



What is the future of project logistics?

Guy M Tombs, president of Montreal-headquartered freight forwarder and shipbroker Guy Tombs Limited, considers how technology and a new generation of professionals will shape the project logistics sector in the years ahead.

At a recent port of Montreal evening, I approached an industry veteran with a lot of experience in project cargoes and asked him: "What is the future of project logistics?" He wryly answered: "It's not me."

Time to move on. I circled the sumptuous tables of hors d'oeuvres and saw in some of the faces I recognised, and friends I re-met, a sense of the seismic changes that are occurring in the shipping industry. The past we think we know, the present we are negotiating, the future is less familiar.

Project cargo is typically out-of-gauge (OOG) freight. These large units are often integral parts in large projects. The term 'project logistics' covers all the aspects of what needs to go right – from the wide perspective of the shipper that is undertaking a project. Project logistics requires management – budget and schedule the two key criteria being measured against.

In the current culture an apt comment might be – "project logistics, it obviously requires an app on the smartphone – there has to be a better way than the way we have been working!"

When I looked for an app that was in any way useful, I was not successful. There is of course well-known project management software that is very valuable in collating and sharing a lot of project information within organisations.

Project beginnings

Projects are initiated by firms that, from our industry's perspective, are seen as 'the shipper' or 'the customer'.

On large projects, they generally select an engineering firm or firms to manage aspects of the project, through a tough

selection process.

The engineering firm may be asked to take charge of the shipping or project logistics – and tend to outsource the shipping to an international freight forwarder through a separate selection process. The engineering company may recommend the freight forwarder it prefers to the shipper, who then makes the final decision.

All three companies – main customer, engineers and freight forwarder – will in various ways be highly involved and concerned with the entire logistics of the project, as outcomes in logistics are so crucial to the project's success.

From observation, logisticians often migrate from one of these three firm types to the other – and also among

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– Industry expert

Logistics starts at the design stage. Risk management must always be in view. There is little knowledge of project logistics in the market – covering aspects like geography, environment, time zones and cultures.

I ask, what is the future of project logistics? The answer from this aficionado: “They want data – I can only teach knowledge. What is your plan B? What is your plan C?”

Procurement

Another colleague in the industry gave me a very wide view. With large customers, procurement and logistics generally go together.

Procurement has to manage the overall budget. The engineers develop the specifications for the machinery to be shipped and will highlight any special needs from the shipping perspective. With good management, budgets rarely go out of line.

When choosing a firm like a freight forwarder, the selection process generally looks at the candidates in this way: first, capability, then ability and finally, cost. The advantage of the freight forwarder being on-site means it is ‘on top of the situation’ all the time; it is understood that a premium is due for its presence.

What is the impact of digitalisation on your company’s work, I asked an industry colleague. He said: “90 percent of our procurement decisions are now automated. Our time during the day is spent monitoring exceptions.” He went on: “Everyone needs experience. Everyone needs to gain experience.”

Clearly, meeting commitments and shipping deadlines is crucial – and enforceable penalties for late deliveries are a driver in the relationships among the

shippers, engineering firms and freight forwarders. It is important to have direct access to the engineers to best understand the shipping implications of their schematics of key units. Better safe than sorry. From our experience, these schematics can go through multiple iterations – and it is important to work with the latest one.

From a training standpoint, as students enter the workforce they will be inclined to deploy tools like a ‘project checklist’.

Students have long since mastered Excel. They will expect to be mentored from a vast, amassed ‘project logistics toolkit’ that will empower them to more confidently face an array of movements in the market – heavy lift moves, barge transport, rigging, rail transport, over-dimensional truck jobs and air charters – this training often touching on illustrative stories.

Knowledge sharing

This more structured programmatic approach will be their starting point – rather than the ‘oral tradition’ of times past. So the coveted experience of industry veterans, on which many careers may have been built in a largely pre-digital age, where a lot of things could be closely guarded, will soon be shared more widely.

The move for more firms to advertise themselves as project specialists will continue apace, affecting pricing.

Still, the quizzical projects customer must ask and will continue to ask: “But do they really have the capability they say they have?” And to which a young person will say: “I am the future.”



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engineering firms. What does this tell us? It tells us that their project experience is deemed valuable and is relatively rare.

Is the future of project logistics then to be found on the small screen, in digitalisation? Is the so-called Amazon effect going to move in and topple key players? I believe digitalisation is disrupting the industry by enabling us to communicate instantly, by improving access to opportunities and vendors 24/7, by levelling the playing field in new ways, and by opening us up to far more competition.

Sitting in front of a screen provides data – but knowledge is quite different.

Some potted wisdom from another illustrious friend: “You need logistics intelligence. On a large project, daily meetings at 08:30. Key new issues, if any, should be brought up by 07:00. Budget, engineering, logistics, they are all intertwined.



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