

# Delivered additional profit of US\$ 1.61 million per annum by decreasing claims filed in Ocean shipments

## BUSINESS CASE

### Organization trends

- Ocean shipment is one of the key revenue generators for the organization
- Globally the Ocean freight business services a delivery network of 1000+ international locations in 130 countries, and generates a revenue of US\$ 3.6 billion per year
- In the FY 2013 a total of 2.0 million TEU of ocean shipments were handled by the organization

## CHALLENGE

### What is the challenge

- US\$ 3.9 Million worth claims were filed in the country by customers of Ocean Shipments
- The 3 main categories of claims as raised by customers include:
  - penalties fee for delays
  - damages
  - Ullage / Pillage
- 42% of the total charges (US\$ 1.64 Million) were recovered from shippers and relevant vendors and the remaining 58% of the charges (US\$ 2.26 Million) was absorbed as operational costs

### Where is the challenge

- Across the country in Air shipment business

### From when is the Challenge

- Since mid 2014

## IMPACT

### What is the impact

- Customer dissatisfaction due to delays, damages and pilferages
- Potential loss of revenue due to risk of loosing customers
- Organizations Gross profit (GP) margins were already under pressure as operational costs increased by 17% when compared to the last FY

### How much is the impact

- Gross profit impact of US\$ 2.26 Million

## TARGET

### What is the Target

- Reduce the claims raised by customers
- Increase the number of claims that can be passed on to the shippers and relevant vendors through better:
  - Contracting
  - Root Cause identification
- Implement a system to effectively monitor claim status and closure

### How much is the target

- Reduce claims absorbed as operational costs by at least 60%
- Reduce the overall claims filed per year by at least 50%

## OUTCOMES

### Improved Profits

- Delivered additional profit of US\$ 1.61 million per annum by decreasing claims filed in Air shipments by 71%

### Customer Satisfaction

- Increased customer satisfaction due to:
  - Better expectation setting through contracts
  - Implementation of a system to track the claims filed
  - Reduced delays and damages

## Delivered using:

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