

Coalitions of the willing

There is much more to project freight forwarder networks than simply a list of names. The concept has developed into a sophisticated business platform, writes *Chris Lewis*.

With more than 15 networks dedicated to the project logistics sector, there can be little doubt that face-to-face networking, lead sharing and access to value-added services are welcomed by small and medium-sized project freight forwarders.

“To be connected globally with like-minded, independent companies gives an advantage when competing with global freight forwarders,” said Wolfgang Karau, director of the Worldwide Project Consortium (WWPC) and Cargo Equipment Experts (CEE) networks.

Gary Dale Cearley, executive director of XLP Projects (XLP) likened a network to going to a shopping mall versus going to a standalone store. “There are more options and variety available in a group than there will ever be alone. Members help you gain business you would not be able to touch otherwise.”

Financial protection

At WCA Projects, Bruce Cutillo – general manager projects, dangerous goods, and relocation – pointed out that, as well as gaining exposure to new methods and practices, the benefits of joining a network include financial protection, easier credit access, insurance, banking and dispute resolution services.

But, as XLP’s Cearley observed, there is a huge amount of competition among project networks. “Whenever you see the term ‘fastest growing’ you know they are focused on offering free membership to get market share. And all of these fastest-growing networks claim somehow to be unique because they do one or two things

differently, while at the same time they go after the membership of the existing groups so that they look like everyone else.”

Luzius Haffter, executive director of Global Project Logistics Network (GPLN), sees virtue in stability and exclusivity, stating that as one of the oldest established project networks (set up in 2004), “we add far fewer new members than new networks because no other network vets aspiring members as thoroughly”.

Nonetheless, competition between project freight forwarder networks has encouraged the development and implementation of value-added services.

Learning the specialised skills to safely coordinate the delivery of project cargoes has



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been a longstanding theme covered in HLPFI. A number of networks have introduced bespoke training programmes to foster the development of human capital in the sector.

The Project Cargo Network (PCN) offers its members access to its bespoke eLearning platform with, to date, over 140 people signing up. This has been very well received, especially outside the USA and Europe, said Rachel Humphrey, president and ceo of the network. PCN also offers a staff exchange programme designed to enhance global awareness and encourage cross-cultural perspectives.

Meanwhile, the Project Professionals Group (PPG) has also developed a two-day professional development course, the Project Cargo Forwarding Certificate, and has recently partnered with AntwerpXL to hold these courses in conjunction with project cargo exhibitions in Antwerp from May 2019.

Peter Bouwhuis, managing director of Project Freight Network (PFN), said his network has, to date, provided training to more than 1,150 people in the sector. The Atlas Breakbulk Alliance (ABA) also offers a heavy lifting training programme and is also looking to introduce a tutorial on charter parties.

Insurance solutions

Myriad other services are delivered to network members. PFN, for example, offers insurance solutions and loss control management through its affiliated member XELLZ Insurance Group. “We also offer an online project logistics management IT platform which is unique in the industry and has been developed internally,” said Bouwhuis.

Albert Pegg, managing director of ABA, said his network offers its own bill of lading (BoL) and charter party. The former is fully accepted by all banks and is bonded by the Federal Maritime Commission and other bodies throughout the world making it, in his opinion, superior to a typical NVOCC BoL.

ABA also has a ‘network payment system’ that allows members to make payments to each other securely without involving banks and their heavy charges. In addition, there is a container exchange system to allow loads to be matched with empty equipment, particularly the more specialised units such as flatracks.

ABA also offers free arbitration in the event of a dispute between members. In the event of one member refusing to pay even after arbitration, the amount can be covered by insurance, though ABA has never had to

XLP members at the 2018 annual general meeting with Gary Dale Cearley, executive director, front left.



put this into practice, said Pegg.

The Project Logistics Alliance (PLA), meanwhile, has partnered with companies that offer services and products that its members can take advantage of, including a heavy lift shipping operator, marine insurance broker, surveyor, a process optimisation company and a software firm. It also offers free contacts and assistance through its partner, Africa Logistics Network.



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– Bruce Cutillo, WCA Projects

So, how can companies ensure that they get the most out of being a network member?

Kevin Stephens, chairman and founder of PPG, suggested: “We acknowledge that project forwarding is about swings and roundabouts in many respects and all our members know this. We have had members who recovered their membership fees within weeks of joining and others who have had to wait a while.

