

## Business Case for Package Tracking System

Managers of business service functions, such as mail and shipping and receiving are under pressure to provide high quality services while continuing to reduce costs making the problem of misplaced parcels, mail, faxes, and files more critical than ever. Package Tracking is the process of tracking and accounting for the “first” and “last” mile that packages travel. This system tracks items that use both external carriers such as FedEx, and any item that may be determined sensitive or critical that our clients may wish to track such as Treasury mail. A tracking system makes these “last” and “first” miles as accountable and traceable as all the miles in the middle.

Often delivery of parcels and documents are significantly delayed in-house after they are signed-off by receptionists and mailroom personnel. A study conducted by a bar code research firm, Data Capture Institute, concludes that companies receiving 100 or more parcels and overnight packets per day will misplace or experience in-house delivery delays with 2.5 percent of them. For “Our Company” that will translate into 4,000 misplaced or delayed packages a year. If we assume that half of those parcels are of little consequence, it still leaves 2,000 a year that are of value in terms of lost opportunity time and real dollars.

## Current Situation at “Our Company”

The majority of items entering “Our Company” are received through the Shipping areas at each location. “Our Company” receives approximately 650 packages on a daily basis, which are either logged manually into a receiving log or photocopied for confirmation of receipt. If an item is received with a Purchase Order number the item is recorded separately, an email is sent to the recipient and a copy is printed, the internal customer signs the order at the time of pickup and then all hard copies are filed. At this point all courier envelopes are sent to the mailroom for sorting. The mailroom appends the sender/receiver information to the photocopy and sorts the package for delivery.

This current process is very time consuming and prone to human error as it is totally manual. The following chart shows the costs associated with the manual system currently in place.

	# Of Pieces	Time req'd (min)	Total Time	Hourly Cost	Total Cost
<b>Manually logging</b>	650	1.5	975	\$ 10.00	\$ 162.50
<b>E-mails</b>	162	0.5	81	\$ 10.00	\$ 13.50
<b>Photocopying</b>	400	0.5	200	\$ 10.00	\$ 33.33
<b>Looking up pkg info</b>	12	10	120	\$ 10.00	\$ 20.00
<b>Filing</b>	650	0.2	130	\$ 10.00	\$ 21.67
<b>Photocopy Costs</b>	400			\$ 0.02	\$ 8.00
<b>Lost Items Value</b>	0.12			\$ 100.00	\$ 12.00
<b>Total Cost/Day</b>			25.1 Hours		\$ 271.00
<b>Total Cost/Year</b>			6626.4 Hours		\$ 71,544.00

\* Manual Logging - based upon 3 min/piece reduced to 1.5 min/piece with Package Tracking system

## Benefits

A Package Tracking system can be applied to the tracking of inbound and outbound packages and interoffice mail in a flexible manor that can be adapted to the way we do business. It increases accountability by tracking the chain of custody from the moment a package is received from the carrier, until the final recipient signs for it or it is delivered to an agreed upon location. This type of system reduces errors, mis-delivered packages, and lost packages as well as reduces the time locating missing packages. Tracking systems hold the receiving and shipping departments accountable in a way that paper based processes cannot thereby increasing the efficiency of the work flow.

The financial benefits of using a tracking system for inbound and outbound packages are a reduction in data entry time for inbound packages, reduction in time needed for customer service, reduction in the number of missing packages and in time dealing with them, reduction in compensation for missing packages, reduction in “collateral damage” from missing, misplaced or delayed packages, and reduction in time required for sorting and delivering packages.

The nonfinancial benefits of using a tracking system are improved compliance with regulations, improved customer confidence, and improved morale in the shipping and receiving department. A sophisticated tracking system not only automates the processes but also generates information necessary to determine and support best practices and enhances our ability to track our SLAs. The capability to measure delivery performance of vendors and carriers allows us to better negotiate our service contracts.

## Conclusion

Based upon the conservative numbers in the chart above, the average daily timesavings are estimated at 25 hours a day across all locations. As the company continues to merge, consolidate, and grow, the need to hire additional resources is not necessary as automation allows for expanding volumes with the same number of people. This translates into a potential financial savings of \$71,000 in Office Services alone. The savings to “Our Company” affected by lost/delayed mail are not taken into account here but are potentially significant if only one large cheque is prevented from getting lost, one legal document is traceable in the time required to close a major deal or a trade request is processed on the date requested.

The last items will significantly improve our customer’s confidence in the efficiency and accountability of the mailroom. It will show a willingness to be proactive in preventative measures and that we are not afraid to be accountable for our roles within “Our Company”. It provides a solid chain of custody for items of value giving more security and a sense of responsibility to the mailroom and shipping staff. And last but not least, implementing a Package Tracking system holds potential for multiple functionality within and without of Office Services in areas such as Visitor Tracking.