

# Delivered additional profit of US\$ 383K per annum by reducing freight claims and restructuring the process

## BUSINESS CASE

### Organization trends

- A Freight claim is a legal demand by a shipper or consignee to a carrier, for financial reimbursement for a loss or damage of a shipment
- By the YTD September 2015 the freight claims registered in the organization were worth US\$ 530K
- 80% of the freight claims were from top 4 revenue generating customers who have a global presence
- This resulted in an overall decrease in the Gross Profit for the organization

## CHALLENGE

### What and how much is the challenge

- The quality of claims processing was ineffective leading to a pile up of un-actioned freight claims
- The turnaround time (TAT) for the freight claims was very high resulting in decreased customer satisfaction
- Compared to the previous year the TAT increased by over 65%
- The freight claims needed to be actioned on priority, mainly by concentrating on the freight claims of the top 4 companies

### Where is the challenge

- Across the country

### When was the challenge identified

- Mid 2014

## IMPACT

### What is the impact

- Decrease in the Gross Profit
- Unhappy customers
- Decrease in sales from unhappy customers
- Loss of revenue and profitability due to loss in market share
- Increase in operational expense as the claims were increasing steadily

### How much is the impact

- The overall profitability of shipments dropped by 14%

## TARGET

### What is the Target

- Decrease the TAT for freight claims to improve the customer satisfaction
- Decrease OPEX by US\$ 350K by decreasing the freight claims of the top 4 customers
- Improve the quality of claims processing, by re-structuring the existing system to make it more effective and at the same time efficient

### How much is the Target

- Decrease the TAT by over 80%
- Re-structure the existing claims filing system

## OUTCOMES

### Improved Profits

- Delivered additional profit of US\$ 383K per annum by:
  - Decreasing freight claims
  - Quick validation, communication and acceptance of no-payment claims

### Operational Outcomes

- TAT for filed claims decreased by 83% via process optimization
- Re-structuring of the claim processing unit helped in efficient and effective filing and reimbursement of claims, resulting in increased customer satisfaction

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