

## What Makes a Company a "Master of Logistics?"

### 17th Annual Transportation and Logistics Study Finds Larger Firms Gaining Advantage; More Resources, More Planning

SCDigest Editorial Staff

Results from the 17<sup>th</sup> annual Trends and Issues in Transportation and Logistics report were presented last week at the CSCMP 2008 conference in Denver, an effort led again by Dr. Karl Manrodt of Georgia Southern and Dr. Mary Holcomb of the University of Tennessee. The full report is available for download from Manrodt's web site: [Trends and Issues in Transportation and Logistics 2008](#).

One interesting finding from the survey of hundreds of companies is that large companies seem to be gaining a lead on medium sized ones in terms of supply chain performance.

Manrodt told SCDigest that for many of the early years in the study, large firms held a similar advantage (based on reporting in the survey of various performance metrics), but that starting in the late 1990s through 2005, there did not appear to be much difference in the supply chain performance of large (\$3 billion or greater in sales) firms than medium sized companies.

But that has changed the past two years.

"The results of this year's study confirm that the giants of shipping are also the Masters of Logistics," the report states. "Despite the current unprecedented economic conditions, the Masters are achieving performance results that exceed both medium and small size firms."

Why is this? The report offers several theories.

- Larger firms appear to do more network design and analysis than medium sized firms
- Larger firms appear to spend more time and resources on strategic planning

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- Larger firms have done a better job of integrating their information systems with those trading partners
- Larger firms were more likely to use commercial best-of-breed TMS software than smaller firms, which were much more likely to use the package available from their ERP provider.

Of course, some of these differences should not be surprising. Smaller firms almost by definition have simpler supply chain networks and therefore less need for network planning. In many cases, they may also have less need for strategic planning, as they may be dealing with fewer complexities in terms of products, organizations, geographies, networks, etc.

Holcomb also told SCDigest at the conference that she thinks the differences may also be related to technology investments.

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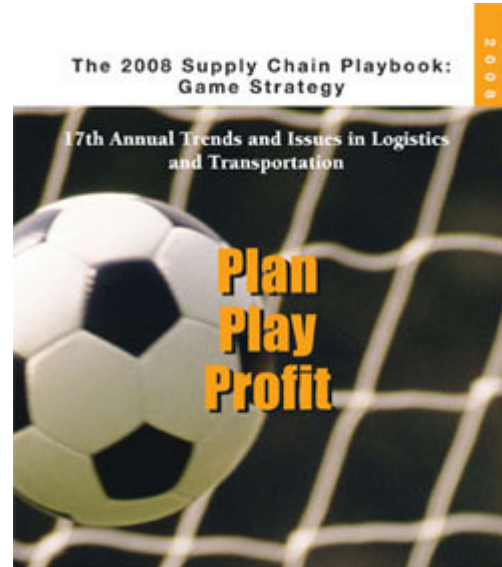
are now reaping the benefits of those investments.”

But, she noted that medium sized firms should not despair. Just as the gap between larger and medium sized firms closed for nearly a decade, that could easily happen again, according to Holcomb.

“I think medium sized firms will invest more in trading partner integration, and things like hosted software will make it easier for smaller firms to get the same type of technology capabilities as larger firms at a lower cost,” Holcomb added.

The report also notes medium sized firms can be creative in working with partners to develop a deep bench of talent.

“It is important to assemble the right amount of talent in order to compete in the top leagues. The advantage in SCM is that you don’t have to



“own” all the players to build a team as large as the big guys,” the report notes.

Next week, we’ll summarize key survey data from the report.