

# Logistics Solution Best Practices Intermodal Integra- tion - Responding to Market Needs

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Global markets have no tolerance for delays, disconnects, or mistakes. Intermodal linkages are often examples of these problems because inefficiencies in the adjoining modes come together and the problems and gaps between their different networks and approaches come together in high relief. For this reason, shining a spotlight on intermodal connections can reveal waste and inefficiencies that extend throughout the supply chain.

Today's international freight movements must be fast and low-cost, and reach deep and wide into inland destinations. Consumers worldwide have many choices, and substitutes are plentiful. If apples from Chile are not available, they can choose from among three other types. Intermodal connections are one of the most likely places for the difference between the options to become apparent - delays and mistakes that occur between modes can cause expense, cycle time, and spoiled product.

Without integration, shipments can incur higher port fees, surcharges, and extra land miles. For example:

- European shipments that are destined for inland destinations often get unloaded in Northern European ports and empty containers pile up waiting to be discharged after their inland journeys. Certain terminal operators working to establish a flow of empty containers to less overloaded ports in Southern Europe where they can quickly and efficiently be reloaded. Failing such coordination, global shippers pay extra costs and pay for extra containers in carriers' fleets.
- US shipments that are destined for

inland points need to be coupled with loads for the return. The more empty returns, the more shippers pay for both the inbound full and the outbound empty container. Marrying inbounds with outbound loads is especially tricky now that the US trade balance is changing so rapidly. Some shippers are paying third party fees to rent containers on their own to solve the problem.

- Shipments to Southern China, Malaysia, and Indochina that transit inland would sometimes more efficiently be unloaded at ports like Bangkok/Laem Chabang and reloaded at ports like Ho Chi Minh or Singapore/ Tanjung Pelapas.
- In addition, information errors can occur at each step in intermodal links.

Shippers and carriers must take three steps to achieve integration. They must integrate processes and integrate information.

- Operational processes need to be synchronized in order to reduce cycle time. On-dock transfers reduce or eliminate stowage and retrieval of containers. Pre-blocking of intermodal trains by destination can help to reduce switching delays en-route and increase equipment velocity. Coordination of return loads can increase backhauls, reducing trip costs. And interlining with one carrier can reduce transactions costs of dealing with multiple carriers, agents, and brokers.
- Accurate and efficient information integration is needed to achieve the operational synergies. Pre-blocking requires origin/destination pairs to be identified and coordinated. Manifesting information

needs to be exchanged and manipulated with each partner. Return load coordination requires accurate data exchanges between transportation providers.

Strategic shippers and carriers will seek carriers that are capable of providing global integrated solutions. They will also partner with carriers and solutions providers as a true partner rather than an arms' length. Several examples of integration are apparent in the marketplace. One American carrier has teamed with a truckload carrier to provide a guaranteed transportation service. A European third party logistics company has developed a landed cost engine for emerging economies. And an integrated transportation provider has formed end-to-end services for popular traffic lanes.

Shippers and carriers should take a global view to increase integration and synergy in intermodal shipments. Global, integrated providers have a lot to offer and the cost of such services should be offset against savings in inventory, extra miles, and unnecessary costs and fees. To ensure integration is being achieved, wise shippers should establish a balanced scorecard that documents today's performance and sets targets for improvement. Using the scorecard, shippers and carriers can agree on continuous improvements. **D**

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