

Customer Profile: Cardinal Logistics Management

Connecting De-centralized Enterprises to Speed Growth

Cardinal Logistics Management, Inc., headquartered in Concord, NC, started as a common carrier in 1981 with 14 tractors. In July 1997, Cardinal Freight Carriers was purchased from its former parent company, ABF, by the Chicago-based private-equity firm GTCR Golder, Rauner. Due to its focus on dedicated delivery and logistics consulting, the company has grown at a rate significantly above the industry average, becoming one of the “Top 10 Logistics Providers” in North America as voted by readers of *Inbound Logistics*.

In 2003, as the company continued its rapid growth, it found that its traditional method of manually processing requests or using disjointed desktop databases to communicate between field locations was becoming cumbersome and disorganized. Each department had its own processes and preferred communication methods, and the field users were required to meet the demands of whichever department they needed for a given task, a challenge which took time away from their management responsibilities. Cardinal needed a method that both standardized and quickened the process. At that time, the company implemented Integrify's software to automate its driver development and help desk processes.

In 2005, as the company prepared for its future public offering, management found that its current systems would not fully comply with the Sarbanes-Oxley requirements for publicly-held businesses. Cardinal needed a new system to assure verification and compliance of P&L reporting.

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The Challenge

- Cardinal wanted to improve the handoff of requests between de-centralized field operations and the corporate office.
- The company needed to manage workflow better to improve customer service and continue to grow its business.
- Both management and employees needed visibility into request processing, allowing them to easily identify and track requests through the system.
- The various departments in the company needed to find one system they could all agree upon and use to complete their respective tasks.
- Cardinal needed to verify all P&L input from employees at all levels of the company to comply with Sarbanes-Oxley requirements.

Installation Summary

- Integrify 3.0 was installed at Cardinal's headquarters within a three-month timeframe in 2003.
- The packaged solution was enhanced with several custom functions so that it would directly match Cardinal's requirements, including entering information that was submitted via fax.
- Cardinal upgraded to Integrify 3.5 in 2005 to improve its workflow mapping capabilities.
- Also in 2005, Cardinal added Integrify SOX Assessments software to facilitate compliance with Sarbanes-Oxley regulations.

The Solution

Phase I

Cardinal chose the Integrify solution because it was easy to deploy and easy for employees to use. The company found it flexible in the scope of tasks it helped automate, and the software's compatibility with Cardinal's existing systems (SQL Server, intranet) made the move quick and painless for its IT department.

Integrify is a flexible business process management tool that allows companies to automate requests and streamline approval processes. The software provides form creation, routing definition and tracking tools to those responsible for processing requests, minimizing data entry and simplifying requests for approval and fulfillment. Integrify is Web-based, allowing for easy user accessibility and management of approval processes. The solution eliminates problems typically related to labor-intensive processes such as manual paper handling and email requests, and can reduce costs per transaction 60 to 90 percent as opposed to paper-based processes.

By allowing a company's employees the most efficient means to access, submit and obtain fulfillment for requests, an organization can offer the best possible level of service to its customers. With Integrify, efficiency gains are immediate and most companies can expect a return on investment (ROI) in three months or less.

The Integrify team spent time on-site installing and implementing the Integrify software. The only challenge Cardinal faced was getting all the departments to agree to standardization; each entity was concerned that its individual process as well as exceptions would be overlooked. "The business process analysis part of the implementation was very helpful [in that respect]," said Jonathan Turner, VP of MIS at Cardinal.

Integrify has also allowed Cardinal to run more driver applications through the system than ever before, as well as helped them improve the quality of the applicants they hire. “If we hire a lot of drivers that don’t meet our corporate standards, they could have a lot of accidents and they wouldn’t deliver the kinds of service we promise our customers,” said Turner. “Accidents are probably the biggest driver of our profitability. We could have one driver have an accident that could cost us a million dollars, so having a process in place that can help us ensure that the quality of drivers sitting in our trucks is at the highest level has a huge impact on our company’s performance.”

Phase II

In 2005, as its business quickly scaled up, Cardinal enhanced its implementation by upgrading to Integrify 3.5. The latest version of the software provided additional capabilities that Cardinal was able to immediately put into place and begin using. The company benefited from the automatic process escalations, extended hierarchy of process categories and expanded process definition in particular.

The automatic process escalation allowed Cardinal to define notifications that can escalate based on time, create pre-defined rules that move a process along without continual user monitoring, and automatically escalate and trigger action notifications, to ensure quicker more efficient movement of requests through the process.

