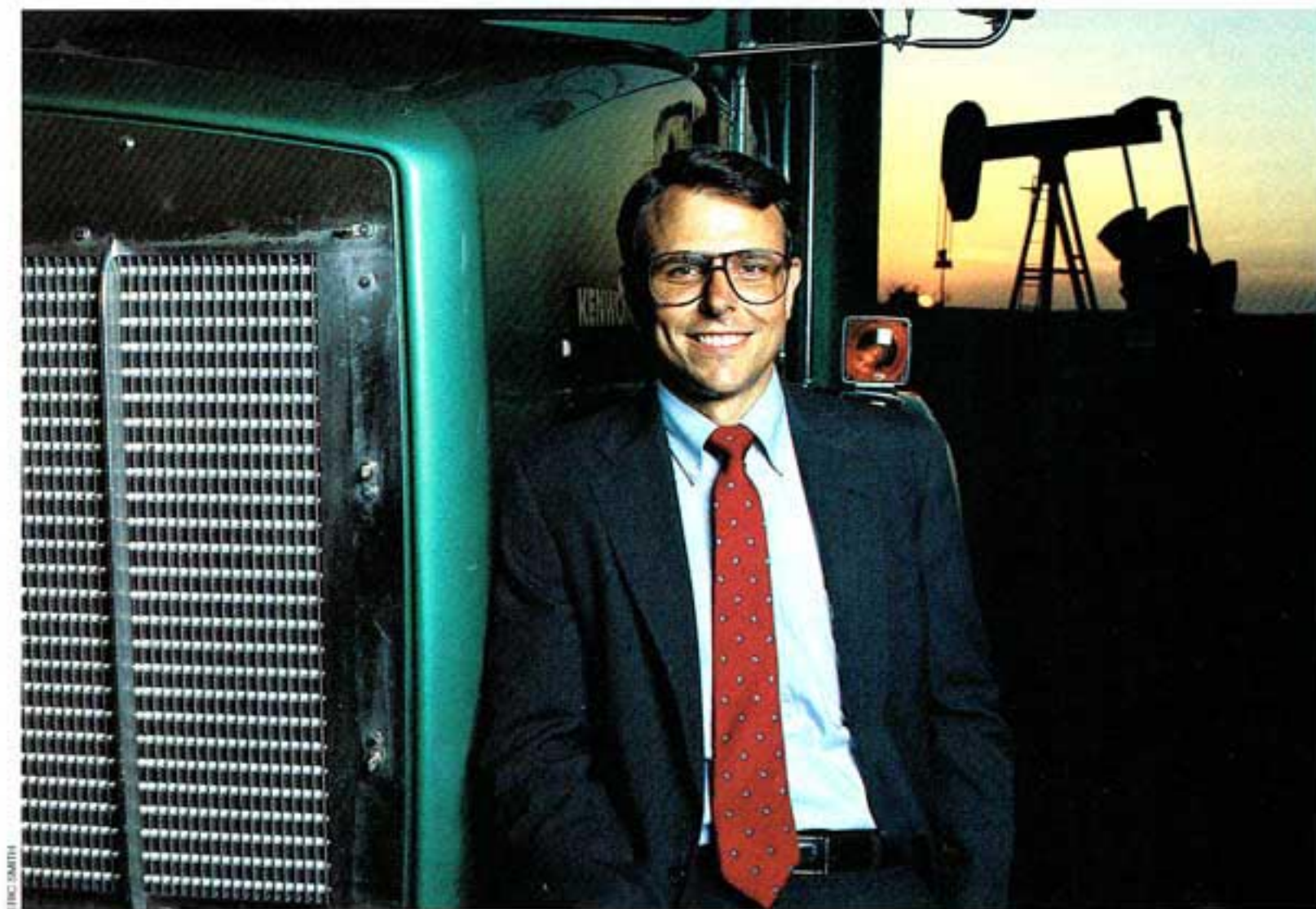




Delivering the Goods

by FREEMAN GREGORY

Merchants Fast Motor Lines is giving its customers real-time access to shipping information—and cutting costs by \$1.4 million annually

The Pony Express—famous a hundred years ago for beating the odds to deliver the goods—would have been proud.

Like those well-known riders, modern trucking companies face some daunting challenges. But instead of rockslides and bandits, today's carriers find themselves coping with everything from fluctuating fuel prices and complex hazardous-waste hauling guidelines to increased competition brought on by deregulation. And above all, there is an increasingly intense pressure to deliver the goods on time, with clockwork precision.

"In the past, you'd tell a guy that his shipment would be there next Wednesday," says Bill Whitney, director of distribution and transportation marketing for Unisys. "Today, it's not unusual to have just a 15-minute window, meaning that you have plus or minus 15 minutes

to get the shipment there before it's overdue."

For Merchants Fast Motor Lines of Abilene, Texas, those windows are especially small. As a regional carrier, it has shorter hauling distances and tighter schedules: Most of Merchants' shipments are overnight runs; nearly all must be delivered within 48 hours.

