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Best practices in logistics project management

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Foreword

The European Freight and Logistics Leaders Club decided at the Annual General Meeting on 23rd November 2002 in Brussels to form a working group to study the best practices in logistics project management. This working group held its first meeting in Frankfurt on the 4th of April and from that date it held one joint meeting in Kufstein, Austria and WG members held several meetings of one-to-one pairs. Working group has written this final report to be presented at the F&L Annual General Meeting in Copenhagen, on 22nd November. The working group document will be printed and distributed during the first half of 2003.

The process of the report

The working group started the work by arranging the project process into phases and specifying the roles of the participants. This part forms the main content of chapter two.

The working group also noticed that in most of the logistics projects the amount of stakeholders is more than one. Logistics projects also often fulfil the qualification as a strategic project, they also often geographically cover large areas. These issues are more detailed described in chapter three.

The chapter three specializes into analysis of typical market for a logistics project. It also reflects the working group experiences of collaboration issues.

Chapter four concentrates on our ideas and experiences about the “best practices” as well as pitfalls in the project management. The group’s experience is vast, both in good and bad cases. Therefore the reader might find his future best practices simply by avoiding the listed pitfalls.

In chapter five the group illustrates one model of project methodology. We studied these models from each participating company, found then so similar that the attached illustration can describe any of them.

1. Introduction
Chapter six contains the conclusions of the working group for “Best Practices in Logistics Project Management”. In the beginning of the working group process we initiated a questionnaire. This questionnaire was replied by selected members of two F&L working groups. The questionnaire was used as an introduction to the research problem. The replies were interesting, but difficult for a simple and comprehensive analysis. Therefore we have added this 10 questions questionnaire with the list of replies as an appendix of this report.
Definitions

Definition of Logistics

Logistics is that part of the supply chain that plans, implements and controls the efficient, effective forward and reserve flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers’ requirements. (Council of Logistics Management)

Organizations can only survive by devoting one part of their capacity to routine work and another part to tasks leading to change. The most efficient form of organizing these change tasks is the project.

Definition of Project, What is a project?

The purpose of a project is to promote and support company’s short-term and/or long-term strategy. A project may be a small task taking 2 to 8 weeks, or it can be a large, company-wide, development project lasting several years, and anything between. No matter how large or small the project, it needs to be planned and managed professionally for the aims and objectives of the project to be successfully achieved.

General characteristics of a project:
- Uniqueness of the task
- Defined targets
- Time, financial and personnel constraints
- Demarcation from other line tasks
- Project-specific organization

Project roles

Project Decision Committee

This committee decides whether a project will be accepted. It terms of consistent strategic management, this involves checking whether the individual project applications are in line with corporate strategy and whether the task really has the characteristics of a project.
**Best practices in logistics project management**

*Project Client*

The client is the highest controlling entity and issuer of instructions for the project. He or she lays down general targets (performance, costs and deadlines) for the project and issues instructions relating to the project targets to the Project Manager. The client consults with the Project Manager to agree the type and method of the reporting structure which is to function as the controlling medium. The Project Client has an overriding interest in the project. He or she initiates the project, creates suitable general conditions for it, accompanies the project and ensures the results have been achieved at the end of the project. The Project Client decides on the start of the project as well as the continuation or termination of the project.

*Steering Committee*

The Project Client is also a member of and spokesperson for the Steering Committee. The Steering Committee checks the planning as well as the material status of the project with regard to performance, deadlines and costs, and it monitors whether the Project Manager has implemented the contents of the project. The Steering Committee should consist of managers as it represents the supreme conflict resolution body for the project.

*Project Manager*

The Project Manager is the contractor for the project order and reports to the Project Client. The Project Manager requires the following decision authorities and authorities to issue instructions:

- Budgetary responsibility
- Departmental authority to issue instructions to all employees involved in the project
- Decision authority for all agreements relating to the project (monetary within the framework of the authorised signatory status assigned to him or her by the Project Client)
Project workers

The project team consists of the Project Manager and the project workers, who are selected and appointed by the Project Manager in consultation with the line managers for the purpose of accomplishing the project.

Project initiation

Initiation of a project is started by the future Project Client.

The Project Decision Committee discusses and decides whether a project application should be accepted and become a specific project order. As far as its content is concerned, the project application is a project order, which has not yet been confirmed.

