



*Customer service in the global logistics and transportation industry continues to be a hot topic for many companies. How do we get it right? What is really important to customers?*

*In the 2007, Transport Intelligence Global Freight Forwarding Survey, 'Proactive customer service' ranked just behind 'Reliability' as the 2<sup>nd</sup> most important factor when selecting a freight forwarder. Why is this information so critical in the logistics and 3PL space?*

*TLI-AP and RSI will jointly present 'The **FOUR Pillar Framework for Customer Satisfaction (2-day)**' on October 7-8<sup>th</sup>, 2008 in Singapore. For more information, [click here](#).*

## **Customer Service in the Logistics Industry: When Employers Get What They Ask For**

Whether a company is using their own logistics organization or a third party logistics provider, there is always a 'story' that every management team passes around as their bad process example. Shipments that have been air freighted at a huge expense but are still sitting on inventory shelves two years later because it was the wrong freight. The impossible load to book that took the whole team to find hazmat permits, oversized restrictions and cross-continental coordination, only to be cancelled at the eleventh hour. These events are always going to exist. And despite the cost and resources wasted, it is the day to day transportation management activities that are costing even more.

Most of us have had a buying experience where we were faced with choosing between an ultra deluxe pre-packaged product, or the same product with all the bells and whistles sold separately. After much deliberation, we get to the checkout counter with our final decision and the sales person informs us of a more cost efficient combination based on what we may really want or need from the product.

In any case, the professional was knowledgeable and could provide an adequate solution for the customer. Logistics customer service representatives are persistently in the same position to provide overall value yet most are not viewed in this strategic role. The decisions for logistics professionals may be a little more involved than making a standard retail purchase, but the concept is the same: know your product.

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## Hiring What You Asked For

Logistics organizations are often structured to include an analytical or engineering group who create optimized load plans, logistics network designs and identify cost savings opportunities. The customer service representatives implement these solutions as they book loads and communicate with the shippers and receivers. The more integrated the connection between the analysts and the customer service representatives, the more efficient the transportation network is likely to be.

A customer service representative who knows enough about a commodity, a route or a carrier solution will be able to optimize a backhaul, combine loads and deliver on time without a premium. Unfortunately, an inherently analytical customer service professional is difficult to come by- partly because it is not what organizations have been asking for.

A scan of logistics job postings will show that the majority of customer service roles are typically for entry level candidates; or in general those with three years of experience or less. The main function of these customer service roles is to be the liaison between the shipper and the receiver, providing the best time and cost efficient transportation solutions. These entry level positions are the day to day link with customers and yet their value is often seen as tactical rather than strategic.

Newly hired customer service employees generally undergo training that includes company policy training, system training and on-the-job training to ensure all the new skills have been retained and can be applied. Many also simply start the job by answering calls and working their way through the transportation management system. While a firm understanding of the system is important, understanding the actual business of logistics will prove far more valuable. Yet, [industry training](#) is frequently missing from new-hire training schedules.

## Changing the Customer Service Process

Some of the biggest value margins are lost in a transportation management process that can't provide the big picture to the key stakeholders. In the case of customer service representatives, it is the inability to see available space on a carrier, loads that can be consolidated or timing constraints that can mean the difference between a normal carrier and a premium shipment, just to name a few. Improving these value margins can start with something as simple as revised metrics.

A customer service professional that is measured on how quickly they get loads out of their cue will likely average a higher cost per mile or per pound than a customer service representative who books fewer loads but ultimately is trained in analytic and strategic skills. Metrics reflecting the quantity and speed of loads booked do not tell the real dollar value of

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loads that were consolidated or the time and efficiency improvements that may have been afforded the end customer with a more strategic and leveraged freight plan.

Logistics call center employees are typically grouped in one or a combination of the following ways:

- by freight movement type such as specialized, normal mode or premium
- by commodity type such as steel coils, high tech equipment or perishables
- by shipping/receiving location (dedicated to a particular client or client contact)
- a general pool with cross-trained customer service representatives capable of processing all shipment requests

The very issue with all four of these groupings is that none truly focus on leveraging cost and transportation time for the end customer. Cross-trained customer service professionals may be the most versatile group, but without the proper tools and training, they are no more capable of leverage than a professional in a focused commodity type.

So now what is a logistics department to do with employees that were hired for one position and now really need an entirely different skill set in order to fully realize an optimized transportation network? Who are the industry customer service innovators? Where are the customer service consultants and the [training](#) and the systems? And the real answer is that the industry simply isn't there yet.

### **Technology Evolving in to Common Sense**

Transportation Management Systems have become more intelligent and user friendly, organizing and prioritizing information for customer service representatives. Some systems have been created with optimization tools created by industry leaders such as i2 Technologies that systematically analyze and consolidate loads from multiple supplier locations for delivery to the end customer. However, system data; especially user entered data, is not the same as valid information. And for that matter, automated data is equally subject to error without the common sense checks that a person familiar with the load type can provide. The difficulty is getting a defined process to transfer the load familiarity and common sense intelligence in to a replicated best practice.