The company is one of the largest carriers in the Southwest, hauling just about anything through an operating region that covers Arizona, Colorado, New Mexico, Oklahoma, Arkansas, Louisiana and Texas, as well as parts of Mississippi and Tennessee. Merchants now handles more than 2 million shipments a year for 90,000

■ "We've made the transition from being a trucking company that owned a computer to being a computerized trucking company," says Joe Chandler of Merchants (above).

customers, generating revenues above the \$100 million mark.

Each of these shipments, of course, carries with it a wealth of information: the nature of the freight; its origin and destination; departure and arrival times; present location; shipping cost; and so on. How closely that information is tracked has a direct impact on how smoothly goods are moved—and on the bottom lines of both the shipper and its customers.

Realizing that, Merchants entered the computer age in the early 1980s with a Unisys 1100/70 mainframe and off-the-shelf software. The company soon began to enhance and build on that system. "Using that existing skeleton of a transportation software package," says Joe Chandler, Merchants' vice president of labor relations and program development, "we developed a comprehensive accounting system, dispatching system and modified billing system."

Today, that custom-developed freight-management system—now running on a Unisys 2200/402 and using Unisys Database Management System (DMS) software—helps to manage a network of more than 100 Merchants facilities. Through it, the company's 2,000 employees have access to centralized, real-time data on schedules, shipments, costs, forecasts—the whole spectrum of Merchants' operations. One result, says Chandler, has been an enviable on-time delivery rate in excess of 95%.

"In addition," says Chandler, "the system allows us to provide more services for our customers. And in today's fast-paced business environment, those customers require and demand immediate access to information."

Merchants shares a wealth of shipping information with customers through EDI, or electronic data interchange—which is the use of standards-based, computer-to-computer communication to send and receive business documents. The EDI system lets the customer tap directly into the Merchants 2200 mainframe to request a shipping rate, track a package, obtain a freight bill history or place an order, among other things.

"When you hear us talk about EDI, we try to use our customers' definition," Chandler explains.

EDI gives Merchants' customers access to information without human involvement.

"That is, we look at EDI as giving them access to information without human involvement."

That philosophy has led to one of the industry's most flexible, "customer-friendly" EDI systems. For starters, the system allows Merchants' customers to use their current equipment, rather than installing—and learning to use—a dedicated terminal. To call up information about their shipments, customers can use their own mainframe, personal computer, or telephone to communicate with Merchants' 2200 system. "None of our competitors offers this degree of information this quickly to such a broad spectrum of customers," Chandler says.

Chandler believes that Merchants is one of the best in the trucking industry at providing mainframe-to-mainframe EDI, but he's seeing a great deal of customer interest in other options, especially mainframe-to-PC. For that, Merchants provides customers with software that allows them to easily call the system via modem. "They can track their shipments as if they were sitting at a Merchants office using one of our Unisys terminals."

If customers prefer using a telephone, a 1-800 number connects them with the company's voice-response system, the Unisys Voice Information Processing System (VIPS). "A voice welcomes them and provides all kinds of information based on the buttons they push in response to a series of questions," Chandler explains. "It also allows you to talk to a human being at any point," he adds.

The benefit of VIPS—customer convenience—is obvious, says Chandler. "People don't get put on hold."

Whether they are using the computer or the phone, customers can also supply their fax machine numbers to the system, which will then send them a copy of their freight documents.

Ultimately, all this access to shipment information translates into the same core benefit for Merchants and its customers—better cost control through improved decision-making. For example, knowing that a shipment will arrive when and where it's needed enables Merchants' customers to operate without warehousing large inventories,

and allows for smoother production scheduling, cutting down on both overtime and downtime.

With EDI, shipping documents such as invoices are also more accurate and move more quickly—meaning that turnaround times are shortened for everyone involved.

"We used to get the paper bills into the company, and they would go to our mail file area," says Kathi Morrison, manager of distribution systems for R.J. Reynolds Tobacco Company, a Merchants EDI user. From there, the bills would travel by hand from office to office.

"All that is handled electronically now," Morrison says. "Instead of dealing with all that paper, we've set up a filtering system. When electronic data comes in, we examine it by area of origin, the carrier and the merchandise that was shipped. That way, we can much more quickly route it to the appropriate systems or traffic analyst for attention."

With the help of the system, says Chandler, "We are meeting the needs of our customers better." Just as important, he adds, "we've reduced our administrative costs on an annual basis by \$1.4 million."

At the time the original system was put on-line, the company was manually processing about 3,500 freight bills a day—a figure that has since jumped to 5,000. "We used to have nine copies of each freight bill," explains Chandler. "Now, we print three—one of them just in case the customer wants an extra copy." As a result of those sorts of efficiencies, Merchants has been able to hold the line on charges to customers—even in the face of increases in insurance premiums and other costs.

The system, in short, has proven effective for both Merchants and its customers—so much so that it was recently recognized by USE, a Unisys users' group, which gave Merchants its Systems Excellence Award for development of a non-commercially available system with traditional software.

"We've made the transition from being a trucking company that owned a computer to being a computerized trucking company," Chandler concludes. "How successful has that move been? Well, the telling point is that we're in the midst of a recession, but Merchants' revenue is growing." ■