If it is possible at this stage, the material and deadline targets to be included in the project application should be accompanied by a general cost/benefit estimate. This estimate must clearly define the benefit to be derived by the Project Client.

The justification for the project should be established with regard to the following questions:

- Why do we need this project?
- What is the starting position?
- What should change?
- What benefits are to be expected?
- What is the timescale?
- What resources will be required?

The following illustration describes the process phases in the initiation of a logistics project, but it also can be used as a justification map in any other type of project start-up.
Best practices in logistics project management

Project Application

Project Decision (Committee) — NO

YES

Evaluation — LATER

NOW

Project Order

Project Manager
Project Team
Steering Committee

Next Phase = Concept Phase
Project phases

A project can be phase with several divisions. Following simplified phasing description is slightly different to the process illustration in chapter five. However, same elements are always involved. Logistics projects, having several stakeholders, need often this kind of flexibility in their materialization.

A project phase is a defined section in a project with an important partial result. Each project phase has a clear target within the project as a whole, and a certain number of working steps. A phase consists of one or more work packages. In turn, a work package consists of several activities, measures and working steps.

Every project can be divided into five main project phases. Four of these phases have a milestone (milestone = decision whether to continue to next phase or not).

In each phase, there are certain objectives to be achieved and the tasks listed in the checklists are carried out.

**Project preparation**

Objectives of project preparation

- General definition of the tasks and objectives of the (planned) project
- General estimate of the benefit, costs and necessary resources

Checklist for project preparation

- The person in charge of project preparation has produced a project description in order for the project
owner and/or management group to decide on the usefulness of the project.
- The person in charge of project preparation has presented the project description to the project owner or management group, which has decided whether the project should proceed.
- In case the project has been given permission to proceed to the planning phase, the project owner and project manager have been assigned. The project manager has compiled the project form and handed it in as instructed.

2.4.2 Concept phase

Objectives of this phase
- Analysis of the current position (initial situation)
- Looking for and specifying ideas for solutions

2.4.3 Structuring / Specification phase

Objectives of this phase
- Agreement on specific work packages / sub-orders / partial projects
- Detailed milestone planning
- Detailed capacity and resource planning
- Planning of reporting

Checklist for concept and structuring phases

Project Manager:
- The authorisation was given and the project manager has drawn up the project plan.
- The project manager has defined the scope and limits for the project.
- The project manager has defined and put the project phases in order, estimated the time schedule, time budget and resources required for each phase, as well as planned the timetable by breaking it down into milestones.
The project manager has planned and proposed the make-up of the project group and possibly the project secretary.

The project manager has estimated the costs of each phase and drawn up a budget that can be used for monitoring the costs and income incurred by the project.

The project manager has planned the working methods for the project and how the communications are to be carried out.

The project manager has further specified the project’s aims and created a set of indicators with which the project and its results can be measured.

The project manager has identified the risks involved in the project and the measures to be taken to manage those risks.

Project Owner:

- The project owner has presented, or invited the project manager to present, the project plan to the management group of the company or division and received permission to proceed with the project.

Implementation phase

Objectives of this phase

- Working through the work packages
- Implementing the project result in the overall organisation
- Ensuring that the project result functions correctly and that the project result is achieved within the schedule and cost plan

Checklist for implementation phase

Project Manager:

- The project manager has created, together with the project group, a meeting practice, to which all members are committed.
- The project manager has compiled the project documentation.
Best practices in logistics project management

Project Owner:
- The project owner has controlled and actively promoted the project and made sure that it progresses as per the set schedule and objectives.
- The project owner, supported by the project manager, has ensured that the results of the project are appropriately utilised in the organisation.

2.4.5 Concluding phase

Objectives of this phase
- Ensuring updating and maintenance of the project results and complete integration of the project result into the organisation
- Final Project documentation
- Evaluation of the project process
- Concluding report

Checklist for concluding phase

Project Manager:
- The project manager has written a closing report on the project, distributed it according to a list agreed on, and filed it with the project documentation.
- The project manager has evaluated the project and its results together with the project group and the project owner.
- The project manager has held a closing meeting with the project group.

Project Owner:
- In addition to evaluation with the project manager, the project owner has evaluated the project and its results with the steering group.

The project owner has closed the project.
The market of logistics projects is growing, both in number and in geographical scope. There are more international projects in logistics than even before.

