



## e-POD win-win

George Weston Foods (GWF) used early payment incentives to encourage its carriers to embrace online e-commerce. Paul Sullivan reports.

Delayed processing of paperwork from transport carriers can impact heavily on manufacturers' own ability to recover payment from its customers. A recent Ernst & Young study found that accounts receivable costs within the transportation sector can consume 2 to 4 percent of the total invoice, depending on the mode of transportation and invoice value.

David Mifsud, managing director of Prodata Solutions, puts the cost at 0.5 percent of turnover for every month payment is delayed. And the main cause of late payment is not botched deliveries, but administration issues. Typical problems include excessive paper handling, poor controls, errors and slow processing of documents in a manual-based system.

"Accelerated payment to the shipper and carrier is a win-win for all parties," Mifsud says, in an address at Freight 2003. "Carriers are equally unhappy about payment delays.

"We all want to get paid and paid as quickly as possible. We don't have to accept delays any more."

George Weston Foods wanted an innovative solution to reduce payment delays, ease account reconciliation and rationalise the number of carriers used. The company decided to work with one of its carriers — Wilson Refrigerated Transport — to streamline the process.

Prodata Solutions offered a single interface to process freight transactions and a standard process, which could be adopted across all carriers. A pilot project team was formed comprising of GWF's Meat & Dairy Division, Wilson Refrigerated Transport and Prodata Solutions.

"The traditional accounts payable and receivable process is costly and involves a lot of people, processes and paper. One error can create substantial delays," says Mifsud.

"Because one error on a con-note can hold up payment on the whole invoice, some carriers produce one invoice per con-note, which further increases the cost of administration. It's not unusual for a carrier to be sitting on a whole stack of unpaid con-notes."

The project team looked at the complex paperwork flow diagram and asked itself why it needed two pieces of paper, when one would do the job. By collaborating with its carrier, GWF were able to simplify the process and reduce costs.

"The reality is, simply automating an existing process is replacing an inefficient (paper-based) system with an inefficient (computer-based) system,

which is more costly to operate," Mifsud notes.

Using Prodata's viperonline Internet hub the process is simplified.

Wilson Refrigerated Transport use GWF's own delivery note as proof of delivery (POD), which is scanned and transmitted to viperonline. Because it's Internet-enabled, no extra hardware or software is needed.

George Weston Foods are able to access the POD online for their accounts payable reconciliation. In this way, the company can immediately match the POD and identify any problems. It ended the perennial disputes about missing paperwork.

In return for processing PODs online, GWF committed to paying its carrier within seven days.

"George Weston Foods said we'll pay you faster, but we want you to help us reconcile our paperwork. A \$200 delivery could be holding up a \$20,000 payment," he points out.

"Wilson's loved it, they don't want to manage lots of paperwork either. It's just an exchange of information between businesses.

"Carriers are able to retain customers more easily if they collaborate and have the technology capability to work with their customers."

And for George Weston Foods, Prodata's viperonline hub provides a standard interface for e-commerce

### POTENTIAL SAVINGS

Benefit	Shipper	Carrier
<b>Estimated cost savings</b>		
Reduce write offs	2%	2%
Reduce payment delays	3%	3%
<b>Freight services administration cost</b>		
Collect, distribute, filing costs	1%	1%
Reconcile accounts	3%	3%
Dispute resolution	2%	5%
Freight overcharges	1%	3%

with all its carriers. Dealing with (40) multiple carriers becomes administratively easier.

"George Weston Foods made a commitment to change by sitting with their business partners to solve a problem common for both parties. In the end, the objective of reducing delays and write offs became a reality," Mifsud concludes.

George Weston Foods' business analyst Denis Owens concurs.

"It was a dream project for us. There were no real dramas," he says. ■