“Sometimes I get a query regarding non-activity between members and I always say that we can only do so much, and each member must also market and sell themselves aggressively; nothing comes to those who sit back expecting it all to come flooding in.”

At WCA, Cutillo said: “Members need to market themselves early. They should attend the first available conference after joining and regularly thereafter. Members who share examples of their work with case studies do get noticed more,” although, understandably, some may be reluctant to

show their work to competitors.

Members should also share market intelligence and any sales leads they can – an overseas partner might help them succeed in winning a project, Cutillo added.

“Obviously, it is important to be prompt, thorough and professional in all communications with partners. Piecemeal quotations or requests lacking detail, late replies, and missing status updates should be avoided,” he explained.

Karatu also urged members to attend the annual conferences.



“Meeting as many people as possible face-to-face, approaching other members with sales leads, and assisting the network and membership marketing by furnishing articles about their operations for publication.”

Maya Wagner, member relations manager at PLA, added: “We cannot guarantee anybody to gain business from being listed on our website. We need active members that engage with each other. In the project industry, it is important to know people personally; you would not award a EUR4 million (USD4.5 million) project to a company that you had never met.”

PCN has introduced a gold, silver and bronze scheme that, it said, provides a focused approach to supporting members in achieving the optimum benefits of belonging to the organisation.

Non-performance

What do the networks do if a member does not perform? It is rarely an issue, argued PPG’s Stephens, although like most networks it does reserve the right not to renew annual membership.

Networks have rules and agreements and if they are broken there will be repercussions, said PFN’s Bouwhuis. In the case of compliance issues and/or fraud, it is very simple: the membership is revoked immediately, he said.

For less serious issues, the network board could decide whether or not to continue membership or take preventative measures.

Karau added: “In the case of WWPC and CEE, the company directors and selected individuals from the membership-voted board of advisors examine any possible dispute between members or any specific action by a member that could harm other members or the network brand. If any member has been found to have acted against the articles, the directors and board members vote on dismissal.”

PCN takes quite a hard line with poorly performing members, said Humphrey. “As well as an ISO 9001-approved complaints and disciplinary procedure, we also continually monitor the service that members provide via our quality control survey. Poor performance is not tolerated and any such companies are identified and replaced. Additionally, as we are a specialist organisation, it is important that only companies who are active in project logistics and heavy lift remain in PCN.”

Since launching an annual evidence audit four years ago, PCN has identified and replaced 29 companies.

WCA’s Cutillo said: “We do ask members



The Project Cargo Network (PCN) held its eighth annual summit at the Real InterContinental hotel in San José, Costa Rica.

to leave if they are not active in the group – not attending conferences for multiple years, not engaging with other members or lacking required skills due to personnel changes. As we regularly turn away new companies, we prefer to replace inactive members with more active ones.”

Only occasionally does WCA expel members for not upholding professional standards of operations, ethics, or payment practices, or those who cause excessive disputes. Cutillo claimed an exceptional record of mediating problems on the rare occasions when they do occur.

Due diligence ahead of appointing new members is key to maintaining a network’s quality. Aspiring PFN members are first subject to an online investigation. Next, members must complete a questionnaire on the company structure, shareholding,



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financial status, performance and references. If there is still any doubt, the applicant is presented to a selected number of members for advice and comments. Only after agreeing to the code of ethics and conduct, as well as the PFN member agreement, do they become a member of PFN.

On that theme, PPG’s Stephens pointed out: “We prefer locally owned and operated members, rather than global forwarding companies. Most have been highly recommended by other members and this is important, as it proves long-term relationships and stability. We always say ‘the best partners are the ones you already have’.”

Detailed checks

Pegg said that ABA asks for references from customers that he checks personally. He also favours companies that are “known by me or one of my good friends, are family owned, entrepreneurial, and in good standing with shippers and suppliers.”

Backselling is not permitted at ABA. That is, one member asking for a request for quotation from another but then going behind that member’s back to the consignor or consignee to obtain the routing, explained Pegg. Questions would also be asked if an ABA member failed to attend four meetings.

There is universal agreement among the executives interviewed by HLPFI in this report that joining a network is just the first piece of the puzzle; generating long-term value from the membership fee rests in the hands of the members themselves.

Bouwhuis summarised: “Some companies want to join for the simple reason of generating quick sales leads and work,” often switching from one network to another. “Personally I believe this is not the best strategy of generating long-lasting relationships and/or work.”