Logistics projects normally have several stakeholders, either only internal or collaboration between shippers and service providers. The project initiation, as earlier described, is strongly related to the business processes of the organization. In this respect, there are mainly connections to two different types of supply chain processes- ie. “Offer to order”- process or “Order to cash”- process. The initiation of a project can also be based on customer relationship management (CRM) or supplier relationship management (SRM). Project based on the customer relationship management is originated from shipper’s needs and the supplier relationship management projects are based on service provider’s needs. In the logistics field it is often seen that there are hybrid projects of CRM/SRM.

It must be noticed that the projects within an organization are different depending on the level of project implementation. Following picture illustrates three different levels. Their differences are described in text:
Operative projects are most common, lowest in the triangle. In many cases they also could be described as tasks without any specific project structure. In some cases they even should not be called as projects, as they don’t qualify the earlier presented project definition. However, there are also several real projects on operative level. In logistics they are mainly local projects without a major effect on business as a whole. Their time-span is typically short (2 to 8 weeks).

Tactical projects, in the middle level, are more structured, their regional coverage is larger and they often collaborate with several stakeholders.

Strategic projects fulfil all project definitions. The aim for strategic project, in most cases, is strategic change on corporate level. These projects are often well organized, and they are having all resources needed and spatially they cover pan-European or global impact.

It has been said, that number of projects is related to the intellectual level of the company. Logistics related projects unfortunately mainly act on the operative level. If the position of the logistics in the organization is recognized as strength and an opportunity, the company surely is able to perform better and more intellectually. Therefore the working group hopes for increase of intellectuals in logistics business. This would create more projects, more changes and better performance. However, if there is no proper project methodology implemented within these strategic projects, the system ends up into disorder and extra expenses of transportation costs.

The corporate strategy, operative direction and vision must be clear. Otherwise no results can be achieved, even though the position of the logistics in the organization is properly recognised.
Is project a tool for combining parties in logistics? ______ 3.1

Yes, if the roles and responsibilities between the collaboration of shippers and service providers are based on a sustainable relation.

This picture describes the relations between shipper and service provider. It can be seen, that apart from the internal projects (short arrows), there are also collaborative projects (long arrows) where several project members are involved.

In collaborative projects the sharing of benefits form a base for a sustainable relation. Sustainable relation aims at win-win situation between the parties. In this respect sustainable relation requires the idea of 50-50. A conflict cannot be avoided if one party drives this win-win target into 95-5 relation. These cases have regularly been seen in logistics: one party being much stronger than the other one.

There are several points for conflicts of interests (red ticks in picture). They often appear in the interface between the project stakeholders. If a shipper and a service provider operate collaboratively it is essential that these points must be aborted and hence conflicts can be minimized. A typi-
A typical example of conflict may be a situation in which sharing of risks and/or benefits are not accepted by one of the parties. These issues must clearly be defined and documented in the initiation phase, otherwise a typical pitfall waits for all participants.

The equal partnership in logistics projects is an ideal situation, but the working group believes that it also is a theoretical situation. In most cases one party, most often the shipper, is leading the consortium. The working group stresses that who ever is on the driving seat, all parties must share the business and its risks. Business includes revenues, but it also includes costs. And the risk element is incorporated with both of those. In that sense it is vital that the best operational competencies are used in this partnership. It is also essential that the methodology and documentation processes are materialized with full communication to all parties.

“If we only knew what they know”

Sometimes the own operational competencies are insufficient. In these cases the use of consultants and external advisors is recommended. Especially in strategic projects these external advisors might well act as Trojan horses for the management of strategic change.

The use of consultants in logistics partnership projects can also create feelings of contradiction: “Do we pay out money for simultaneously giving our know-how and business information away to a third party”?. To avoid one of the typical project pitfalls, this issue must be clarified before hiring in any outside experts. Sometimes the change requirement can easier be targeted by own organization as well as by using consultants. Therefore the use of these external advisors might be advisable in special project stages only.
4. Experiences

Best practices

The working group wants to keep this list short and have it like a check-up list. We assume that following items are regarded important in order to be successful in project management:

– Selection of project steering team
– Definition of commonly shared project methodology
– Process leader
– Transparency
– Precise scope definition
– Constraints and risks have to be carefully evaluated
– Projects can go wrong if no alternatives are outlined
– Deliverables must be measurable in frequent intervals
– Any operative project should not take longer than six months, strategic ones can last longer

Pitfalls

The working group partners have all participated in several logistics projects, which have had more- or in many cases less- success. Therefore we wanted to list these experiences, which have created major obstacles or disasters in the logistics project processes.

