

Best Practice: Deutsche Post World Net

Robert Blasum

As the No. 1 player in the global logistics market, Deutsche Post World Net (DPWN) uses an innovative performance management system developed by BusinessCoDe to analyze the efficiency of 40 million cross-border parcels delivered each year.

Since its initial public offering in 2000, Germany's formerly state-owned postal carrier, Deutsche Post, has set about expanding and globalizing its logistics operations. With the acquisition of US-based DHL in 2002, the company became the global market leader in international express, overland transport and air freight.

DHL operates an unmatched global system of 240 transportation gateways and more than 450 hubs, warehouses and terminals. This network allows for the rapid and efficient movement of shipments, with the goal of providing fast, reliable and cost-efficient service to over 4.2 million customers worldwide.

While growth has remained important to DHL, in recent years the company has also set ambitious goals to provide unmatched service quality to its customers. But in order to put into place effective customer service, DHL needed to measure its operational processes.

Measuring Delivery Performance

At the end of 2004, BusinessCoDe, located in Bonn, Germany, developed for DHL an innovative Operational Performance Management System (OPMS) in order to receive more efficient measurements, more exact ana-

lysis and prompt optimizations of the pick up, transport and delivery processes.

OPMS was designed to keep track of more than 40 million cross-border parcels, measure the delivery performance and compare this operational performance to pre-defined targets, thus enabling an active management of DHL's operational processes. In particular, after a series of heavy acquisitions (most notably the merger of DHL, DPEE and DANZAS) it was required to have one integrative measurement system that could provide a unified view on formerly separate business units.

The crucial idea was that OPMS should deliver "actionable" data. As Kim Nystroem Moerch, DHL Express Program Manager and project leader OPMS, says: "To us, it was key to not only provide scorecards for top-management but to create a tool that can be used by front-line personnel to effectively help them in their daily business."

OPMS provides a single transparent system that gets the right numbers to the right people. It compares the information to individual targets and allows the drill-down through all hierarchies, thus avoiding the gap that often occurs when board room reports have to be linked to operational processes.

Designing OPMS

From the start, BusinessCoDe designed a solution that could be combined with operative systems and reporting applications already existing in DHL's IT Services Center in Prague. The Prague IT Center is one of three DHL IT Service Centers worldwide and supports DHL's entire European IT infrastructure.

The first step was to calculate essential performance figures on delivery quality, timelines and process compliance. Those numbers were then presented to both top-management and front-line personnel. In particular, BusinessCoDe built an automated failure allocation, also called "root cause allocation" that addressed each problem to the responsible party in the network. The core component of this root cause allocation is a central business rules repository that is modelled and implemented with BusinessCoDe's BusinessMirror tool. (see Fig. 1) All measurement rules are kept in the form of standard flow charts that can be worked on quickly and easily - without any programming knowledge.

The first version of OPMS went into production in March 2005. Since then, OPMS has been growing continuously to what is now one of the largest operational

performance management systems in the world.

Thanks to the scalability of the solution, in addition to the 40 million cross-border packages initially planned for, OPMS is now measuring an additional 100 million of European domestic packages.

Business Insights

Today, OPMS is used by more than 2,000 operational users world-wide, serving a distributed network of more than 450 hubs. It provides a unified view on the former divisions DHL, DPEE and DANZAS, not only allowing the replacement of several old reporting tools but also facilitating internal communication.

Root causes for service quality problems are identified on a daily basis and directly addressed to the responsible parties. This means problems are not only recognized but also automatically analyzed in order to find the source of the problem.

For example, a DHL facility manager can now see on a daily basis how many of the facility's packages have been delivered late. What is more, in case of late packages the manager can identify what caused the delay. Sometimes, weather or traffic is to blame. In other cases, a customer might have mislabelled the package with an incorrect receiver address. This allows the facility manager to not be sidetracked by uncontrollable delays but to concentrate instead on impro-

ving the operational processes for failures in his or her responsibility area.

This is done with full transparency from top-management down to front-line personnel. In the above example, the same functionality is available not only to facility managers, but also to country, region and central managers. In this way, data becomes actionable, allowing DHL to effectively improve its operational processes.