As the technology continues to evolve, there still remains a human element that could benefit from some evolvment as well. If an organization wants to get started, first they should post their logistics customer service representative positions with requirements such as sound analytic skills and the ability to strategically plan and execute value added operations. Alternatively, current logistics customer service representatives will need to shift the paradigms of their roles from being cue clearers to being strategic contributors.

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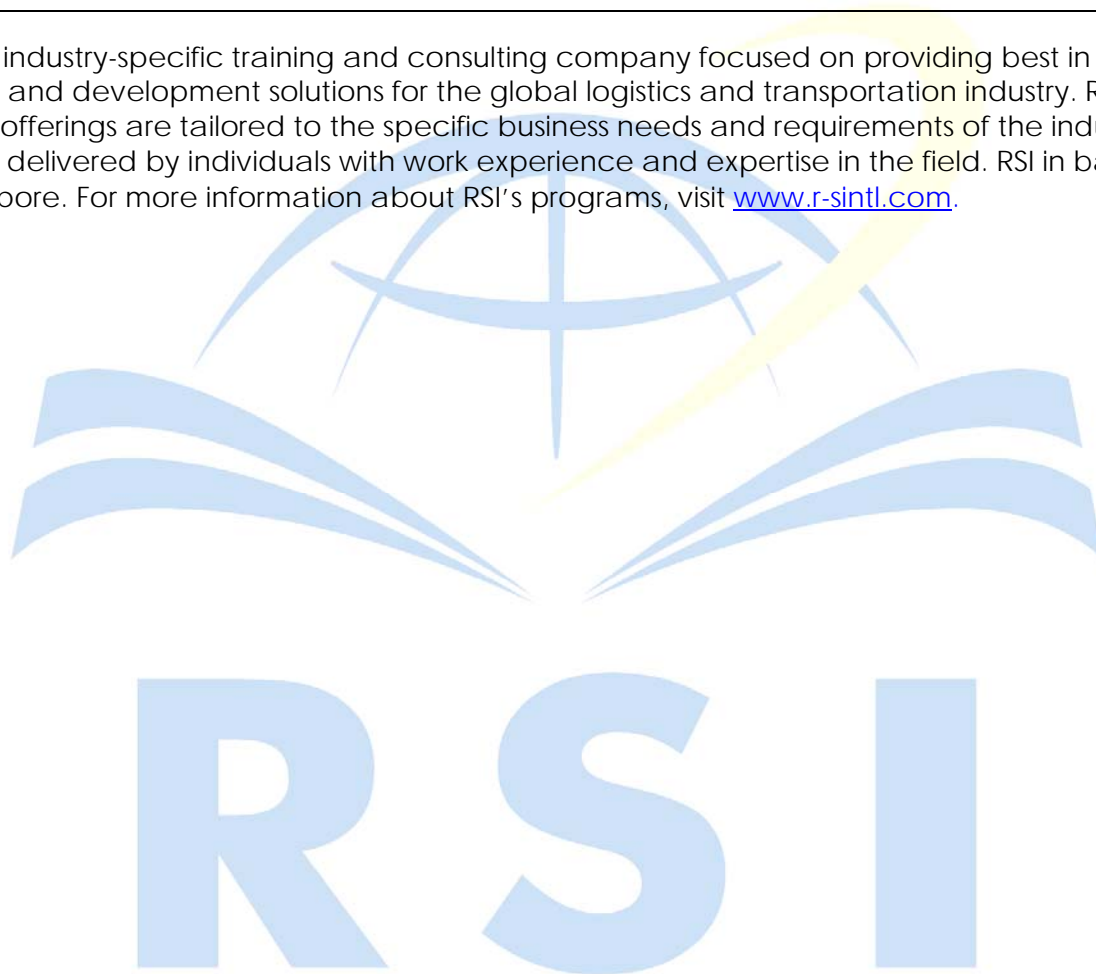
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As technology continues to develop and organizations become smarter with their customer service representatives, the efficiencies will start to hit the bottom line. An unintended consequence of better enabling a previously tactical role may actually be better retention of employees as the customer service representatives remain challenged with the analytical opportunities. And instead of having a story about how much money was wasted on transportation, leadership will have dollars to show how much is being saved.

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RSI is an industry-specific training and consulting company focused on providing best in class learning and development solutions for the global logistics and transportation industry. RSI's solution offerings are tailored to the specific business needs and requirements of the industry and are delivered by individuals with work experience and expertise in the field. RSI is based in Singapore. For more information about RSI's programs, visit [www.r-sintl.com](http://www.r-sintl.com).



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