Management
– Lack of top management business commitment
– Position of logistics in the organization
– Lack of top management support
– Insufficient alignment with corporate strategy
– Sensitivity analysis/impacts not done
– Poor risk management
– Poorly defined project goals

Resources
– Not enough personnel resources
– Inadequate asset reservation
– Involvement of operative people in too early stage
– Personality conflicts
– Lack of commitment
– Deficient integration to operational organization and stakeholders
Best practices in logistics project management

Communication
- Poor communication
- Insufficient openness; in the definition of the own targets, in the examination of the joint operational model, in the economical aspects

Methodology
- Governance of the completeness of whole process versus sub-optimization
- Lack of methodology
- Failure to comply with standards and regulations
- Difficulties in starting the project
- Late start
- No end

Interests and benefits
- True spirit of partnership is missing
- Target and result are not clear
- Disagreement
  - Project must meet all elements of the contract
  - Customer and project manager must agree on numerous elements
- Unequal sharing of benefits
As earlier several times stated, the aim of this paper is to share the Best Practises, which our F&L members have experienced while running projects in the field of logistics. Originally we all imagined that a model of process management applies easily to every process in hand, but this is not the fact. Logistics projects have their own characteristics, scopes and boundaries. Therefore there was a need to present a model structure suitable for this environment.

It is clear that logistics projects differ from production (and similar) mainly by wider regionality, wider scope and coverage of processes and by a strong alignment to relationship management issues. In this sense the logistics projects initiate and are often run with customer relationship management (CRM) or supplier relationship management (SRM) focus. As a separate item we also found out that logistics projects are often collaborative and are based on sustainable relations.

The human is the main success factor of the enterprise. By consequence he/she is the main critical factor, which deserves an ongoing attention. This attention can be channelled through proper project management systems while developing new game map for the company. This human factor is important both in project management as well as in the performing teams. We noticed, as an example that logistics projects often fail, if management is unorthodox and permits conflicts of interests to arise between shippers and service providers.

Our F&L working group has tried to compile experienced “pros and cons” while our member companies have been struggling with different logistics projects. This work started in springtime 2002 with a questionnaire to a specific target group of the European Freight and Logistics Forum members. Based on the results received we had our first working group session in Frankfurt dividing the work in to one-to-one pairs. In autumn the conclusions and results of these mini-working groups were compiled in Kufstein, Austria. Thereafter the text has been improved through e-meetings.

The final draft of the work was presented and accepted in the F&L AMG-meeting in Copenhagen in November 2002.

5. Summary
As a conclusion of the work one can admit that most of the used systems/methods of project management are very similar in different F&L member organisations.

“The project manager is the Head but his team members are the Neck” says a free and adapted translation of an old proverb. In our working group we did suffer the problems of a typical project management as well. Sometimes the Neck was a bit flabby, but most of the time the head was well supported which easily can be seen from the good results of this report.

We, as the working group, also hope that this paper enables You, the reader, to pass some pit-falls and assists You in your project management problems, especially if they are dealing with logistics. Please always remember: Properly managed methodologies create success stories!

Our last but not least instruction is: Always have a closing event to formally round off the project. A party, a dinner, a night in the pub, an outing to the theatre or Disneyland. Some kind of reward for work well done. Ensure some money is put into the budget for this event.

Even if the project was unsuccessful, over-ran and brought shame to those who were responsible for it (rare, on Your projects, I’m sure) it should be formally closed and the team, who worked hard for its success, rewarded with a wake for the project’s passing. Why reward failure? Because You are not rewarding a failure, you are rewarding an effort. There is no universal cure for cancer but there are many excellent drugs that resulted from projects to find a cure. What scientists strive to do is learn lessons for the next project- for the next step forward. That is what we must do as organisations, as project teams and as people.
6. Model of project methodology