Since its implementation in 2005, the service quality for the overall European network has improved by almost 4% in March 2007.

Robert Blasum is Chief Technology Officer of BusinessCoDe GmbH.

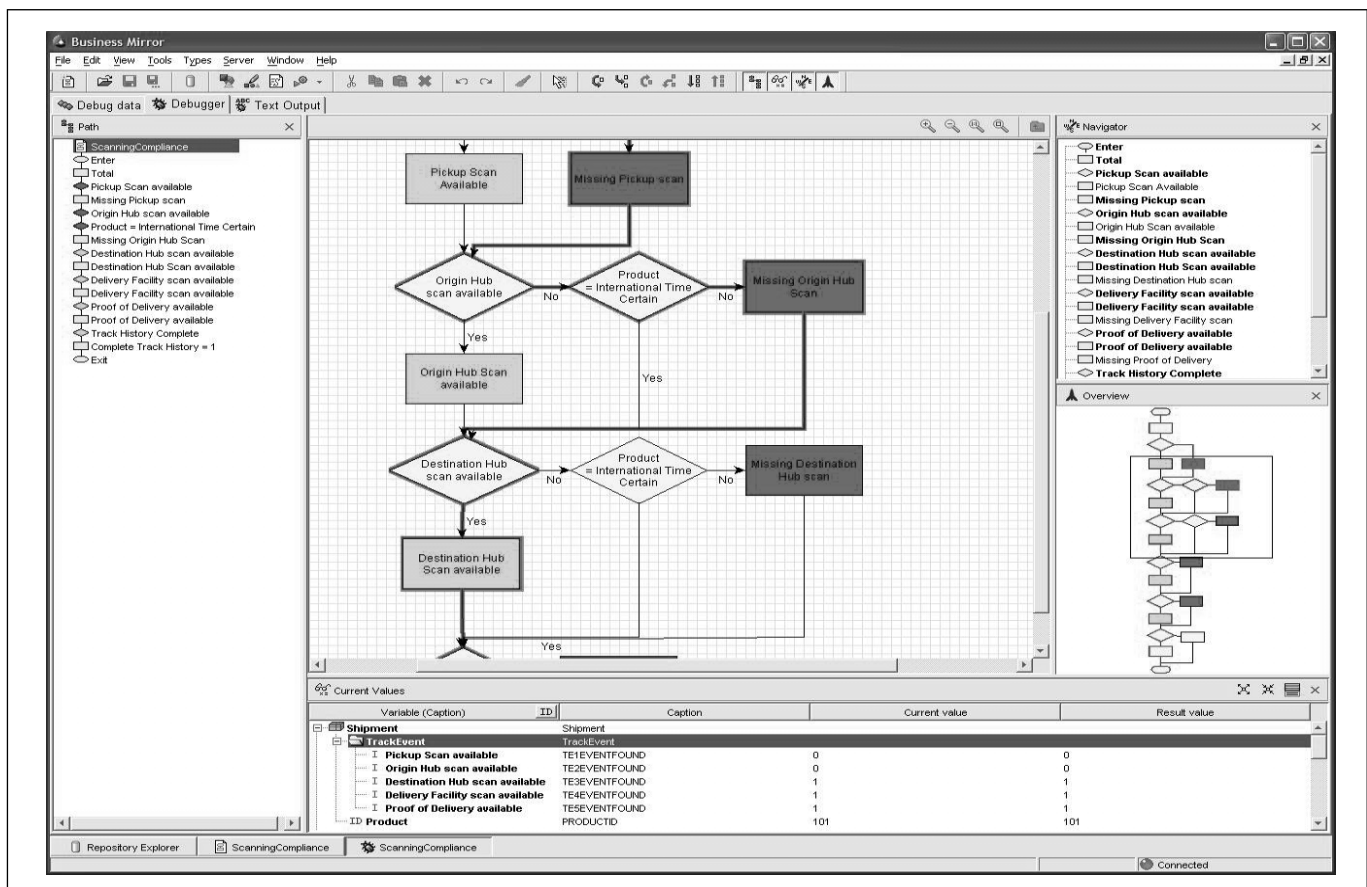


Fig. 1: Business Rule Repository