

# CSC HELPS TRANSPORT COMPANIES SHARE THE ROAD

by Mary Reitter

To provide its customers with greater value, YRC Worldwide, the largest less-than-truckload carrier in North America, decided it was time for two of its subsidiaries — Roadway Express and Yellow Transportation — to share more than the highway. Through merging the networks and operations of two of the most recognized transportation carriers on the road, a new powerhouse brand — YRC — was born.

Less-than-truckload carriers transport goods weighing less than 10,000 pounds from several shippers loaded onto one trailer. YRC wanted to gain new efficiencies during the economic downturn. Recognizing that its two carriers used different processes, systems, networks, and brands, YRC looked for a company to help integrate and launch a newly branded carrier.

With our 15-year history of supporting more than 200 merger and acquisition projects, CSC was ready to help. We provided counsel on merger strategy, contingency planning, program

**CLIENT:** YRC Inc., a leading transportation company

**CHALLENGE:** Integrate subsidiaries — Yellow Transportation and Roadway Express.

**SOLUTION:** CSC's in-depth merger-related expertise, methodology, and tools.

**RESULTS:** One company, brand, physical network, and one set of processes, all supported by one IT system.

management, and governance and organizational change management. The CSC team also advised specific functional areas, including operations, sales and marketing, IT, revenue management, and finance and accounting.

“We helped manage the entire program — both the business side and the IT,” says Stu Diamond, CSC North American Merger and Acquisition practice lead. “In this case, we actually made sure that technology was off the critical path. I think that’s one thing that makes CSC different in this market. While we have deep technology expertise, we don’t make hardware or software, so we don’t have to sell it. For YRC, technology was involved, but it was not the key enabler.”

### Accelerating the integration

One of CSC’s major contributions to the integration project occurred as we provided counsel on YRC’s integration direction. Initially, the project timeline was set at 18 months. But when it became apparent the economic recession was deeper and longer-lasting than anticipated, the company decided to significantly accelerate the integration. CSC helped YRC cut 10 months off the project schedule and approximately \$20 million in associated costs.

Another contribution came from our Business Impact Assessment (BIA) tool, which is part of CSC’s Catalyst methodology. As a key component of Catalyst’s Organizational Change for Enterprise Resource Planning toolkit, the BIA change planning tool gets practitioners off to a rapid start, enabling them to think about process changes and the steps needed to accomplish their goals. Because of BIA’s flexibility, CSC was able to tailor the tool, enabling YRC to evaluate 535 different processes and comprehensively plan to the activity level all of the changes that would occur once Yellow and Roadway merged.

YRC was extremely sensitive to the magnitude of change that the integration would require. Throughout the project, and with CSC’s help, the company communicated its benefits to both employees and customers, focusing on the fact that it was creating the most comprehensive transportation network in the industry. Feedback from customers was positive, which created a sense of confidence that this was the right strategy.

From a training perspective, CSC used BIA to identify at the task level what the differences were between tasks — old and new — to allow targeted training.

For the integration, CSC also led the project management office and provided counsel on a variety of areas, including:

- Risk mitigation strategies
- Program planning, coordination, and issue resolution
- Change management, communication, and training advice
- Process analysis and comparison
- Day-by-day and hour-by-hour detailed cutover planning
- Conception, design, and implementation of an integration support center (ISC)

It was critical to have a strong project management office as the scope of changes due to the merger was huge, and the cutover, which was to occur over one weekend, was complex.

“I’ve worked mergers before and let’s say we’re going to go live on January 15th and we decide we need a few more weeks — usually, no big deal,” says Diamond. “But for YRC, this wasn’t a merger of just back-office processes. There were in-transit shipments on the road and when the two companies merged, we had to ensure shipments from the old system were in the new one and were correct. If we messed this up, people would not get their deliveries. The stakes were so much higher; there was no margin for error.”

### SWAT teams formed

To handle the approaching cutover, CSC created the ISC — which ran 24x7 up to, through and post-cutover — to give supervisor-level personnel and above the ability to get questions directly answered by core functional SWAT teams. The center also enabled the YRC-CSC team to track all of the 356 activities directly tied to the cutover, ranging from IT systems to validation that propane tanks in each of the terminals had been returned.

This was a unique process for YRC. For example, when either of the two pre-merged subsidiaries shut down a facility, they would usually do it over a couple of weeks. For the cutover, they shut them down overnight. The process began at 12:30 a.m. on a Saturday. Trucks had to be renumbered and of the more than 100,000 shipments en route, 60,000 had to be renumbered and accounted for in the new system.

As a result of extensive employee training, YRC field employees were prepared when the new network was put in motion. Thanks to a special team effort to maintain shipment visibility, the cutover exceeded expectations, with 11 percent of shipments being temporarily lost compared to a projection of 15

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percent. Service returned to near-normal levels within 30 days of the cutover and continued to trend in a positive direction.

“The ISC played a huge role in the success of this project,” says Mike Naatz, YRC Worldwide executive vice president and chief information and service officer. “Today, thanks to CSC’s merger expertise, their flexibility and the hard work of YRC employees, we have an integrated company confidently and efficiently delivering shipments for our customers throughout North America every working day.” ■

### About YRC

A subsidiary of YRC Worldwide Inc., YRC specializes in reliable solutions for the heavyweight shipping of industrial, commercial and retail goods in North America. YRC is a Fortune 500 company and one of the largest transportation service providers in the world.

- Holding company for a portfolio of successful brands
- More than 500,000 customers worldwide
- Operations in more than 1,200 locations around the world
- Global logistics services in and among more than 80 countries
- Industry-leading expertise in heavyweight shipments and flexible supply chain solutions
- Largest, most comprehensive network in North America