Overview of the Project Methodology
- Examples of terminology

<table>
<thead>
<tr>
<th>Project</th>
<th>Steering committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>“A project is a <strong>one-time undertaking</strong> of a <strong>significant scope</strong> with a well-defined set of desired <strong>end results</strong>, accomplished by <strong>allocated and dedicated resources</strong> (for example people and financial resources).”</td>
<td>“The project’s board of directors”, i.e. it reviews the project in terms of</td>
</tr>
<tr>
<td>• Day-to-day actions are not projects.</td>
<td></td>
</tr>
<tr>
<td>• A project is initiated by the project sponsor.</td>
<td>• Time (progress versus plan)</td>
</tr>
<tr>
<td></td>
<td>• Cost (costs and other resource utilization versus plan)</td>
</tr>
<tr>
<td></td>
<td>• Quality</td>
</tr>
<tr>
<td></td>
<td>• Risks and concerns and makes decisions on changes in, or management / handling of, these areas.</td>
</tr>
<tr>
<td></td>
<td>The steering committee makes <strong>decisions</strong> (or ensures decisions are made by top management) on areas where the project leader can not make decisions.</td>
</tr>
<tr>
<td></td>
<td>The parts of the organization that are significantly effected by the project should always be included in the steering committee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project leader (project manager)</th>
<th>Reference group</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The person who is <strong>responsible</strong> for the execution of the project and will be held <strong>accountable</strong> for its success or failure.”</td>
<td>A reference group <strong>can add significant value</strong> to a project but is not mandatory for all projects.</td>
</tr>
<tr>
<td>• The project leader’s prime responsibility is to <strong>manage</strong> the project and ensure that the project progresses according to the project plan.</td>
<td>• The reference group supports the project leader and the project members with <strong>special knowledge</strong>, input and advice.</td>
</tr>
<tr>
<td></td>
<td>• The reference group includes representatives of stakeholders that are affected by the project and / or that can supply critical input to the project.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project members</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>“The group of individuals who <strong>perform the activities</strong> in the project plan to reach the desired objectives.”</td>
<td>A reference group <strong>can add significant value</strong> to a project but is not mandatory for all projects.</td>
</tr>
<tr>
<td>• It is important to <strong>involve</strong> the individuals who will run the processes in the <strong>daily operations as much as possible</strong> in the project.</td>
<td>• The reference group supports the project leader and the project members with <strong>special knowledge</strong>, input and advice.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project sponsor (project owner)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>“The individual who <strong>gives the mandate</strong> to the project leader.”</td>
<td>A reference group <strong>can add significant value</strong> to a project but is not mandatory for all projects.</td>
</tr>
<tr>
<td>• The project sponsor should always be chairman of the steering committee and is thereby responsible for the <strong>coordination of related projects and sub-projects.</strong></td>
<td>• The reference group supports the project leader and the project members with <strong>special knowledge</strong>, input and advice.</td>
</tr>
<tr>
<td></td>
<td>• The reference group includes representatives of stakeholders that are affected by the project and / or that can supply critical input to the project.</td>
</tr>
</tbody>
</table>
Overview of the Project Methodology
- Projects and sub-projects

“Related initiatives should be managed in a coordinated way by organizing these initiatives as parts of a larger overall scope, i.e. a project with several sub-projects. The project sponsor carries the ultimate responsibility for the coordination.”
Overview of the Project Methodology
- Phases

The Project Methodology has 4 phases:

- **Pre-study**
- **Plan**
- **Execute & control**
- **Close**

... and a toolbox with easy to use tools and techniques that supports the activities in the different phases.

Overview of the Project Methodology
- Pre-study phase

<table>
<thead>
<tr>
<th>Key activities</th>
<th>Tools</th>
<th>Decision points</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Set scope and boundaries (what are we looking at, and why?)</td>
<td>• Business case</td>
<td>• Is there a significant improvement opportunity?</td>
</tr>
<tr>
<td>• Identify the objectives (what would we like the situation to be like?)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Identify the alternatives to today’s situation (the different ways we can achieve the objectives)</td>
<td>• Project plan</td>
<td>Can the opportunity be realized with a reasonable amount of resources and efforts?</td>
</tr>
<tr>
<td>• Identify the best alternative (considering financial and non-financial effects)</td>
<td>• Budget estimate tool</td>
<td></td>
</tr>
<tr>
<td>• Compare the best alternative vs today’s situation (how great are the advantages and the disadvantages?)</td>
<td>• Pre-study phase checklist</td>
<td></td>
</tr>
<tr>
<td>• Develop a high-level realization plan (what activities and deliverables are needed?)</td>
<td>• Project mandate template</td>
<td></td>
</tr>
<tr>
<td>• Estimate the resource requirements for the realization (How much resources, e.g. peoples’ time and costs, would the realization require?)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Overview of the Project Methodology
- Plan phase

