

In an industry where most "news" is leaked before the official announcements, the decision by GM to exercise its right to buy back the stake in Vector SCM owned by Con-way came as a genuine surprise, not least to Con-way, which admitted that it was not expecting the move from GM.

The relationship with Vector SCM has been a hugely beneficial one for GM. Mike Dickinson says: "Vector is providing services in GME logistics on specific action plans – one of the main ones is the EUVW. They have developed and run that system for us and manage the exception reporting. We also have Vector working as an integral part of the planning and engineering groups here. They are offering IT support, doing network design and commercial contracting activities. It is a fairly seamless relationship; the team interacts on a daily basis."

In the Asia Pacific region, Robert Strain also describes a positive working relationship: "Over the past six years we have been working with Vector in Asia Pacific, as well as here in China. Some of the areas that they have been deployed in are benchmarking, network design and management, as well as some IT solutions. Within the region Vector has some day-to-day management responsibilities as well. It is a very successful relationship."

So why does GM want to buy Vector back in house? Tom McMillen says: "As you know we exercised our call right [the right to purchase Vector]. We have begun negotiations for GM to purchase Vector. The reason we did this is it will give GM more direct control of the performance of



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Vector is a joint venture, so it will need to be integrated back into GM and how this will be done has not been revealed by GM. A transition team is being put in place to ensure a smooth and uneventful change, but the mechanics of the changes are still being worked out. Mike Dickinson says: "We are working on a plan at this stage to find out exactly what this means to us. If you look at Europe and the functionality that Vector performs for us, in some way we would need to continue, but exactly what that will mean at this stage – quite honestly we don't know."

Non-GM contracts that Vector has won over the years will be taken over by Menlo, but the fate of the senior personnel is yet to be decided. Con-way, the other JV partner of Vector, would only say: "At this time a transition process and plan is being developed." Greg Humes, formerly President and CEO of Vector, has become President of National Logistics Management and Artisan Associates, where he will be leading the integration of five independently operated companies into a unified company providing supply-chain management services.

The move to buy Vector back signals that GM is attaching increased significance to its logistics activities. Tom McMillen says: "We are recognising that logistics is a core competency and we want to have more direct control." If operations in Asia Pacific and Europe are an indication of intent, then GM's logistics operations will be an increasingly important element of the turnaround plan.