Common Sense and Uncommon Value Spell Success

Kenco follows path set by its founders to a successful future, the company's excellent growth and customer retention record

This past August, Kenco celebrated its 63rd anniversary with its 4,700 employees at over 100 of its North American locations. What began in 1950 with one 100,000 square-foot facility in Chattanooga, T.N. has grown into the nation's largest privately held third-party logistics provider (3PL).

Founders Jim Kennedy and Sam Smartt established Kenco with a guiding principle that still resonates today: "offering customers common sense solutions that drive uncommon value." Richard Scott, director of transportation for Kenco Transportation Services, strongly believes that Kenco has achieved its current leadership role in the industry due in part to always striving to adhere to the principles created by the company's founders.

According to Scott, Kennedy and Smartt were no-nonsense men, who were committed to going above and beyond for customers. "There's a well-known story about the two men actually sharing clothes one time," Scott said. "Usually one would wear work clothes to be in the facility while the other would be dressed in business attire to meet with the customers. One day, a customer called and wanted to meet Mr. Kennedy without much notice, but he was working in the warehouse that day and not in the proper attire. To honor his customer's request, he switched clothes with Mr. Smartt and made the appointment," he explained.

This focus on servicing customers' needs helped pave the way for Kennedy and Smartt to expand their initial storage facility business to include transportation and other logistics services. Today Kenco is comprised of five companies: Kenco Management Services, Kenco Transportation Services, Kenco Logistics Services, Kenco Material Handling Solutions and JDK Real Estate. Together, these units provide integrated logistics solutions that are comprised of an array of services, including distribution and fulfillment, comprehensive transportation management, material handling services, real estate management and supply chain intelligence.

Scott joined the company nine years ago when Kenco was using entirely manual systems for everything from billing to payroll and acknowledged that this was a "cumbersome, time-consuming and extremely inefficient method." Recognizing the need to implement a transportation management system, Scott embarked on a Six Sigma project that included identifying and rectifying weaknesses in the systems in order to increase Kenco's efficiency and profitability by streamlining its processes.

Scott identified a dozen potential partners. Eventually the 12 were narrowed down to three, and from there TMW Systems was selected as Kenco's partner. Scott had based his selection on a number of criteria for which TMW met all. Among the key criteria were the potential company's position and longevity in the marketplace; a U.S. based customer support system; integration with existing payroll and finance systems; robust reporting; and ease of monitoring KPIs.

Scott indicated that the clincher for TMW was it's The DAWG® application, a fully cross-platform business activity monitoring tool for TMWSuite® enterprise transportation software. The DAWG's name refers to the tool's watch-dog like capabilities that continuously monitor operational systems and flag those that fall outside the customer's established KPIs.

"DAWG is a great tool because it issues warnings if someone goes outside of our operating parameters and allows us to immediately make any necessary

corrections," said Scott. One of Kenco's KPIs is *empty miles*, when truck drivers are traveling empty after unloading cargo, for instance. "The dynamic routing element to DAWG helped us cut empty miles by 6 percent points, from 14 percent to 8 percent, which is a significant improvement that allows us to reduce fueling costs and make drivers happy at the same time," said Scott.

Kenco uses TMWSuite as its backbone system and has added Appian DirectRoute, TMW's route optimization software that helps companies in all industries lower transportation costs, control field operations and offer better customer service through improved route planning.

"Additionally, our asset utilization increased by 11 percent which allows us to get more out of every truck," he added. Scott also noted that another positive result of using TMWSuite and Appian DirectRoute is that Kenco was able

to add 20 to 30 percent more drivers without adding to office overhead.

"Ours is a very competitive industry, with 500,000 to 600,000 registered carriers in the U.S., and smaller numbers of major warehouse providers," explained Scott. "Thus, it is crucial for us to keep customers satisfied, and one of the ways we can achieve that is by keeping their deliveries on time," he said. And for those inevitable times when external circumstances such as road accidents or traffic add delays to the journey, TMWSuite helps Kenco make the most of these situations by keeping its customers informed and updating a new ETA.

"What's great is that the system allows us to see a potential failure before it happens and then respond accordingly," said Scott. "For instance, if a driver is scheduled for a 2 p.m. delivery but for whatever reason is behind schedule and realistically will not arrive until 3:30

p.m., we can notify our customer with an updated arrival time. This allows him to make more efficient use of his own operational time so that he's not waiting around – our customers really appreciate that," he said.

Kenco has a high customer retention rate that Scott attests in part to TMW's role in their business. He noted that aside from updates to the system, his IT teams have not had to contact TMW support in two years. "It's a very robust system," he said.

Looking ahead, Scott notes that the type of powerful reporting offered by TMWSuite and its other tools are going to drive the industry over the next five to 10 years. He believes that there is going to be "an incredible driver shortage" in the future and that efficiencies generated from TMWSuite and its other tools, will be more important than ever in helping retain existing drivers as well as in gaining new ones.

"Data, data, data," said Scott, driving home his point.