

Platform to compete

WCA allows small forwarders to strengthen niche businesses through networks.

By CHRIS GILLIS

Joel Glusman, president and chief executive officer of Paris-based QualitAir&Sea, may be a midsized freight forwarder, but that doesn't mean he's unwilling to take on big shipper business.

In the past 20 years, Glusman's company has secured significant shipper clients in the European aerospace and automotive parts business. He says he's done this by building a reputation for efficient handling of emergency shipments and being available to the shippers 24 hours a day, seven days a week.

By 2000, Glusman and his Turkish partner Gulriz Kantek, owner of PAN Logistics, developed a logistics service with automaker Renault and its top suppliers between France and Turkey, called Autolog. The success of Autolog has pressured Glusman to find new ways to serve this niche at a global level.

To do that, he has embraced the forwarder network concept, which allows small to midsized forwarders to work together on global shipper business without sacrificing their individuality. He picked Bangkok-based World Cargo Alliance (WCA) to provide that network platform, which he has named Autolog Global Alliance (AGA).

Glusman said he will rely on WCA to provide AGA with certain administrative and marketing support, allowing him to focus on the strategic issues of AGA, such as the nomination of forwarder members and approaching auto parts shippers.

Forwarder networks have been around for years. WCA was established in 1999 by American businessman David Yokeum, and has rapidly become the largest manager of forwarder networks with more than 1,900 member offices worldwide.

Yokeum has been involved with the development of forwarder networks since the mid-1980s. In 1987, he formed Denver-based United Shipping Associates. This network quickly became a sizeable player in the market, and included more than 80 members



Yokeum

Joel Glusman
president and chief
executive officer,
QualitAir&Sea



“We will plant the flag where there’s auto parts production. We want to focus on the production market first and maybe later on the after-sales market.”

firms by the mid-1990s. Yokeum resigned from United Shipping in 1995 and set out to develop a new type of forwarder network.

The biggest selling point for forwarders to join WCA is its break from the rigid agent controls in the markets. WCA promotes that some markets are capable of supporting multiple forwarders without ruffling the feathers of the network's members.

WCA screens applicants for quality and integrity, and requires accepted firms to sign the network's code of ethics. Besides outlining standard business practices among the membership, the code commits the members to the network's principles to become involved in resolving any disputes and settlement issues that may arise. Firms that violate the rules are released from the network.

Most small forwarders already have some well-established partnerships in place before joining a network. The flexibility of the WCA structure allows them to maintain these relationships. WCA management supports itself through membership fees. It has no involvement with freight handling.

“We make our living on the added-value services related to logistics and transporta-

tion and the ultimate sales strategy of AGA, not on membership fees like the WCA,” Glusman said.

WCA also offers its members access to a suite of Internet-based tools, which provide online cargo tracking, automated rate quotations, and in-depth shipment analysis. In addition, the WCA invites its members to attend a three-day meeting each year to mingle with fellow participants and receive the latest information about their industry. WCA claims to reinvest millions of dollars a year in developing its systems and programs for members.

With WCA's size and breadth of administrative services, the organization is now able to offer a platform for what it's dubbed “niche alliances.”

“We're in a comfortable position to test new concepts,” Yokeum said. “When we ask questions to get (member) feedback, it's easy for us to do that.”

WCA has a staff of more than 70 people. In addition to Bangkok, the network has offices in Shanghai, Mumbai, Amsterdam, and Sunrise, Fla. The organization offers its members access to an independent U.S.-based non-vessel-operating common carrier service, known as All World Shipping.

WCA remains the mother network with about 600 member offices. The rest of the membership is generated from other WCA networks, such as the Advanced Professional Logistics Network, China Global Logistics Network, and India Global Logistics Network, and more specialized networks like WCA Projects Network and newly formed AGA.

Rancho Dominguez, Calif.-based Dependable Global Express (DGX) has been a WCA member since 1999, and has recently joined the WCA Projects Network as a way to expand its global reach for project cargo shippers.

“With WCA, you get a good level of high quality agents who give you access literally to the entire world,” said Brad Dechter, president of DGX, in an interview. He credits this to WCA's rigorous screening of member applications.

WCA has been approached by members to form other niche networks, such as one focused on the aerospace industry and another on international courier services.

Glusman expects AGA to operate differently than the WCA network format. “I will have a say about who joins,” he said. “I want to create a club — a think tank of experts in the field.”

An AGA member must have a proven industry track record and at least 10 percent of its activities associated with the auto parts business, demonstrate a willingness to promote the AGA brand, and be willing

to share certain sales information with the group.

Glusman said it's not his goal to immediately establish AGA in every market. "We will plant the flag where there's auto parts production. We want to focus on the production market first and maybe later on the after-sales market," he said.

Glusman believes the auto parts logistics business presents AGA's members with a wide field for growth, despite competition from the global forwarders.

"It's always difficult competing against the multinational forwarders, but with some faith in your ability you can do it," he said. ■

Reprinted with permission of American Shipper.

All rights are reserved and no part of this file may be reproduced or redistributed in any form or by any means electronic or mechanical, including photocopying, recording, or by any information storage or retrieval system, without written permission from the Publisher.

Notice is given that a fee of US\$2500.00 will be charged for each incidence of content being reproduced or redistributed without prior permission in writing from the publisher.