

CO³ TEST PROJECT:

CREATION OF AN ORCHESTRATED HORIZONTAL COLLABORATION FOR ROAD BUNDLING BETWEEN 2 SHIPPERS

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Executive Summary

This document describes the process of setting up the first test case within the CO₃ project, namely the bundling of road transport flows between the manufacturing companies JSP and Hammerwerk. These two previously unrelated and independent shippers companies formed a horizontal collaboration community for the regular co-loading of their products from the Czech Republic to Germany. A neutral trustee, TRI-VIZOR, facilitated the collaboration process and used a 3-phase methodology to guide the companies towards structural logistics collaboration.

Phase 1: Identification

In the first phase of the CO₃ methodology, the neutral trustee identifies different shippers who are open for horizontal collaboration and maps their structural freight flows. In case the shippers and their logistics flows are compatible, the trustee invites the shippers around the table to propose logistics collaboration and to set up a common project team and roadmap. The partners express their ambition to set up a collaboration project and outline a high level scope. Project stakeholders and champions with every participating shipper are identified. The potential benefits and expected barriers of transport bundling are documented. In a joint go/no-go decision, the embryonic community decides whether further elaboration of the project is worthwhile.

Phase 2: Preparation

As soon as the candidate partners in the shipper community are sufficiently open to accept the new concept of horizontal collaboration as a business strategy, the potential benefits need to be demonstrated in detail to further tackle internal scepticism and to build momentum for a physical implementation. In this phase, the neutral trustee collects relevant information from the shippers in order to build a solid business case. The trustee has no stake in the shippers' organisations but provides objective data analysis and synergy calculations from 3 perspectives: logistics cost savings (efficiency), reduction in greenhouse gas emissions (sustainability) and service level improvement (effectiveness). In this test case, TRI-VIZOR demonstrated that the bundling of product flows between JSP and Hammerwerk could result in double digit reductions in CO₂ emissions and transport costs. To build trust in the possibilities of horizontal collaboration and to demonstrate that the co-loading was operationally feasible, a number of physical test shipments were organized.

Phase 3: Operation

As soon as the test shipments were concluded successfully, the horizontal collaboration was solidified. With support from the trustee, a fair mechanism for gain sharing was agreed upon, the business processes and procedures of the collaboration were documented, staff training took place and a suitable logistics service provider was selected by the shipper community. As a result, the co-loading between JSP and Hammerwerk is currently a viable operating strategy and bundled loads are being shipped on a regular basis.

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CO³ Project: Background

The EU-funded project CO³ (Collaboration Concepts for Co-modality) aims to develop, professionalise and disseminate information on the business strategy of logistics collaboration in Europe. The goal of the project is to deliver a concrete contribution to increasing vehicle load factors, reducing empty movements and stimulate co-modality, through collaboration between industry partners, thereby reducing cost and transport externalities such as congestion and greenhouse gas emissions without compromising the service level. The project will coordinate studies and expert group exchanges and build on existing methodologies to develop legal and operational frameworks for collaboration via freight flow bundling in Europe. Furthermore, the project consortium of knowledge institutes and specialised industry players will develop new business models for logistics collaboration. The developed tools, technologies and business models will be applied and validated in the market via pilot studies. Finally, the CO³ consortium will promote and facilitate matchmaking and knowledge-sharing through conferences and practical workshops to transfer knowledge and increase the market acceptance of collaboration.

The core of the CO³ project is what is referred to as the *applied research cycle*. This cycle has been set up as a continuous learning and feedback loop between the models and tools needed for supporting collaborations, the most suitable business models for groups of companies wanting to collaborate and finally the actual test cases for collaboration. These elements are developed under individual work packages as shown below.

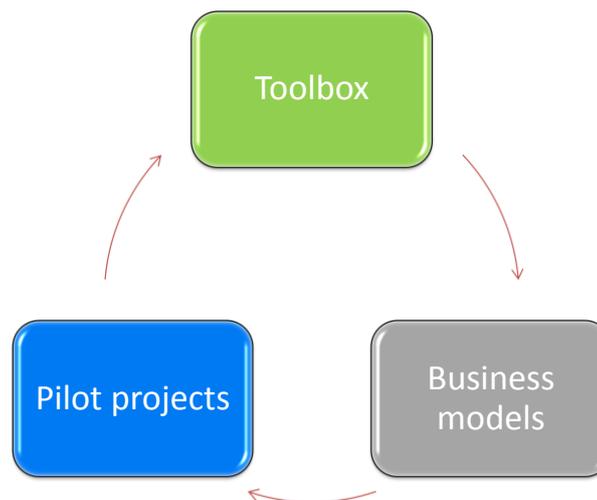


FIGURE 1: THE CO³ APPLIED RESEARCH CYCLE

CO³ Project Consortium

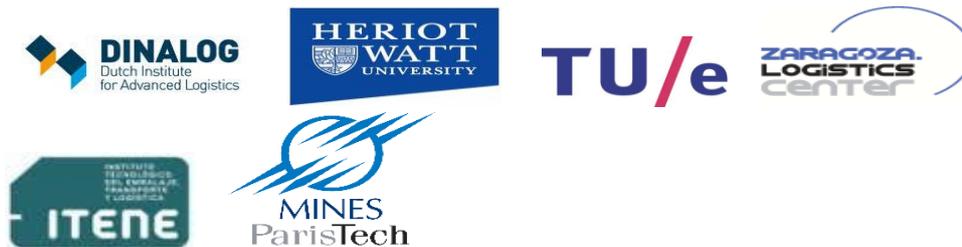
Coordination:



Tools and techniques: Strengthen the operational and legal framework



Identifying appropriate Collaborative business models:



The Logistics Laboratory: Case studies (CO³ Trustee)



Knowledge transfer and networking

