

A Conversation with Geoffrey (Geoff) Bennett, *President and Co-founder, Kelron Logistics*

LQ's Top North American 3PL Executive Interview Questions have been prepared by members of LQ's Board: Bruce Danielson, *Executive Communications Manager, UPS*; David Faoro, *Director Supply Chain, The International Group*; Thomas Goldsby, PhD., *University of Kentucky*; John Langley Jr., PhD, *Georgia Institute of Technology*; Diane Mollenkopf, PhD, *University of Tennessee*; Walter Zinn, PhD, *Fisher College of Business, Ohio State University*



LQ: How have your risk mitigation practices evolved to keep pace with the increased global supply chain risks facing your customers? (*Bruce Danielson*)

Geoff Bennett: Our core niche is that we are a non-asset North American 3PL. I feel strongly that North American 3PLs are key participants in the global supply chain. Our supply chain risk mitigation strategy really got kick-started when we became PIP-approved. While the U.S. CBP has yet to include non-asset 3PLs in their C-TPAT program, we are actively lobbying them while adapting our policies and processes to exceed industry "best practices." All our hiring meets C-TPAT guidelines. Our stringent supplier quality and compliance management and metrics (our industry-leading SQC program) give our customers the peace of mind of knowing that their freight is moving under formal contracts with safe, insured and security-conscious carriers. We have invested significantly in IT security to protect our clients' data, and we've secured all access points in all of our facilities. We have experts in our offices who talk to our staff about security concerns and how to recognize and deal with them.

LQ: Higher energy prices are driving a customer shift to near-sourcing closer to end markets as well as an increase in inventory levels. Has your company's strategy shifted to deal with these trends? (*Bruce Danielson*)

Geoff Bennett: While many of the products that we handle come from or are going offshore, most of our business is moving into and out of Mexico, the U.S. and Canada. In order to respond to our customers' increasing near-sourcing requirements, we now provide plant-to-customer, time-definite TL service from Mexico to the U.S. and Canada. Our North American niche focus and our demonstrated competency providing

Mexican, U.S. and Canadian transportation and border crossing [services], combined with our agility in responding to our clients' responses to economic and energy challenges, is a key component in our strategic arsenal.

LQ: As the breadth of services offered by the 3PL sector continues to widen, one expectation from the customer base is that the respective sales organizations have the ability to knowledgeably discuss and review these new services with clients. The needed focus would seem to be shifting from a transactional selling approach to more of a consultative approach. What steps are you taking to develop this consultative approach with clients

and potential clients? (*David Faoro*)

Geoff Bennett: We've been evolving our sales team and their skills over the last few years in exactly this manner. Our sales effectiveness manager designs and runs sessions designed to train/improve our staff's consultative sales skills and product knowledge. In order to provide real value we try to understand the client's buying orientation and whether there is a good fit with our value proposition before we get too far into the relationship. Our transactional customers fit in when it makes sense for both of us.

LQ: 3PLs have different approaches to serving their customer base, ranging from "one-stop shopping," where one person or group is responsible for delivering all services, to multiple touchpoints where the customer may have to deal with multiple persons or locations. Which approach are you taking and which approach do you feel offers the best level of service for your customers? (*David Faoro*)

Geoff Bennett: Our transportation management services are not well suited to solely a one-to-one relationship. A rough template would go something like this: build an execution team (ensuring the specialized skills/training are in place), then add operational/execution managers, an account manager, a relationship/managerial contact and a financial contact(s), as well as IT/system contacts as required. In a transactional relationship (On Demand) we have a one-to-one point of contact arrangement, with our person front-ending an execution team. Our dedicated capacity services fall anywhere in between

those two approaches, depending on the client's requirements, volumes and buying orientation.

LQ: Do you envision 3PLs assuming a broader role in the supply chain, such as managing supplier- and vendor-managed inventory programs, or even assuming some of the inventory risks through inventory financing? *(Thomas Goldsby, PhD)*

Geoff Bennett: I think it's inevitable that 3PLs in long-term relationships/engagements that are allowed to fully develop will be prepared to invest in the customer's business, based on their ability to understand the opportunity and all of the inherent risks.

