

Case Study

LOGISTICS HARMONIZATION

SYNOPSIS

A global ecommerce fulfilment company based in Asia was growing rapidly by acquisition and was facing a growing challenge harmonizing their logistics systems.

Find out how 1Focus got our Client's global leaders and teams on the same page and moving forward in synch.



CUSTOMER BACKGROUND

Our Client is a global ecommerce fulfillment company. Based in South Asia with a market cap of nearly \$1.5B, they have a long logistics and delivery history going back nearly 200 years. Our Client has extremely sharp business leaders. Their technology teams have advanced capabilities in several areas and are supplemented by regional technology solutions partners. In 2015 our Client embarked on a global acquisition run, significantly expanding their ecommerce fulfillment operations globally. Their goal was to grow into a dominant global fulfillment arm – and they had the expertise and experience to do so.

SITUATION

Our Client's IT leadership was tasked with bringing multiple logistics systems into harmony. There were six different regional systems, each with their own unique local connections to other systems, such as transportation management, customer relationship management and payment systems. Our Client was not clearly aware that they were dealing with managing multiple, very disparate corporate cultures.



Multiple Systems, Multiple Cultures

Communications, and cultural differences, were significantly hampering progress and creating tension in staff. This was creating delays in an already complex harmonization project. Unfortunately, leadership was attributing this to technical complexity, not clashing corporate cultures.

Academic studies, and experience, has proven that there is a built-in failure rate to mergers and acquisitions largely due to cultural incompatibility that is often not addressed. The pain was being acutely felt at senior and executive leadership, and momentum, not just for this project, was slowing in the face of a very busy season.



SOLUTION

1Focus pitched our people-centered approach around our technology & process capabilities. We created a strong scope covering logistics technology vertically and cultural harmonization horizontally. This included driving collaboration across international & cross-functional leaders & teams. Our Client decided to move forward with 1Focus and our 3+3 product.

Within two weeks of landing our team and presenting our findings, we clearly identified three very specific keystones that would be significant levers for people, process & technology. Our insight, candor, and firm commitment to stick to our 3+3 plan and scope, established a high level of trust & respect with our executive sponsors across functional areas.

TECHNOLOGY

On the technology front, we uncovered complex integrations that our Client believed called for whole-sale rip & replace – a very complicated and expensive effort. By relentlessly focusing on root cause, we traced these gaps back to a single, non-technical cause. The teams were marching to a global executive directive that had not been decomposed into a unified plan. There was a significant gap between the directives and the paths being pursued to accomplish them.

We showed significant time and monetary savings could be achieved by focusing on a series of off-the-shelf cloud-based message hubs & busses that would provide translation, out of the box, on 78% of the transactions. Being cloud based would also address the needs for a global system at a fraction of the cost. Of the remaining 22%, 12% were deemed localized, leaving 10% that would require any sort of custom development. We were very transparent that experience showed that those 10% would require the most effort. By deploying these cloud-based translation solutions and using repeatable frameworks and patterns, we worked with our Client's regional teams to create a more cohesive plan. This would allow the deployment of development resources to focus on mapping those 10% most expensive transactions, instead of going down a rip & replace path, or creating custom transaction translations.



Multiple Transaction Translations

PROCESS



One Tool Used Differently, Globally

On the process front, our Client was in the middle of evolving to more modern, Agile, processes. In fact, each of their acquisitions was at a different point of the maturity model on the Agile roadmap. They were using the same tool around the world - Atlassian's software development management suite - but differently in each of the six regions. This was largely unrecognized pre-acquisition and was not an item of focus post-acquisition. This was a contributing root cause we uncovered that was creating friction, as getting a clear, concise update on any one topic frequently required quite a bit of manual cross-referencing. In working with stakeholders, we agreed that the best path forward was to increase the level of communication and collaboration between the teams and driving for trusted partnerships, using our own methods as a roadmap.

There simply were not enough resources to go around to focus on multiple major projects, post-acquisition, with the busy season mere months away. Harmonizing the different installations of Atlassian was left for another effort, the following year.

While this remained an on-going thread through the project, working with our Client we were able to create a more unified team and a training program within 45 days, with the clearest outcome being more consistent, clear insight into where components of global projects stood, especially the logistics harmonization project. Had we launched into a change exercise for this process & tooling, we would have been off the mark from the go. As we insist on safe, but thoroughly candid conversations, we were able to foster the creation of an environment where all parties brought themselves into alignment by using the tool in a more consistent manner. In effect, this fire put itself out.

Team alignment would, expectedly, take a bit more effort and is addressed below in the people section.

