

CASE STUDY: TRANSPORT EN OR: A LOGISTICS THAT MAYBE GO WRONG

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Case Abstract:

The case presents the situation of a medium-sized Canadian company specialized in the transport of goods and moving, which wants to implement a computerized change in connection to the general logistics of the company. Because of an awkward setting-up, this change, which seemed to be simple and fast in the beginning, finally turned out to be difficult and destabilizing for the company. The case addresses itself to the management students, who are invited to perform an analysis of this change by using certain models (Bareil, 2004; Rondeau, 1999) and to propose solutions for correcting the situation.

Key words: change, human resources, preoccupation stages, transport and logistics

JEL Codes: M0- Business Administration and Business Economics; Marketing; Accounting: General

1. Context

Gabriel Barrette, a young entrepreneur and visionary, is the leader of a constantly growing company. He engaged the services of his aunt Méliissa Johnston, who holds the position of Human Resources Manager. A private company specialized in the field of moving and goods transport in Canada, *Transport en OR* has been carrying out its activity in the field since 1995. This company provides moving and goods transport services to individual customers as well as to corporations. The various types of trucks are adapted according to the clients' needs. The registered office of *Transport en OR* is located in Val-d'Or, in Québec, and it holds other offices and branches in Rouyn-Noranda, Montréal, Calgary and Toronto.

The business

At present, *Transport en OR* has almost 150 employees, who are not union members. Among them, there are removal men, marketing personnel, appointment coordinators, invoicing, payroll, health safety at work office workers, etc. The office workers are especially women, aged between 30 and 55. As for the removal men, the majority of them are males, with ages between 25 and 65.

The tendency is to ask more frequently the removal men to hold a secondary education diploma, although many of them do not fulfill this demand. As for the office workers, the requirements vary according to the position and job description.

Various procedures

The functioning methods in point of appointment bookings or the collection and delivery of goods are comparable to the methods of all the others moving companies. We can telephone directly to the registered office and a person in the call center shall obtain the necessary information and then he will introduce it manually in an appointment book. With this done, the coordinators have access to the information and are able, if necessary, to assign a driver or a team.

All the information concerning the transport is transcribed again by the employees on the company's order forms. After the deliveries or moving are performed, the drivers must bring all their delivery proofs and roadmaps to the company offices. After all these documents are submitted, the employees use them in order to produce the payrolls, to invoice the clients and to draw up various reports and follow-ups for the company.

During the past few years, the number of complaints coming from the clients and employees of *Transport en Or* has been continuously increasing. Employees call at the office in order to complain about their payroll not being submitted, but the payroll clerk cannot find their roadmaps. As for the clients, some of them blame *Transport en Or* for constantly prolonging the timeliness of invoicing. The accounting department is also putting pressure on the invoicing office workers so that the invoices are issued as soon as possible so that they may represent the sales on a monthly basis. We often hear the employees' comments saying that a solution ought to be found, that things should change.

A few issues

The main issue for *Transport en OR*, which is also valid for any industrial company, consists of optimizing the use of the trucks and of the human resources. This is even truer for this company since it is headquartered in an area which is remote from the large cities. In this area, it is the delivery of goods to big centers which causes troubles. Actually, there is a great amount of goods which comes from the big centers to this area such as groceries, clothes, materials, motor vehicles, etc., but very few products leave the area. As far as moving is concerned, one should have an excellent sense of logistics in order to arrange the appointments so as to limit the waste of time.

Finally, the competition is a constant concern for *Transport en OR*. Indeed, there are several moving and goods transport companies on the market, without counting the freelances who possess their own truck. The freelances who are all over the territory of Québec and across Canada represent a threat since the prices are lowering due to the harsh competition and to the price war.

Course of the change

In response to various issues and the need to improve the general logistics, Mélissa announced her employees in September 2012 that the company was going to be endowed with an IT system. Most of the people were informed directly by Mélissa in a more or less informal way, but some of them found out about this from their colleagues. The change was aimed to affect mostly the coordinators, having as a purpose the improvement of the logistics and the follow-up of the appointments and of the drivers so as to improve in this manner the quality of the services provided to the clients. The new software was intended to have less influence on the other departments such as accounting, invoicing, data base and removal men. The change involves buying the software, a server and equipment (readers, barcodes, etc.).

