

Outsourcing Adds Value, Reduces Costs



Finding a culturally and operationally compatible outsourcing company is key to successful performance

Challenge Summary

Cerexagri is a member of the United Phosphorus Limited group of companies. The company is a global producer of crop protection products, intermediates, specialty chemicals, and other industrial chemicals.

Cerexagri's production location in Rotterdam had to make two important decisions: Rehire to replace staff due to retirements or outsource? How to improve lead times and accuracy of the company's bills of lading (B/L) process?

Services & Technologies Used

- Ocean Transportation
- Road Transportation
- Regulatory Compliance
- Supply Chain Optimization

The Challenge

Cerexagri's core activities involve intra-Europe transportation. While the inland Europe transport requires less paperwork, the moves are much faster because product is close to the destination versus sea.

The company had dedicated staff in Rotterdam handling all the negotiations and international transport for its products produced in The Netherlands. When the lead person retired Cerexagri decided to look outside for resources, as well as the possibility of outsourcing the functions.

The bills of lading (B/L) process involved numerous parties...and challenges. Of the approximately 1,200 transports per year, five percent are ocean export related. The shipping lines were not responding as quickly as Cerexagri liked. Plus, ensuring the B/Ls were accurate was not a smooth process.

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-Fred Enter, Manager of Logistics,
Cerexagri BV, Rotterdam

The Solution

That is when PSA BDP came into the picture said Mr. Fred Enter, Manager of Logistics for Cerexagri BV. Located in the Port of Rotterdam, Mr. Enter is responsible for all incoming and outgoing transportation, warehousing and packaging.

"A colleague at our headquarters in Mumbai, India mentioned they were working with a resource, [PSA BDP], and that it could be beneficial if we contacted them to help speed up the B/L process between the offices in The Netherlands and India," Mr. Enter said. "That is where the relationship took off. Earlier, we had made calculations to determine if we should go with an external party, which included benchmarks for services and costs."

The other business issue Cerexagri had to resolve was the replacement of the staff position. "Our goal was, if we can outsource, it will be less costly. Instead of hiring new staff, we decided to go with [PSA BDP]," Mr. Enter added. "They are located seven miles from our offices, which is a big advantage. Also, we found there is a close connection in the way both of our companies think about business and how we like to execute it."

PSA BDP took over the complete export administration for Cerexagri, picking up product from France and Belgium, as well as The Netherlands. The scope of services includes assisting Cerexagri's logistics department for ocean export and European trucking, logistical back-up on staffing issues, and logistics consultation in negotiations with vendors (carriers/trucking companies).

"[The team's] services covers arranging transport, documentation, and all customs issues. Everything to make my life easier," Mr. Enter said. "While there are always challenges, [PSA BDP] has done a great job in helping us arrange and manage our transport. They work with us to negotiate rates with the transport companies. When I have specific wishes for a transportation lane, I can ask [the team] to look at other resources - we expect a certain quality level and closely watch costs." "We handle booking with the ocean and trucking delivery vendors, all paperwork, loading slots and agreements, and warehouses...every possible step associated with transportation," said Andre van Maanen, PSA BDP Branch Manager in Rotterdam. "It depends what has to be done with the cargo, including repacking. We look for areas where we can help Cerexagri reduce costs by doing things a little bit differently. It is an open book partnership."

The link between Cerexagri's and PSA BDP's systems—including Smart, the company's customer service portal—allows the chemical company to bypass manual operations. "I receive monthly reports from the system, which allows me to keep track of what is going on in my transportation lanes: how many transports do I have, where is the destination, are there any delays, where is the money flowing?" Mr. Enter said. "We also use the data from the system for other reports internally at Cerexagri." (Smart gives customers visibility from production through to consumption, providing control over procurement, shipments, inventory and customer service.)

"One of the reasons our relationship is a success is that [PSA BDP] has a dedicated team working on our account. The communications lines are very short, which enables us to talk with each other if anything requires immediate attention," Mr. Enter said."

"Outsourcing is a strong component in the so-called 'new normal' economy in which global companies look beyond traditional practices, such as squeezing cheap transportation rates from already squeezed transport modes to add value and reduce delivered cost," Mr. van Maanen emphasized. "Plus, we have a constant hotline open to Cerexagri. Although we are offsite, we are only minutes away."

Mr. Enter sees PSA BDP as an extension of his own operations. "We don't view [PSA BDP] as an external company. I treat them as part of my own team. When you have one team you work well together."

The contact between the two companies is so close that training involves both parties: PSA BDP staff are trained by Cerexagri and vice versa. "We are a part of their logistics team. Although we are still a service provider we have a strong relationship. Everything is done together with Cerexagri. It is real teamwork," said Luc Wellens, Director of Sales, Western Europe, Global Chemical & Life Sciences for PSA BDP.

PSA BDP staff members are there as logistical back-up, for support communications with the client's warehouses, planning issues with Cerexagri's head office in India for approval of export documentation, as well as with their clients regarding road transport and planning for delivery.

"Cerexagri wants the best logistics solutions for their end customers, so everything we do jointly is tailored specifically to serve their customer base," Mr. Wellens added. "We identify the pain points in their process to make sure the best operational experts are involved from day one of our relationship."

The move to PSA BDP has resulted in cost savings for Cerexagri. "We are realizing cost savings by outsourcing, so my fixed costs are lower, which is one of my main drivers," Mr. Enter said. "[Their] service is good, not only in creating the documents and arranging transports but also in the reduction of errors in, for example, invoicing and other documentation. They make it transparent and simple to check."

When selecting reliable resources, one of the factors Mr. Enter says he looks for is automation of processes. "I want systems that can reduce error rates. And because cost savings is always an issue, price variability is important. Everything is linked to the number of transports," Mr. Enter said. "Paying a fixed amount each month is definitely not what we want. If I have one transport with two documents I just want to make a simple calculation so that at the end of the transport it costs me a certain amount of money related directly to the transport."

For Mr. Enter it is also about delivering on a promise, what he calls reality. "If the service is as good in reality as it is on paper then I am satisfied. Anyone can say they are the best, but in the end you have to prove it every day. [They] are proving that they are a good and reliable partner. That is a benefit for us."

Customer Benefits

- Cost savings through outsourcing
- Process efficiencies
- Reporting services
- Single point of contact in the logistics chain

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-Andre van Maanen,
PSA BDP Branch Manager, Rotterdam

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