**The Human Side of Logistics**

**Introduction**

He hung up the phone and slumped down into his chair, and his heart sank. All he could think about was getting fired and having to move back in with his parents. Robert Stevens was a recent graduate from an east coast private school with a bachelor’s degree in Business. Upon graduation, he was hired to an entry-level position in the Newark branch office of an aircraft manufacturing company, Lucas Aeronautics, which was headquartered in Omaha, Nebraska. Robert’s role was to receive shipments from the company’s suppliers from all over the U.S., oversee their repackaging, and distribute the shipments to company warehouses and facilities along the West Coast. He was tasked with ensuring all shipments were completed efficiently and effectively. Recently, cargo shipped from Newark had been arriving at the main warehouse in Tampa Bay damaged, resulting in substantial losses and finger pointing, mainly at Robert. A teleconference with management from Omaha, Tampa Bay and Newark was planned to discuss the problems. Robert was worried that the teleconference would turn into a hunt for a scapegoat, and as the most junior person, he would be it!

**Background**

Roberts’s main day-to-day task was to coordinate the gathering of raw materials and aircraft parts produced by various suppliers, repack the cargo into shipping containers, and ship them to the Lucas Aeronautics receiving warehouse in Tampa Bay. The suppliers were located throughout the United States, so the bulk of his time was spent coordinating truckers who were willing to do long hauls to the Newark location where he consolidated the cargo before sending it on to Tampa Bay via sea fairing vessels or freight trains. From Florida, the cargo was shipped to wherever it was needed in South America.

The size, weight, and packaging of the cargo varied depending on the supplier. On average, a shipment weighed upwards of 2000 lbs., and arrived in packages that were over thirty feet long. The cargo was also very narrow, usually around twelve inches wide and fourteen inches high. Most of the shipments were packed into wooden crates; however, in an effort to cut costs in a sluggish economy, some suppliers made the crates barely sturdy enough for the cargo that was packed within, even after being informed by Newark that the cargo was typically stacked in the containers (usually three or more high) when consolidated with other cargo for Tampa Bay. Since these flimsily built crates could hardly support the weight already within them, they caused a dangerous problem. The heavy weight and poor construction of the crates combined with the relative narrowness of the shipments increased the chances of tipping over while loading or during transit were high. Since Robert had started at the company, he had already received numerous complaints from headquarters in Omaha that cargo arrived in Tampa Bay damaged due to the inadequate packaging.

Robert’s counterparts at headquarters utilized a cargo packing computer program that maximized the container capacity. They sent him the load plans for the cargo that he physically weighed and measured, which dictated the amount of, and what type of containers to use in order to pack the cargo. The program’s flaw was that it did not account for the weight capacity of the crates, nor did it account for the materials used to pack the cargo itself. Additionally, his colleagues never physically saw or touched the cargo, nor did they watch it get unloaded from the containers, since they were at headquarters in Omaha, while he was in Newark, and the unloading happened in Tampa Bay. Having never viewed the actual loading and unloading process, the load planners at headquarters were oblivious to the restrictions imposed by the cargo and its packaging. They continued to use the software to maximize loading based on either shipment packing lists they received from the suppliers, that often did not specify how the cargo was packed, or the weights and dimensions that Robert had provided upon arrival of the cargo in Newark. Robert had been doing his best to operate around the plans from headquarters, while repeatedly voicing concerns to his boss in Newark and his colleagues in Omaha, all to no avail. The focus on minimizing short term costs meant that no one was listening.

An additional problem was that the manager of the receiving warehouse in Tampa Bay did not wish to spend money on the proper equipment for their warehouse; such as fork lift extensions, tow bars, tow chains, and tow ropes. This warehouse relied solely on standard forklifts that have a 3000 lb. lifting capacity, which was much less than the total weight of the stacked crates dictated by the load plans created in Omaha that focused on maximizing space and minimizing costs. Therefore, along with complaints about damaged packaging and cargo, the warehouse also complained that they could not properly unload the containers without putting both the lives of those unloading, and the cargo at risk. Robert had discussed the issues numerous times with his supervisor in Newark. His supervisor had agreed with Robert that the load plans needed to be revised to reflect the operational realities in Newark and Tampa Bay before a tragic accident arose. The supervisor, however, had not raised any of the issues either with management in Omaha, or the manager in Tampa Bay.

**The Challenge**

Since Robert had to follow the plans provided by headquarters, he had continued to load the containers accordingly. This meant that there were several more damaged shipments. His supervisor had just told Robert that they were both being asked to attend a teleconference between Newark, the receiving warehouse in Tampa Bay, and headquarters. Headquarters was upset with the amount of complaints it had been receiving, as well as the quantity of material it had to re-order due to damages during transit. According to Robert’s supervisor, the goal of the conference call was to uncover the root of the problem, and remedy the issue before costs and delays from damages to shipped parts became prohibitive to doing business.

Although Robert was expected to have a cooperative relationship with the receiving warehouse, he had learnt through the grapevine that his colleagues in Tampa Bay had been blaming Newark for all the problems and damages. He was infuriated by these allegations. He had done everything he could to prevent damage to the shipments, whilst following Omaha’s instructions and expressing his concerns on every load, yet his concerns went in one ear and out the other. He felt like no matter what he said, he would be blamed, since he was just an entry-level employee; a scapegoat with no authority to produce change. The only positive was that the senior staff at headquarters had a reputation of being fair and open to ideas. How should Robert approach the pending teleconference knowing that Headquarters was under the impression that his facility, and specifically Robert himself, was at fault?