# KALCH Distribution Company (KDC) IT Strategic Plan – Part 1

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## IFSM 301 6380 – 2178

## September 3, 2017

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1. Business Statement

KALCH Distribution Company (KDC) is a transportation and distribution company that has been offering services 24/7 across the Mid-Atlantic region for over 60 years. KDC is headquartered in Wilmington and Delaware and staffs 400 employees, including truck drivers. It has 6 freight distribution terminals in Philadelphia PA, Baltimore MD, New York City, Washington DC, Newark NJ and Wilmington DE with 100 delivery vehicles, including tractor/semi-trailer units, box trucks, and panel vans. The company has a current revenue of $39 million with 4% profit per year; despite stagnant growth due to a slow economy, it will cut expenses by 5% and allocate these funds towards new initiatives and it projects revenue growth at 5% per year.

1. Business Strategic Objectives

Business strategy, according to an article from the Harvard Business Review, is defined by “a set of guiding principles that, when communicated and adopted in the organization, generates a desired pattern of decision making” (Watkins, 2007). The management team at KALCH Distribution Company has highlighted three new strategies to increase profitability and growth. The first strategy deals with reducing delivery time; in order to do so, KDC will make their product available locally and offer warehousing services and storage for clients, which will reduce time of delivery. For its second strategy, the company will coordinate pickup and freight delivery simultaneously and in the same geographic region. This will reduce costs and improve percent of loaded miles in cities such as, New York, Philadelphia and Baltimore where freight volumes in terminals run about 70% capacity, whereas local delivery truck volumes run at about 80% capacity (University of Maryland University College, 2016). The third strategy is to allow customers to accurately track the location, delivery dates, and times of freights both in terminals and trucks. Additionally, KDC cooperation and management must comply with certain federal and state regulations. The safety manager stressed one significant regulation concerning the Federal Motor Carrier Safety Administration (FMCSA) reporting requirement, which requires the company to track the number hours each driver works daily, 10 hours of driving and 8-hour breaks. KDC dispatchers attempted to track this by scheduled pickups and deliveries; however, it was inaccurately reported.

1. IT Vision and Mission Statement

### Vision

Our vision at KBC is to provide extraordinary delivery technology services to customers. It plans to achieve this through its strategy to employ highly skilled drivers, stay up-to-date of new business concepts and technology, develop new business concepts, and establish the best business practices. Furthermore, KBC plans to expand its presence and high-quality services in the field of logistical operations. According to David T. Bourgeois, “The requirement to manage process documentation has been one of the driving forces behind the creation of the document management system” (Bourgeois, 2014). KBC will provide a automated tracking system and new software technologies to improve business decisions and have a more effective transportation and delivery service.

### Mission

The strategic business plan of KDC is to increase profitability and grow its business. The Information Technology Department at KDC will provide high-quality and affordable transportation and delivery services, “modernizing information systems to support the new strategies” to achieve its mission (University of Maryland University College, 2016). Moreover, KBC will continue to prioritize needs of customers and make changes to IT organization and plans.

1. Governance

The management team consists of senior leaders at KBC who make high-level business decisions, including the President, Vice President of Operations, Chief Financial Officer (CFO), Chief Information Officer (CIO), Sales Manager, and a Fleet Manager. The following points describe the roles of each board member and their contribution to the business efforts of the company. John the President of KBC is the top of the organization and he oversees growth and addresses new initiatives. All management divisions of the organization, financial, marketing, IT, and operations report to him. He recently hired Leona, the Chief Information Officer (CIO), who is responsible for creating strategic plans for the IT setup and business operations. Additionally, “the CFO asked the (former) CIO to develop a new finance and accounting system. The CIO interviewed large, respected companies and, after comparing their capability to the current system, chose Accurate Financials” (University of Maryland University College, 2016). The Vice President of Operations assists the CEO in efforts. The Chief Financial Officer (CFO) has been charged with the overall project. The CFO approves funds for projects that are providing greatest value to clients based on clients’ feedback on productivity and performance of the employees. Periodically provide feedback to shareholders by return on investment achieved by the use of the new hiring system by charting trends on return on investment. The Sales Manager is responsible for overseeing sales personnel who “visit prospective customers to outline company capability, services provided and costs” (University of Maryland University College, 2016). Moreover, two new projects will begin “one for management reporting "and one for a mobile application that sales staff can use to show potential customers information on the fleet, distribution services available and freight rates, including a comparison to the competition” (University of Maryland University College, 2016). For the Accurate Financial project, senior management asks for daily financial reports regarding the management reporting system. The mobile marketing application will address visualization software, “fleet photos and specifications; pictures of the six terminals and information about the distribution services KDCcan provide; and a comparison of their costs using sample shipments with rates from competitors compared to KDCcosts” for potential customers (University of Maryland University College, 2016). The Fleet Manager oversees the maintenance and safety. It is maintained in the main Wilmington maintenance shop, and the manager makes sure that there is a “steady flow of shipments both between terminals and for local delivery” (University of Maryland University College, 2016). The management staff has weekly meetings to establish new governance methodologies. The CIO addresses specific governance methodologies including updating the strategic plan, engaging customers, and prioritize IT projects and setting new requirements. Ultimately, the governance body has the responsibility to modernize its information systems and have a cost-effective solution.

1. Inventory of Current IT Systems

The following table covers all current system requirements at KBC, and critical strategic goals and business benefits of each system.

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| --- | --- | --- | --- | --- | --- |
| **Current System** | **Function/ Description** | **Strategic Goal aligned to** | **Business unit/ department** | **Business Benefits** | **IT Resources (people, equipment** |
| Route optimization and freight tracking system (current) | “The current system allows the input of freight origin and destination information” (University of Maryland University College, 2016). | To quickly allow shipments into and out of the terminal | Operations | Efficiently track systems and ensure optimization in dispatching goods | * Operation manager * Dispatcher * Terminal managers |
| Fleet maintenance system (current) | Information on all fleets including summary of repairs, vehicle specifications, parts, and maintenance schedules. | Ensure fleets are maintained and good performance | Technical Operations, Maintenance and Repairs | Keeping track of the shipments in order to support higher level business functions | * Accounting clerks * Mechanics * Purchasing clerks |
| Accurate Financials | This new off-the-shelf system replaces the current financial and accounting system. | “Replace the aging finance and accounting system and provide” (University of Maryland University College, 2016). | Finance | “Balancing available funding, IT staff workload and project prioritization” (University of Maryland University College, 2016) | * CFO * Two programmers: 1. Setting up the database and loading software on servers   2. Learning about the system and writing a routing system interface.   * Accurate representative (train the accounting staff) * Accounting Staff (will take two weeks to learn new system) |
| Management Reporting System | For senior managers to review financial information on a day-to-day basis | Cost goals and accurate reporting | All departments at the senior management level, such as Finance, Marketing, IT product development and HR. | Better business decisions and inside into how the organization is doing regarding profits, sales, and loss. | * Senior management * Two programmers * Accurate Financials * Two months process |
| Mobile Marketing App | "Mobile application that sales staff can use to show potential customers information on the fleet, distribution services available and freight rates, including a comparison to the competition” (University of Maryland University College, 2016) | Growth, new initiatives, and system improvements | IT department | Ease of use for sales and marketing staff, customers, and faster system processing | * Marketing manager * Sales staff * One Programmer * One web designer * Two months to complete |

\*CIO receives progress reports every two weeks

## References

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