

## [ Tech Trends - March 2010 ]

## The Competitive Advantage of Transparency

**Book distributor realizes the business benefits of transportation management systems.**

By Ben Bradley  
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Richard Freese's nightmare is always the same: A faceless Costco manager stands on the rear loading dock on a sunny day. A semi-trailer scheduled to arrive the day before still hasn't showed up. The truck contains nearly 200 titles split between 30 pallets of books. The author of one of those titles is arriving for a signing in three hours. That's right: three hours. The manager had scheduled eight extra employees to work overtime to unpack the boxes. As Freese watches them mill about on the loading dock, he knows he will get a call from the manager. Where is the

blasted truck, and when will it arrive? Clouds begin to overshadow the sunlight - along with his hopes for a successful book signing.

When he wakes from the dream, Freese is still president of National Book Network (NBN), the distributor of the books on the truck. His company — an independent, full-service sales, marketing and distribution company of independent book publishers, based in Maryland — has long prided itself on exemplary customer care, if not always customer service. And though wholly sympathetic to the Costco manager's plight, in the past, there was little if anything Freese could do but place a series of frustrating phone calls up and down the supply chain. He would have great difficulty pinpointing the exact location of the truck, and he knew this wasn't the news the manager wanted to hear.

This dream sequence has played out dozens of times in the 30-year history of NBN, but it's resting on the cusp of radical change. If publishing is an art that needs a helpful assist from science, it has found it in a web-delivered transportation management system (TMS) and a partnership with Preferred Global Logistics (PGL).

PGL, based in Poway, Calif., a third-party logistics provider, connects NBN with all points in their supply chain and, in the process, gives NBN's buyers and sellers the ability to track shipments with real-time transparency. At any point in the distribution process — from the NBN distribution center to, say, a customs port in Japan — PGL's TMS allows Freese and his more than 200 publisher clients to identify the exact location of their products at any time of the day or night.

Loren Paulsen, chief operating officer of PGL, likens the TMS to a new technological superhighway that brings order, efficiency and cost savings to an unreliable side road ridden with potholes. And although it provides Freese with a huge competitive advantage in the marketplace, the greatest beneficiaries are those on the tail end of the process — people like the Costco manager and other book retailers who now will be better able to plan for shipments and promotional events and schedule employees accordingly.

"The beauty of it? It's like taking a lot of small side roads and merging them onto a superhighway," he says.

"Why take a troublesome parallel road, fraught with delays, when you can cruise on a superhighway?"

## **The impetus for TMS technology**

Of course, relying on technology to manage the superhighway — metaphorical and otherwise — is still a novelty for someone like Freese. For its first 30 years, NBN was focused on book distribution services, not supply chain management and economies of scale.

“Just two years ago, if a shipment was stuck in China somewhere, we would be clueless as to where it was,” Freese admits. “We’re a \$200 million company, and everything we do is for the retailers, but our own products weren’t visible to us.”

Tracking shipments meant burning up the supply chain with a lot of phone calls, Freese says. And NBN, though not responsible for a shipment that might be delayed in a customs port halfway around the world, was still held accountable by its clients.

Last year, Freese decided that he’d had enough.

“As one of the largest book distributors in the world, we should be bringing value to everything we touch,” he explains. “We decided to look at what else we could do to improve our services and take control of the supply chain.”

## **How It Works**

After NBN contracts with a publisher for distribution services, the publisher then contracts with a printer to produce a book to the publisher’s specifications. The publisher then hires PAC International — a strategic partner of PGL — to manage ocean freight, customs clearance and land freight to NBN. While PAC notifies the publisher and NBN of port clearance, PGL arranges shipment of the land freight, via rail or truck, from the port to the NBN distribution center.

While PGL tracks the freight, the NBN distribution center can follow the inbound shipment through a specialized browser log-in. Finally, PGL arranges shipping from the NBN distribution center to customers, via truck. At this juncture, too, NBN enjoys real-time visibility of the outbound shipment.

“The transparency inherent in this system allows all interested parties to see what’s going on at all times,” Paulsen says. “We call it the never-be-surprised tool.”

## **The Future Is Now**

Freese instantly saw the benefits: transparency in the system, greater efficiency, and cost savings for retailers who now could appropriately schedule employees around the arrival of shipments and therefore control overtime costs. But that wasn’t all: Transparency also allows everyone in the supply chain to change course when new conditions, circumstances or opportunities present themselves.

For example, say that Freese learns that one of his publisher’s authors has just landed an appearance on “The Oprah Winfrey Show” in two weeks. Freese logs onto the TMS and discovers that the author’s book shipment is scheduled to ship on a slow-moving train. That transportation mode threatens to jeopardize a golden public-relations opportunity, so Freese changes the plan and places the shipment on a fast-moving truck.

“Meeting a promotional deadline or rushing a book to market could result in hundreds of thousands of dollars in profit,” Freese says. “So knowing that the capacity is there is extremely valuable to us.”