

From box banks to distribution company

ByBox has shot to a leading position in overnight parts delivery. It seems a giant leap from its origins in unattended delivery, but there's a strong logic behind it, as **Peter Rowlands** finds



Few transformations in the logistics world have been as comprehensive or convincing as that of ByBox – a name that will be familiar to many readers of *Fulfilment & e.logistics* and its predecessor, *e.logistics*. Yet few organisations in this position have kept so faithfully to the spirit of the original proposition.

The company was set up around the start of the decade to offer solutions to unattended delivery problems, especially in the burgeoning home shopping market. Intelligent box banks were its forte, as many

readers will know. At its heart it was a technology company.

Now it's a specialist distribution company, complete with a Midlands hub depot, a nationwide network of branches and a fleet of trunking and delivery vehicles. It handles overnight parts deliveries to field staff throughout the country, and is now one of the UK's leaders in this field.

How could such a dramatic change have come about? As in most such cases, it was through a combination of vision, luck and shrewd thinking on the part of its founder and chief executive, Stuart Miller.

A line-up of delivery vans at ByBox's modern hub in Coventry

He may have had the initial inspiration for the box banks, and he may still have an instinct for putting IT to effective use, but he is first and foremost a pragmatist. For instance, when faced with problems in the early distribution operation, his solution was unequivocal. "We decided that if we were going to make the system work, we had to do it ourselves."

That's jumping ahead, though. To get a real feel for this dynamic business, you need to go back a few years, to a world where the logistics market was waking up to the problems encountered by carriers in delivering

to consumers who weren't at home. Stuart Miller came up with the idea of the box bank – a group of self-contained steel boxes, a bit like left luggage lockers but with intelligence built in. Goods could be left in one of these for collection by the recipient as and when convenient.

No single customer necessarily had exclusive use of the boxes; they would be available to any user for one-off deliveries. The intelligence would offer the delivery driver a box of the appropriate size, and would take care of alerting the recipient and reporting the delivery back to the sender, all in more or less real time.

It was a beguiling concept, but it demanded significant funding to create the necessary critical mass to catch on. In trials by Royal Mail and others, the ByBox solution proved more popular than most other approaches, but development was inevitably slow, and neither carriers nor retailers were disposed to throw real investment into the concept.

However, there was always a second string to the ByBox solution – business-to-business deliveries. From experience with a box bank positioned in trading estate where the company started out, it was clear that local businesses appreciated the convenience of having a drop-off point for early or late deliveries. It was only a short leap of imagination to apply this concept to the field service and engineering parts delivery market, where deliveries are generally made overnight.

So ByBox started creating a network of box banks for organisations in the parts delivery business. It was a slow build-up at first, but then the company got involved with the former Hays group's parts delivery business.

Hays had developed its own parts delivery network over the previous seven years, using a different kind of box. It had based its proposition on individual units, each dedicated to one customer, and all purely mechanical in operation. What it had on its side was sheer scale: there were 7,000 of the boxes – which made this almost certainly the largest such network around at the time.

"They were a perfect partner for us," Stuart Miller says. "They already knew boxes were a good idea, so we didn't have to convince them." The attraction to Hays of the ByBox approach was that its boxes could be shared many operators, potentially reducing costs.

After long debate about the best way forward, in 2003 Hays agreed to install 135 box banks at its bases under a five-year contract with ByBox. "It was a turning point for us," Miller says. "That was the moment we moved to the next level."

As it turned out, the contract was short-lived. The Hays group was looking for a new owner, and disposing of businesses that didn't fit into the overall group strategy. The parts operation was one. ByBox saw the writing on the wall, and decided to make a pre-emptive strike. Despite being the junior partner, it put a bid in for Hays' entire parts operation.

Within a couple of months the deal was

remarkably straightforward. A shrewd decision taken early on was to use contractors rather than acquire vehicles and employ drivers outright, which meant the company could buy into existing experience and expertise. The depots and management are pure ByBox, though – as is the underlying control system.

The hub, also run entirely by ByBox, is in Coventry, and provides perhaps the best visual evidence you could wish for that ByBox is now a fully functioning distribution company. It includes a modern, fully covered transhipment and warehousing area, plus office accommodation for the enlarged business.

"We gradually realised that distribution was critical to the success of this type of business"

**Stuart Miller,
ByBox**



done, and ByBox was the proud owner of Hays' box network and customer base. Hays' distribution network was not included in the deal, but from September to the end of that year ByBox used Hays' existing resources under short-term contract.

"Initially we thought distribution was just a commodity service that we could buy in," Stuart Miller admits, "but we gradually realised that it was critical to the success of this type of business." That was when the company decided to set up its own network. "It was absolutely the turning point for us," he says. "Success is not about the box bank, it's about getting the distribution right."

Setting up a distribution network from a standing start might sound a daunting proposition, but Miller makes it sound

The whole network was set up in around three months, and went live at the start of 2004. Miller pays tribute to the entire staff at the time, and especially to commercial director Mark Garritt, who organised the drivers and depots.

