven Model for Service Excellence

The five stages of the Service Excellence Maturity Model are:

1. Automate manual processes
2. Standardize processes with multiple carriers
3. Deploy automated, standardized processes globally
4. Gain insight into opportunities for improvement
5. Pursue continuous improvement

You can apply this methodology to address multiple processes at once or in stages over time based on your company priorities and ability to absorb change.

Either way, you can simultaneously increase efficiency and your levels of customer service excellence.

According to Accenture research, one key to success for high performers in the freight forwarding industry includes:

“Business models supported by operational excellence and designed both to empower customers and to develop expertise in their industries.”

- Accenture, 2012 Achieving High Performance in Freight Forwarding & Contract Logistics
Automate Manual Processes

To be more efficient and offer the best service, most shipping companies start by automating manual processes. As you know, the shipping industry is characterized by extraordinarily high numbers of manual processes.

Even today business is frequently conducted over the phone or by fax for routine processes such as booking cargo on a ship. The shipper calls or faxes the carrier, who keys in the information, often in large-scale documentation centers.

The obvious drawbacks with manual processes are errors, higher costs, more human effort, and lower customer satisfaction.

Data-entry errors can lead to additional effort for the shipper who has to verify and correct carrier entries, and sometimes there are serious compliance regulation impacts.

Further, all this manual activity leaves little opportunity to identify what’s most inefficient about any given process. As a result, shippers struggle to make positive operational changes.

A quick way to improve is by reducing manual data entry, which results in less rework, higher data quality and fewer chances of shipping delays. After all, with so many deadlines to meet in the shipping industry, it’s easy to miss cut-off windows.

Automation in Practice

Consider this example of a global company providing integrated transportation solutions.

Using an electronic data submission and document release program, it reduced errors, eliminated double entry, and gained better control over its data. It relied upon EDI submission and release of documents electronically, and managed bookings and tracking of carrier status information online.

This enabled standardized transmission of data for bill of lading masters and release, resulting in efficiency, speed and accuracy throughout the shipping process. In other words, by eliminating lengthy manual processes, improving data quality and meeting compliance requirements – it was able to better ensure shipments left the dock on time.

And that left its customers highly satisfied.
Standardize Automated Processes Across Carriers

One of the main reasons to automate a process is to achieve a new level of efficiency. Once you’ve automated a process, you want to implement it consistently across your carriers. This leads to lower implementation costs, and the consistency gained puts you on the path to global insights, lower labor costs and increased compliance.

More importantly, you’re able to offer a consistent, elevated level of service to your customers – regardless of the business partner you’ve chosen for a specific shipment.

Standardization Excellence in Practice

Here’s a scenario one freight forwarder faced that is common for many.

Shipment information was coming in from 10 different carriers in multiple formats, causing significant challenges in gathering, consolidating and sharing information required to plan and manage ocean shipments.

Yet this shipping information was in constant demand – not only to fuel shipping management decisions, but also to enable ongoing customer interactions.

The forwarder chose to adopt a data service solution that aggregated shipping information from multiple carriers and NVOCCs, and allowed it to apply a set of data integrity algorithms to remove duplicate entries and strip out un-matched data.

Now it employs a single automated process for managing shipment information across all its carriers. A new process that has elevated the quality of its shipping information has made the difference in delivering exceptional customer service.
Like many shippers, you probably maintain offices in various locations around the world.

While it’s valuable to automate and standardize your processes – and to do so with multiple carriers – you cannot achieve the next stage of service level maturity if these processes are only leveraged in some of your offices.

Without global deployment, your employees will continue to face inefficiencies when doing things differently office by office, country by country. Moreover, you can’t develop and administer the necessary enterprise-level policies and governance to operationalize and measure your process improvements.

The next major milestone is to deploy improvements across your current global network. The faster you can do this, the sooner you can implement employee training programs to achieve company-wide labor efficiencies.

With this will come lower costs and better customer service, giving you a competitive advantage to improve margins and more nimbly enter new markets.