### Key activities

- **Identify dependencies** (what external factors can influence the success of the project?)
- **Take input from all stakeholders into account** (mills, sales organization, customers, authorities, etc.)
- **Create detailed project plan** (end- and part deliverables, activities and timing of these)
- **Define what types of resources (roles) are needed** (which different competencies do we need?)
- **Identify the individuals that can fill the roles** (ensure daily operations are represented as much as possible)
- **Create detailed project budget** (remember to include the costs for the internal resources’ time)

### Tools

- Requirement specification template
- Project plan
- Communication plan
- Project organization
- Budget estimate tool
- Plan phase checklist

### Decision points

- Are the project plan and budget - detailed - realistic?
- Is the project plan supported by the key internal & external stakeholders?
- Can the opportunity be realized with a reasonable amount of resources and efforts?

---

Overview of the Project Methodology
- Execute and control phase

### Tools

- Kick-off work shop agenda
- Project plan
- Status report template
- Budget tracking tool
- Risk/issue tracking tool
- Status meeting agenda / meeting minutes
- Close-out project document
- Guidelines for effective meetings

### Project leader

- **Monitor progress**
- **Update project plan**
- **Handle risks concerns etc**
- **Communicate**

### Project members

- **Execute**
- **Report**

### Time

All activities have been carried out
Overview of the Project Methodology
- Execute and control phase (continued)

Steering committee
- Reviews the project’s progress (time, cost, quality, risks).
- Ensures coordination of, and communication between related projects and sub-projects.
- Decides on handling of risks, concerns and changes in the project plan / budget.
- Accepts and quality assures the deliverables.

Project leader
- Communicate overall project status.
- Handling of risks, concerns and changes.
- Communicate decisions by steering committee on plan adjustments.
- Resource utilization / redistribution.

Project leader
- Tracks progress towards plan.
- Monitors risks, concerns and changes.
- Identifies recommended corrective actions.
- Manages and reports resource utilization and project costs vs budget.
- Communicates progress to the steering committee and other stakeholders.

Project members
- Execute activities according to project plan.
- Track activities and monitor progress versus plan, report status to project leader.
- Identify and act upon deviations from plan.
- Identify and report and risks, concerns and changes.

Overview of the Project Methodology
- Close phase

Key activities
- Ensure the project plan has been completed and that daily operations can take over control (daily operations must themselves state that all deliverables are in place and they have all documentation/specifications needed)
- Ensure there are no significant outstanding issues
- Perform responsibility transfer to daily operations (are the roles and responsibilities clear and accepted?) (communicate responsibility transfer and roles & responsibilities to all concerned parties)
- Evaluate project (have the objectives, critical targets, etc. been achieved?) (compare actual resource utilization with the budget)
- Learn and share (what did we do well, what could we have done differently?) (share your experiences and communicate suggested methodology improvements)

Tools
- Acceptance meeting agenda
- Responsibility transfer checklist
- Learn and share work shop agenda
- Close phase checklist

Decision points
- Can the responsibilities be transferred to daily operations?
- Can we formally close the project?
- Reward the project team for a job well done!
Overview of the Project Methodology
- Toolbox

Pre-study
- Business case framework
- Project plan
- Budget estimate tool
- Pre-study phase checklist
- Project mandate template

Plan
- Requirement specification template
- Project plan
- Communication plan
- Project organization and definitions
- Budget estimate tool
- Plan phase checklist

Execute & control
- Kick-off workshop agenda
- Project plan
- Status report template
- Budget tracking tool
- Risk/issue tracking tool
- Status meeting agenda / minutes templates
- Close-out document template
- Guidelines for effective meetings

Close
- Acceptance meeting agenda
- Responsibility transfer checklist
- Learn & share work shop agenda
- Close phase checklist
Best Practices in Logistics Project Management

New Working Group
Chairman: Antti Vehviläinen
“Best Practices” has not the pretension to be fully perfect or totally complete, but it reflects in a consolidated pragmatic way, what seems to be the most used systems in managing logistics projects.