WON BACK CONTRACT

Perhaps understandably, many of the company's biggest customers at the time looked on rather dubiously as all this was unfolding, and some put their business out to tender, but in the event, nearly all the work was retained. A particularly rewarding development came later the same year, when ByBox won back parts distribution to BSKyB engineers – a contract that had been lost by the Hays business the year before. ■

The first year was spent partly in consolidating the network, ironing out teething problems, and in some cases re-siting depots where there were opportunities to improve the operation. Now, however, the basic building blocks are all in place, and the company is keen to raise its profile.

In essence, the parts business involves receiving or collecting consignments from customers, consolidating and sorting them by region, trucking them to local depots and then delivering them to the box network in the early hours of the morning. This approach replaces "in-boot" deliveries or other less sophisticated systems.

Specific services vary according to the needs of clients, who also include organisations such as British Gas, Bunzl and Minolta.

MORE REFINED

Some customers have their own dedicated individual boxes (inherited from Hays or subsequently replaced), while others opt for the more refined ByBox box banks. There are about 11,000 boxes now, including 1,000 new ones replaced under the ByBox regime, plus 4,000 "doors" available in the intelligent box banks.

Miller has by no means neglected the information technology side of the business whilst rolling out the network. An early decision was to insist on scanning goods throughout the delivery process. As Miller puts it: "Scanning drives you through a tunnel you can't get out of." He adds: "We scan to zero on arrival. It really nails any mis-sorts."

He says the company has been told by experienced users that apart from UPS, it is the only operator in its field to be offering 100 per cent validated scanning throughout its operation.

Always fascinated by processes and alert to opportunities to streamline them, Miller soon developed his own take on returns handling. Part of the problem of returns is the profusion of barcodes that are likely to adorn the consignment by the time it reaches its destination, and the likelihood that these will no longer have any meaning in the returns process.

ByBox's take on this is a managed returns service, BlackStripe, in which an adhesive black strip is literally attached to the label to guide it back into to the upstream supply chain. This incorporates a two-dimensional barcode which redefines the meaning of the original despatch code for use in the reverse supply chain, and allows it to route the item

back through the system. Simple but effective. Already BlackStripe has handled over 280,000 items, Miller says.

Taking the concept a stage further is a ByBox system called Quarto. This uses a single A4 despatch document incorporating four separate label elements, which can be folded to expose the appropriate quadrant in a window envelope for each leg of the supply chain. One of the four covers returns, which means any return is automatically catered



for in the initial outgoing documentation – and can use the same reference information.

Pushing the returns handling capabilities still further is a full warranty return system, in which warranty claim items can be routed from the engineer directly to the original supplier – bypassing the ByBox client customer, and hopefully improving cash flow. "Documentation is the key," Miller says.

One of the company's latest innovations is a system called ByBox2Box. Miller says this effectively transforms the company's box network into a massive "virtual warehouse". How it works is that when an engineer needs to transfer a part to a colleague in another part of the country, he or she can simply attach a special label to it and place it in the ByBox drop-box.

VISIBILITY MAINTAINED

It will then be transported straight through the system to the receiving engineer, without having to go back into stock, and without the need for a separate courier trip to deliver it. Because it is tracked by the central ByBox system, visibility is maintained, and the user-company's stock records are kept current.

"We virtually never say no to the idea of a new technological development," Miller says, pointing as an example to a system called Flexible Scheduling. This aims to allow cus-

The classic box bank is still part of ByBox's portfolio, and the spec has just been upgraded



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tomers to allocate consignments to specific engineers later in the day, as tomorrow's work load becomes clearer. The initial label attached to a consignment is a two-dimensional barcode, which identifies the content but does not route it. Later, when the consignor has done the allocation, ByBox software cross-references allocations with items and prints despatch labels for them.

Never content to rest on its laurels, ByBox is now developing new services, including overnight deliveries of goods trucked in from the Continent. It is also building up a stocking capability, so that it can hold urgently-needed parts on behalf of clients, and despatch them more quickly in an emergency (its objective is 8am delivery). This is already offered through the central hub, and Miller says expansion is likely, especially in the London area.

Amid all this activity, ByBox has kept faith with its original proposition – deliveries into electronically-controlled boxes. Miller has no doubts that there are still attractions in this approach to unattended delivery. "Simple Hays-style boxes are good for regular, predictable in-night deliveries," he explains, "but electronic boxes are better for dynamic one-off deliveries."

Indeed, the company is now rolling out a new generation of box banks, with various improvements on the old. They are more modular, so that the configuration of box sizes within each array of boxes can be altered over time to reflect local demand.

The software and IT hardware has also been updated. Battery backup has been extended from four to fourteen hours, and a version with embedded RFID capability is being developed. Significantly, this should be able to confirm not just that goods have been inserted in the box, but also that they are actually present at any given time.

Lately ByBox has secured control of the manufacture of the box banks by taking full control of Logigab, the French luggage locker manufacturer that produces them (and in which it has long had a stake).

Where next for this busy company? Stuart Miller emphasises that the home shopping delivery market remains on its agenda. A limited UK public box bank network remains in place, and there are also active box banks in Jersey and elsewhere. A major home shopping development was awaited as we closed for press.

Miller says same-day deliveries could also be developed in due course. "It would be a natural progression for us." **FA**