

CASE STUDY

Creating a world of opportunity



How to standardize your global logistics process

Challenge Summary

Create and deploy a solution, standardizing international transportation and trade logistics into one process at the global level for one of the world's leading multinational manufacturing companies.

Services & Technologies Used

- Lead Logistics Provider
- Data Management

The Challenge

Dow Chemical Company is a leading global science and technology company that provides innovative chemical, plastic and agricultural products and services in the food, transportation, health medicine, personal and home care, and building and construction industries, among others. It serves customers in more than 170 countries.

With manufacturing and distribution channels in literally every major market around the globe, and competing in an industry that is understandably zealous about supply chain management, Dow was seeking a logistics partner capable of performing on truly global scale. The service partner Dow envisioned would not only be required to design and deliver on a model that would help contain costs, but also significantly reduce those costs—while transporting the company's products flawlessly to nearly every part of the globe. An immense challenge.

The Solution

Dow wanted a lead logistics provider (LLP) that could deliver a world-class supply chain strategy, technology, operations management and purchase order execution on a global basis for its Marine Packed Cargo (MPC) business. Dow wasn't interested in piecemeal capabilities strung together to give the appearance of a supply chain process. It had to be the real thing. Such a commitment from a company of Dow's size and complexity, to globally integrate and standardize processes and manage logistics in every geographic theater,

spoke volumes of the organization's commitment to aggressively managing business costs.

However, the scope of Dow's needs had only been accomplished on an inter-regional scale. What Dow wanted now was seamless information management and transportation logistics.

Up close and personal

Enter PSA BDP, which had been honing its lead logistics capabilities for years and refining an umbrella concept that was in sync with Dow's needs. In addition to chemical industry expertise, PSA BDP had all the pieces in place. Dow conducted rigorous due diligence exercises, visiting US and global sites of the major 3PLs competing for its MPC business. The science and technology giant observed PSA BDP personnel, as well as PSA BDP technology, up close and personal. It was hands-on, intensive scrutiny. After a meticulous process, Dow selected PSA BDP. Within a few short months, the implementation began. Step one required transitioning the company's North American operations, beginning with exports.

"As Dow positions itself for future growth, we need a logistics partner with a proven track record, the right industry expertise, a commitment to provide exceptional value to our customers, and extensive global reach and capabilities. [The team] offers us exactly those strengths."

-Vice President,
Dow Chemical Supply Chain



Within two months, implementation activities had been extended to Asia. Dow operations in Latin America would be scheduled next, followed by Europe.

The Vice President of Dow Chemical's Supply Chain organization describes his company's selection of PSA BDP: "In today's competitive world, you need partners who can grow with you, and that's why we have formed a partnership with [PSA BDP]. As Dow positions itself for future growth, we will need a logistics partner with a proven track record, the right industry expertise, a commitment to provide exceptional value to our customers, and extensive global reach and capabilities. [The team] offers us exactly those strengths."

Customized solution

"The capacity to meet the needs of one of the world's largest companies for a standardized international logistics process is unique to [PSA BDP]," says PSA BDP's Chief Operating Officer. "It reflects our long-held belief that there is no 'one-size-fits-all' logistics solution. From the start, the goal has been to drive value back to Dow through their global supply chain, through a strategic approach, metrics and analysis initiatives, as well as transactional order execution functions."

Dow's LLP mandate for PSA BDP:

- Gain competitive advantage through value creation-service enhancements and cost reductions, including trade lane analysis, cycle time analysis and SBU-specific costing.
- Redesign and standardize processes.
- Report and analyze metrics, providing Day-1 performance metrics and exception reporting, as well as ongoing cost analyses.
- Deliver added value by virtue of expanded global visibility of all its export and import processes.

The goal: Achieve potent, single-source decision-making capacity to adapt quickly to changing conditions across every front in Dow's multinational marketplace.

People are the engine of success

A centralized PSA BDP LLP team oversees the Dow business activity and ensures that the processes for which PSA BDP is responsible operate within Dow's overall supply chain across five primary service categories: logistics, communication, documentation, SAP entry and review, and impact on the customer. Day-to-day interface with Dow is handled by dedicated PSA BDP

Logistics Service Coordinators (LSC), who are the core point of contact, responsible for orders between Dow and PSA BDP systems for shipment prioritization, performance of key SAP functions, and assignment of carriers, vessels and rates. People are the engine of PSA BDP's success. Dow's Global Project Leader Export/Import stated, "[The] people at every level recognize the value of a partnership and the importance of working collaboratively,

"The data that we now have will allow us to continue to deliver value, while we enhance customer service."

-Dow Global Project Leader
Export/Import

Customer Benefits

Competitive advantage through value creation-service enhancements and cost reductions, including trade lane analysis, cycle time analysis and SBU-specific costing

Redesigned and standardized processes

Day-1 performance metrics and exception-reporting, as well as ongoing cost analyses

Potent, single-source decision-making capacity to adapt quickly to changing conditions across every front in Dow's multinational marketplace

Exceptional teamwork focused on attacking costs,improving customer service, and managing continuous improvement across all aspects of operations

Expanded global visibility of all its export and import processes

Working as one team, we've been able to focus on attacking costs, improving customer service, and managing continuous improvement across all aspects of our operations."

Tools of the trade

A cadre of global logistics management tools supports both Dow and PSA BDP staff. In addition to PSA BDP's extensive Customer Order Processing System (COPS), a suite of Web-enabled customer service applications provides Dow unrestricted global analysis and control of their supply chain process.

Smart Suite, the company's customer service portal, gives customers access to an entire global suite of trade logistics business application tools-a unique combination in all three areas of tracking, data mining and event management.

Bottom Line

Managing a worldwide effort to create global standards is only half the challenge. Unless Dow realizes substantial savings in costs, the effort is wasted. After little more than 15 months, Dow realized significant hard-cost savings for their MPC business. During that time, more than 20 percent in savings were achieved on Dow's airfreight logistics process costs. The creation and deployment of this ground breaking international trade logistics solution for Dow is on a continuum. Perhaps it is best summed up by Dow's Export/Import Global Project Leader: "We had a vision of enhanced services, a globally consistent work process, connectivity, and access to cost and metrics data about our supply chain. We have certainly made significant progress toward this goal. The data that we now have will allow us to continue to deliver value while we enhance customer service. [PSA BDP] staff members have worked with us diligently and professionally throughout this time."

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