LQ: How can 3PLs ensure that their interests and the interests of their customers are aligned? *(Thomas Goldsby, PhD)*

Geoff Bennett: The relationship probably works best when each party has some "skin in the game." In simple terms, if we do a good job in meeting the agreed-on goals and objectives, we should be able to make quality profits. If we don't, then we should have some form of risk to the size of our profits. The more transactional the client's buying orientation is, the less willing anyone is to invest in each other's longer-term success. The more consultative approach with a client with a less transactional orientation would provide the best likelihood of success in achieving alignment of interests.

LQ: What are your priorities in the area of information technologies that can support your relationships with customers? *(John Langley Jr., PhD)*

Geoff Bennett: [We are focused on] enhancing information exchange through better visibility and easier-to-access analytical tools such as dashboards with drill-down capabilities. Better access/delivery of information and sharing on communication of opportunities for innovation are priorities in the IT area.

LQ: What do you feel are areas of great interest with regard to innovative, value-added services by 3PLs for customers? *(John Langley Jr., PhD)*

Geoff Bennett: Claims Management, Returns Management, Asset Recovery, Regulatory Compliant Disposition, Recall Management, Returns Prevention, Supply Chain Analysis, Bid Management and Web-based Analytics are all areas of innovative, value-added services.

LQ: What do you feel are the greatest areas of market opportunity for 3PLs? *(John Langley Jr., PhD)*

Geoff Bennett: Customer change requirements provide the greatest market opportunity to 3PLs. With the backdrop of worldwide economic challenges, we are in just such a time right now. The balancing act of inventory quantity and location, quality/cost trade-offs that best meet customer requirements, and improving the "order-to-cash" cycle are all areas that customers are challenged by and where 3PLs can provide assistance.

LQ: If you could ask your customers to change just one thing, what would it be? *(John Langley Jr., PhD)*

Geoff Bennett: [I would encourage them to] maintain their focus on total cost of ownership over the long haul versus lowest price only during these challenging economic times.

LQ: Are your customers concerned about their carbon foot-

print, and how are you helping them with carbon management initiatives in the supply chain? *(Diane Mollenkopf, PhD)*

Geoff Bennett: Our customers are increasingly concerned with our impact or ability to impact their carbon footprint. We're focused on sustainable business practices. A new Strategic Project is Responsible Environmental Stewardship. EPA's SmartWay © program, introducing programs with our core carriers focusing attention on reduction in their carbon footprint and reporting on the results, are all ways that we are helping our customers. We're also working with customers to reduce dwell times, increase load densities and consolidate as many orders as possible.

LQ: What opportunities exist in the 3PL industry for fresh university graduates? What skills, talents and characteristics are most desired from your university hires? *(Diane Mollenkopf, PhD)*

Geoff Bennett: The future is there for the taking by a university grad willing to start as a "doer" within our organization. Broad supply chain skills, analytical training, IT competency (TMS & WMS) and a clear understanding of the realities and relationships between domestic and international transportation, inventory management, warehousing constraints and costs are all skills that should ideally be further developed by internships and co-op work terms as an adjunct to the university teaching process.

LQ: To what extent are your customers reassessing their networks? *(Walter Zinn, PhD)*

Geoff Bennett: Cost versus time and cost versus quantity and inventory locations and quantities are issues heading the list of discussions and decisions that Kelron is assisting our customers with.

LQ: Are they requiring additional or new services as a result? *(Walter Zinn, PhD)*

Geoff Bennett: At a transportation level the services might be different purchases from an individual customer point of view, but they are still coming from within our core services for the most part.

LQ: Has the reassessment increased demand for warehousing space? *(Walter Zinn, PhD)*

Geoff Bennett: While we expect that the increasing requirement for just-in-time LTL delivery into the retail world will continue to drive up inventory stock, the current economic climate appears to be delaying the changes as companies focus on cutting back inventory, both with an eye towards minimizing investment in inventory from a carrying-cost-obsolescence perspective.

LQ: Has the reassessment increased demand for warehousing space? *(Walter Zinn, PhD)*

Geoff Bennett: While we expect that the increasing requirement for just-in-time LTL delivery into the retail world will continue to drive up inventory stock, the current economic climate appears to be delaying the changes as companies focus on cutting back inventory, both with an eye towards minimizing investment in inventory from a carrying cost obsolescence perspective.