Initially, it was Gabriel who considered it was necessary to computerize the company procedures. With the help of Mélissa, they evaluated various types of software, the prices, the procedures, the training etc. After discussing and evaluating three or four types of software, they chose LogisPresse, mainly due to the fact that it was developed in Québec and the technical support was available in French. Afterwards, they bought the equipment adapted to it, they installed the WI-FI networks on the loading quays of four branches and they bought barcode readers which could facilitate the package tracking. The owner and the Human Resources Manager benefited from a training which lasted a couple of hours

at LogisPresse and after that, the company initiated the installing of the program on the new computers. The next stage consisted of providing training to a person (from outside the company) so as to enter the data necessary to the software operations (clients, suppliers, etc.). The staff training has also been planned both in what distribution is concerned and at the administrative level. As the software was an adaptable one, one had to choose the desired modules and the papers, to redo the logo, to choose the paper printing mode and have everything programmed by the company LogisPresse. To repeat what Mrs. Johnston said, a lot of «since we are there» were added. Finally, the only scheduled follow-up was going to be carried out as a «big discussion» (in a few months).

2. Experiences, reality

In fact, the change affected several other departments. Here is what certain employees of the company commented on the subject;

Germaine (billing agent): «I have never touched a computer and I am not trained to do it. Nobody said anything to us, nobody knows anything. I do not know where to start. I do not supply, I am afraid I might lose my job. My job has no longer been the same because of the new system. Nobody asked for our opinion. »

Louis (payroll clerk): « Moreover, all of us who thought it was a good idea to have everything computerized are now seized by panic. The drivers keep calling me, they do not know how to enter the information into the system, and nobody trained them to do it. The majority of them have not even graduated from the secondary education, how we could ask them to do it! Sometimes, I would rather have everything just the way it was before. They tried to talk to Mélissa, but she did nothing to solve the situation! »

Caroline, while crying (computer technician): «When using the software, I must take care of everybody ... I am supposed to manage the computer software, the server, but who provides me the necessary support? The software company does not provide me support as they promised. I wonder if they took the right decision... Moreover, I am not trained to manage a server... And they did not even adjust my salary according to the new responsibilities. They could have hired somebody specifically trained to do it. I wonder if we shall succeed in the end! ».

Lucie (administrative clerk): «It is true that we do not benefit from any training here, it is the same thing every time, as for me I have already started looking for a new job, I am really affected. In my opinion, the Human Resources Manager really keeps her head in the sand; she tells herself that everything is all right. She tells us she is not affected by the change, but she uses the software every day. It is amazing that she does not even realize it! ».

Germaine: «I agree with you, after all the demands we make, she is not really aware of the problem. It is important to us that Gabriel seems to be more sensitive to what we tell him, but we barely see him. ».

Luc (coordinator): «It is really the hell; we have to learn everything from zero. I thought this may improve things. I have the feeling that I will never succeed on my own, I must go and see Caroline twenty times a day. We spend our time discussing between colleagues if one of us had the same problem, hoping that

he will be able to give us a direction, we make suggestions so that the Human Resources Manager brings modifications to the software in order to ease our job, but all these cost a lot so she ignores our demands.»

3. Other information to be taken into consideration

Goods tracking (barcode)

The tracking of the goods by means of barcodes is very complex. We need to introduce optical readers in every loading quays and this will affect all the employees working there.

Entering data into the software by the removal men

The management of the packages which are transiting the company requires a great rigor. The fact that it is necessary to enter the data in connection to the transported goods requires more time and more employees. This involves a reorganization of the duties or even hiring new staff.

Service provided to the clientele

At present, the efficiency of the service provided to the clientele is delayed as a consequence of the system learning process. This involves a huge delay in invoicing, fact which postpones the account recovery for later.

Productivity

A decrease of productivity is marked by the fact that everybody is in a learning process. Invoicing is delayed, so the clients are waiting for their invoices, the payment service is slow, several tracking processes are put aside.

Administrative costs

The company plans to hire a new person for the invoicing for the same amount of invoices that needs to be done. Moreover, there is an amount of hundreds of thousands of dollars (the owner evaluates that invoices in amount of 800 000 \$ are ready to be issued) left on the desks because of the invoicing which has not been done within the prescribed period.

Staff reduction

Initially conceived so as to contribute to the reduction of the number of employees, this change caused in fact an increase of the number of employees.

4. At present

Finally, what was meant to be a minor change involved unexpected difficulties. In spite of the fact that the leaders thought the change would only bring along positive consequences, what the employees experienced proves the contrary. Several months after the implementation of the change, we notice that no training was performed; no follow-up and no discussion took place as planned. No comment expressed by the employees was heard by the management. Anyway, the employees' experience leave them thinking that their comments will not be taken into consideration. Since the software was implemented, the employees are still unable to perform their tasks in an appropriate manner, and never have the receivables been so late and the clients so dissatisfied.

Questions:

- 1- Which is the nature of change? Explain.
- 2- How did the change take place? Analyze the change according to the Rondeau

- model (1999) and the Bareil model (2004)¹⁷.
- 3- Which was the involvement of the human resources manager in planning the change?
 - 4- As a manager, what do you think Mélissa Johnston could do in order to correct the situation?

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¹⁷ The description of these two models can be found in the list of references