The extended hierarchy of process categories allowed Cardinal to categorize processes in multiple levels by the administrator and gave end users the ability to filter down to the specific process they would like to submit by multiple categories, saving both administrators and employees significant time in day-to-day operations.

Expanded process definition allowed administrators to further define a process with file attachments, versions, process and reporting managers and categories, providing even greater control to the entire system’s workflow.

In addition, the new version of Integrify provides user reporting, enhanced user interfaces, email notification templates, user activity archives, form replication, enhanced administrator reports and form field replication.

With Integrify SOX Assessments, Cardinal can implement, monitor and control processes and policies that require authorizations as part of the internal control compliance requirements in the Sarbanes-Oxley Act. By allowing Cardinal to design, describe and publish corporate policy; automate the enforcement of internal controls, create a complete audit trail of control activities and automate and document risk assessments, the software will help the company reduce the extra time and cost of auditing and attesting on the effectiveness of internal controls over financial reporting.

The Benefits

According to Turner, Integrify proved to be faster to install, easier to administer, and easier for novice users to understand compared to other options he evaluated.

Since the initial Integrify installation, Cardinal has seen a standardization of its processing and improved the visibility into processing. Employees and managers can now quickly revise and update a process when it needs to be changed, and get instant compliance because all necessary changes are automatically made within the system. This capability, as well as the fact that fewer people are required to process requests, has saved the company time and resources that can be better used to serve customers. In addition, better communication on exceptions, better documentation, and online access to case history requests has improved intra-department communication and made operations run much smoother. “We wouldn’t be able to run at the rate we’re running right now without the system because before what we had was just a whole lot of people managing the whole process on disjointed spreadsheets and databases,” said Turner.

The SOX Assessments tool gives Cardinal the ability to easily document and communicate policies and procedures, carry out management assessment, base its internal controls on a suitably recognized framework, automate enforcement of defined internal controls, and create a complete audit trail of transactions and control activities. It also allowed rapid changes to accommodate process or control enhancements and integration capabilities for process updates to be exported to and from ERP and legacy and disparate systems. The company was able to initiate the complex and time-consuming process of documentation for Sarbanes-Oxley compliance without having to add administrative and financial staff to do so.

The main benefit for Cardinal in implementing Integrify SOX Assessments is that the company can ensure that at all levels, managers have verified all the data they've put in to the system that drives invoicing, payroll, and all functions that affect P&L reports. At every level of the company, all employees must attest that the info they've entered is correct—they are required to answer a series of questions at the end of each submission.

ROI

In 2004, Cardinal's revenues grew by 50 percent, and the company added 40 field offices to its operation. The company was able to process the higher volume of driver applications (up from 2,610 in 2003 to 3,370 in 2004) and service its increased number of users in the field offices (up from 200 in 2003 to 400 in 2004) without having to add heads at its corporate office. Because Integrify managed a 30 percent increase in process volume without requiring an increase in staff, Cardinal saw a savings of \$30,000 in overhead.

"The way our company's structured, we have a small corporate staff and a large number of users out in the field locations. Improving the handoff of requests between people in the field and our corporate people has helped us scale up without adding additional staff in Concord," said Turner.

Using Integrify to automate the driver application process resulted in more "landing" of qualified applicants who might have accepted another offer while waiting to hear from Cardinal. This lowered the average cost per hire because the company found more successful applicants from the same advertisement expenditure. Currently, Cardinal runs about 15 percent of applications approved but not hired; before Integrify, that number was closer to 25 percent. The improved process gave Cardinal an approximate savings of \$200K in 2004.

The company has been able to scale up operations without adding to its corporate overhead because of the greater efficiency offered by the automated process, as well as the time and money it saves in training employees on using the system. "If we wanted to add 50 new processes to the system, then we'd be adding 50 more things that we have to require each field operation to do when they wanted something from our corporate staff," said Turner. "By having Integrify, once they've learned the system for one process, they've learned all 50 different processes because the interface is the same. It's a lot easier to train people to use the system and then you can apply it in so many different ways."

Conclusion

Cardinal is very pleased with the installation and the ROI it has seen. The company saw an immediate improvement in communication, processing and workflow as a result in the initial phase of Integrify implementation, and is confident the upgrade and additional SOX Assessments capability will help the company continue its tremendous growth.

According to Turner, "Integrify was very responsive and went the extra mile in helping us get the product implemented and on track to get the value from it. Our growth in the last two years can be directly linked to the automation of our processes, particular in the area of driver development."

Turner was also impressed with the versatility of the software, saying it can apply to just about any business: "It especially works for a decentralized organizational structure where there are a wide variety of request types and workflows."



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