**Global Deployment Excellence in Practice:**

One leading freight forwarder had the dual challenge of contending with multiple, disparate systems across its global enterprise – and maintaining separate connections with each of its carriers.

The result was information that was expensive to maintain and that lacked consistency across the enterprise.

The forwarder made a business-changing decision to connect through a portal network used by all its carriers for booking and shipping instruction transactions.

As a result, it has implemented one standard across its carriers with technology options that offer multiple methods to connect and send information, allowing for a common view of shipping information while meeting local country access and viewing needs.

By removing direct connects with individual carriers, it reduced operational costs by 10%.

Plus its customers can now easily access shipping information, and it has better visibility into bookings and shipping instructions across its enterprise.
Gain Insight into Improvement Areas

Insights are the next critical piece in solving the service excellence delivery puzzle. In order to elevate your efficiency and customer service value, it’s important to identify your biggest opportunities for improvement.

It typically isn’t until process automation and standardization are implemented that meaningful insights come to light. Are you able to see your global business in its entirety to pinpoint those improvement opportunities?

Insights Excellence into Practice

Consider how a large European forwarder/NVOCC started experiencing higher customer attrition due to a lack of consistency of container events received by ocean carriers.

Because it was already doing business on a single platform used by its carriers, it had ready access to actionable data.

So it jump-started a business-insights initiative, analyzing data and going through an exercise to identify ways to enable better information flow.

By partnering with key carriers to implement its findings, it was able to improve container event coverage by 8% and reduce customer attrition by 5%.

Pursue Continuous Improvement

By putting the previous four steps into place, you can achieve measurable business value. The examples highlighted in this paper show what’s possible:

- Faster, cheaper and more accurate execution of business processes to support ocean shipping
- Exceptional customer service in managing shipments across carriers
- Easy access to standardized booking and shipping instructions globally
- Insights for better container event coverage and reduced customer attrition
Continuous Improvement Excellence in Practice

Consider this fast-growing Ocean Transportation Intermediary (OTI) in the Belgian forwarding sector that traditionally leveraged operational excellence as the key ingredient for growth.

Facing a turning point in its history, the OTI knew it needed a more scalable IT solution for shipment execution. Struggling to meet its IT demands in-house, the company turned to a technology partner to address its immediate and future needs.

Together, the OTI and partner planned an incremental approach for automating the OTI’s eCommerce processes.

The first step was deploying a shipping instructions plug-and-play desktop application that would ingrain ocean freight eCommerce into the company’s culture. Then as it reshuffled its technology priorities, the OTI planned for a more robust EDI integration to merge ocean freight eCommerce into its existing systems.

This OTI’s management team made a conscious decision to improve its service excellence through a multi-step approach because it understood the company’s culture for change and its IT abilities.

By doing so, the company quickly realized significant administrative time savings by electronically transmitting all of its shipping instructions and set itself up for a broader EDI integration to meet its strategic growth objectives.

**TIP:** To determine your approach, gauge your company’s tolerance for change, prioritize what is strategically important and focus where you can make a quick yet meaningful impact.
Start Your Journey to Service Excellence Today!

As your organization strives to satisfy growing customer demands for higher levels of service and efficiency, it needs to ensure profitability – even in the face of rising carrier rates. At the same time, you are likely seeking ways to win business away from your competitors to drive growth in a globally slowing market.

Today’s leading shippers are pursuing innovative yet repeatable ways of doing things differently to achieve their corporate goals for growth and profitability. They are evolving with the changing needs of the market, tracking success and supporting a culture of change to promote continuous improvement.

By adopting the Service Excellence Maturity Model, your organization can effectively address today’s ocean-shipping trends and operate more efficiently while driving customer service excellence, enabling a sustainable competitive advantage.

For guidance on your journey to service excellence, tap into INTTRA’s experience and expertise. We’ve been helping tens of thousands of companies achieve their service excellence goals and you can trust us to do the same for you.

Schedule an appointment with INTTRA today.

“During 2013, Gartner continues to see a shift in motivation, from focusing transportation initiatives exclusively on lowering costs, to laying the foundation for improved customer service, a return to growth and more innovation.”