PEOPLE



Busy Season Pressures

On the people front - leaders and teams were starting to fall into crunch mode. This was especially concerning as the busy season for fulfillment (November through February) was three months away. During this period, systems were typically locked down and teams focused all efforts on ensuring the orderly flow of all types of transactions. No progress for four months was not palatable. This complex, moving system was the biggest challenge facing 1Focus to date. We strongly felt that this didn't require an all-hands effort to go from normal crunch mode into busy season crunch mode. This required a disciplined collaboration and coordination between all the teams. This could only be done by not only implementing a collaborative process framework, introducing concepts such as a software factory, but also by building a more cohesive culture based on key trusted relationships at all levels.

1Focus had experience working with creating and managing global development teams, with the largest having spanned 12 time zones. Fortunately, we had already established a foundational set of tools, methods & products for global collaboration, and this was one step further on that path. We continued to encourage safe, candid conversations, nudging the teams together and focusing on incremental, achievable progress. The final landscape, including process & tools, went from being an ad hoc approach to a consistently, clearly communicated and agreed upon set of outputs and measurable progress. The teams could now more easily identify hurdles and gaps and address them.

This effort remained a challenge given that the acquisitions did not have time or opportunities to gel. We had to create those opportunities to build rapport and, most importantly, to teach leaders and teams how to continue to do so on both an ad hoc and a more formal basis. By creating that trusted foundation, we slowly yet surely saw these teams gel and work together with less supervision and inspection than they had before.

In each case, we drove a tandem path. Focusing on root causes of people, process and technology issues and teaching, showing, and doing alongside leaders and contributors. In creating this momentum, our Client, like all our customers, quickly latched onto this new modality and was able to increase their momentum, going from peak to peak.



OUTCOME

Over the next three months, right in time for their busy season, our Client was able to harmonize all but a few transactions. The teams, globally, expressed confidence that they would be able to finalize those last few transactions before busy season got in full swing – by the end of November. Too, they were able to instill confidence and clarity in their leadership chain. While there continued to be a fair amount of churn in priorities and objectives, by managing up, and down, the candid conversations required to remain in synch were now the norm, and not the exception. There were answers nobody wanted to hear, but at least there were answers, instead of shrugged shoulders.

While our product addressed technical & architectural challenges and implemented a process maturity path, our product was also addressing cultural debt that had been incurred at our Client during the acquisition run-up. Combined with tools and processes, leaders at every level and contributors felt engaged and empowered to execute and deliver. Expectations were managed upwards as well as clearly and concisely report progress and impediments. As proud as we were of our ability to rally the team and hone their energy, we were just as proud of creating the foundation for continued personal and professional relationships across this now global entity that would lead to a greater level of collaboration and increase the chances of success for these series of acquisitions.

METRICS

Our Client had spent nearly a billion dollars on its various acquisitions. The estimated price tag, just for logistics harmonization, was close to \$25M and expected to take two years. That was, widely acknowledge, an optimistic estimate given the current state of our Client even before we landed. 1Focus would, in working with our Client, ensure that the groundwork and foundation would be laid to ensure that project was more realistic and reasonable – and that it would complete.

We continued to track with our Client and their final tally for such a complex project was 26 months, just short of two years. Their final all-up cost came out to \$27M. The cost savings brought about by our improvements were realized across the board, allowing our Client to get a jump start on their investment into warehouse robotics and automation. They expected to make that additional investment back in two years, just on cost-savings for order fulfillment alone.



Accelerating Robotics



Our follow-up post-mortem did call out a few areas for our Client to be watchful for regression. While the teams had gotten significantly better at working with each other, it was important to continue to create opportunities to add to the trust bank and not get lost in simply working. We had suggested that some collaboration metrics be added to leader and contributor assessments. For example, information sharing was captured as helping a peer execute a specific effort. This would continue to reinforce collaboration in mind until it became a habit in reality. A brief root cause showed that there was on-going misalignment at executive management which was filtering down as unclear directives. While outside the scope of what we agreed to take on, we reinforced that managing upwards was a healthy way to bring clarity to some of those directives.

It's not surprising that these habits were taking longer to stick. With a global enterprise, a role dedicated to driving collaboration and cohesion is especially important. Our Client committed to hiring such a person in their HR department by March 2020. Due to the pandemic they delayed the hiring of that role for 12 months.

CONCLUSION

This is just one example of the success our customers have using our product. We're sure there's a familiar project where our product would pay dividends at your company, addressing process and technology challenges, with people, your people, firmly at the center of any effort.

We look forward to honest conversations about how 1Focus can create a similar success story in your organization.

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