1. How would you broadly describe a logistics project?
   – Improving the efficiency of supply chain, e.g. operations that aim to move the raw materials to production and products to consumer
   – A project where the aim is to enhance or renew company’s logistic performance (transport technology and/or steering of goods flows)
   – A project which aim is to improve logistics operations
   – From point A to Z as a whole, divided into smaller parts. Focus should always be on the final target
   – Project having target measurable and schedule
   – A project which helps to find new solutions for transportation, inc. IT
   – Finding solutions to current problems (operational, admin., systems), developing and improving (even expanding) operations
   – To study requirements of customers and fill all their needs
   – A project involving several transport modes/countries/continents, savings at least one million euros
   – Something which reduces costs and/or increases value for the customer
2. How often you start or how many you have (per year) these type of projects in your own organisation/company?

- All the time, several per year
- 1-2
- All the time, many of them without concrete ending
- 2-3 per year
- 2-3
- 3-10
- Major projects about 5-6, minor 10
- About 3 per year
- Several hundred worldwide, 50-70 in Europe
- 10-20

3. What are the main management systems for your logistics projects?

- Own staff
- Management as usual
- Mainly own staff
- Own staff
- Own staff
- Small but active consultant team + own staff, leader from own company
- No special management systems, in some cases ad hoc
- Project group of own staff
- Key account managers
- Own staff, educated project leaders and steering group
4. Where are the best resources for the project management as per your experiences and subjective opinion?

- Own qualified project managers
- Consultants
- Own employees
- In middle management level
- Managers from different levels/own company
- Depending on projects, mainly consultants
- In the operations reasonably experienced persons who have
  a “development-friendly” attitude
- Own staff members with experience in business
- At the headquarters of the main transports and logistics companies
- Own educated project managers together with management support

5. Do you believe that your organisation could share one or several “success stories”?

- Probably, case by case
- No, not in our culture
- Case by case
- Depending on the case
- Perhaps
- Probably not within own area of business
- No
- Yes, but neutralized
- Yes
6. In which format these should be collected/presented?

– Interviews
– Through normal working performance
– Interviews
– Written project description
– Should be collected from other businesses/industries continuously, validation to be made by MD and development personnel
– In neutralized ”Best Practice”- reports
– PowerPoint- presentation

7. Has your organisation experiences about badly managed logistics projects?

– Yes
– Yes- “Never ending projects”
– Yes
– Yes
– Yes- Missing clear target, lack of follow-up, unclear project management
– Yes
– No
– Yes- Discussions with the wrong side of a potential future customer
– Yes- Nobody is perfect!
– No
8. Could you imagine to share these experiences and their reasons with your colleagues?

- Case by case
- Yes
- Case by case
- Depending on the case
- Perhaps
- Yes
- Yes definitely
- Yes

9. What could be the best way to collect data?

- Interviews
- Interviews, seminar, questionnaire, e-mail
- Interviews
- Questionnaire
- Interviews
- E-mail
- Internet, literature, cross industry meetings
- Interviews, e-mail
- Interviews are the only way to get have real cases
- Interviews
10. Thinking of the management of logistics projects, please list the success factors?

– Clear targets, right timing, management involvement, enough resources (money, time, people), experienced project managers
– Support from management, clear target, resources really available, true win-win with customer(s), common information platform
– Clear target, clear subject, enough resources, firm project management and tight schedule
– Management support, project plan, collect people, capability to do decisions when needed, check the result
– Clear target and schedule, clear responsibilities
– Good leader, good team, clear target not too big perspective
– Clearly defined/reasonable target, adequate resources, good timescale and leader, involvement of addressed operations
– Right people, enough time, clear requirements
– Real plan and budget, good leader and timetable, small optimal project group, supported by top management, well anchored in the organisation
– Target, budget, timetable, experienced project leader, project system

11. In aforementioned cases what are the main foxholes you have noticed and which should be avoided?

– Management does not understand where project is heading and why, not enough time and other resources to properly implement the project results, the project is focusing only on one part/company of the chain, i.e. sub optimising
– Short-view thinking, lack of resources, not real win-win with partners
– Openness- is there any?, part optimizing between partners
– Management not involved, no project plan, no decisions when needed
– No clear target, schedule or responsibilities between project persons
– Lack of good leader, team and clear target
– Unclearly defined/unreasonable target, inadequate resources, bad timescale and leader, withdrawal of addressed operations
– Too large project group, too wide project scope, no intermediary reports on work in progress, not kept timetable, project scope is continuously enlarged
– Not enough acceptance in the organisation
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