

Delivered additional profit of US\$ 0.3 million per annum by reducing cycle time of truck loading

BUSINESS CASE

Customer trend

- There is a steady increase in the demand for most products produced at the refinery.
- These products include:
 - LPG
 - ATF
 - Bitumen and many others

Organization trend

- In order to meet the growing demand the organization is setting up a new refinery with a CAPEX of over US\$ 7 billion

CHALLENGE

What is the challenge

- High cycle time for loading the products into trucks, delay in dispatch
- Lesser number of trucks, hence lesser volume of products dispatched per day
- Daily long queue of trucks, leading to longer waiting times

Where is the challenge

- In truck loading area of the refinery

From when is the Challenge

- FY 2015

How much is the Challenge

- As-is truck loading cycle time:
 - LPG: 142 minutes
 - ATF: 164 minutes
 - Bitumen: 97 minutes

IMPACT

What is the impact

- **For the customer:**
 - Delay of product delivery
- **For the business:**
 - Delayed delivery leading to delayed cash flows
 - Increased cost of truck loading reduces profitability, hence lowers the Gross Refinery Margin (GRM)
 - Demurrage charges for delayed truck dispatch
- **For the supplier**
 - Increased waiting time of trucks and truck crew
 - Lower utilization of trucks

How much is the impact

- Increase in waiting time of trucks by over 52% compared to the previous year
- Additional cost of US\$ 612 per day spent on paying overtime wages

TARGET

What is the Target

- Targeted truck loading cycle time:
 - LPG: 125 minutes
 - ATF: 142 minutes
 - Bitumen: 67 minutes
- Reduce the waiting times for trucks by at least 50%
- Reduce the over time working hours by 60%

OUTCOMES

Improved Profits

- Reduced the cycle time for truck loading to:
 - LPG: 133 minutes
 - ATF: 126 minutes
 - Bitumen: 62 minutes
- Additional Profit of US\$ 0.3 million per annum by reducing the cycle time of truck loading, thereby decreasing the cost of operations
- 43% increase in daily loading activity of products
- Elimination of overtime hours

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