

Delivered additional revenue of US\$ 7.3 Million per annum by increasing LCL shipments and improving the average container utilization rate

BUSINESS CASE

Organization Trend

- In the FY 2015 the organization had freight export sales revenue worth US\$ 48 million from Ocean freight
- 15.8% of this revenue is contributed by LCL (Less than Container Load) shipments
- Profit contributed by LCL shipments is 61.5% of the overall profit
- Hence increase in the LCL business will have a big impact on the organizational profitability

CHALLENGE

What and how much is the challenge

- An analysis revealed that key Customer complaint categories from LCL Shipments included:
 - Delayed deliveries of shipment
 - Damage to goods due to improper packing / loading
 - Higher cost when compared to competitors
- Additional analysis revealed that maximum loading is done on Monday, Tuesday and Wednesday. This results in lower utilization of container space on other days.

Since when and where is the challenge

- Across the country
- Since August 2014

IMPACT

What is the impact

- Uneven utilization of containers across various working days
- On the first 3 days of the week, the shipment is stuffed without proper packing leading to increased damages
- Overtime cost in the first 3 days of the week
- Unresolved customer complaints and systemic issues leading to:
 - Loss of customers
 - Bad word of mouth
 - Reduced ability to attract new customers

How much is the impact

- Data received from 2 ports indicates that the average container utilization rate is short by at least 29% when compared to the target

TARGET

What is the Target

- Capitalizing on the LCL shipment market by increasing sales will have a positive impact on the Organizational Gross Profit (GP)
- Increased container utilization rate across all days leads to lesser pressure on employees
- Improve or maintain the overall GP generated from LCL shipments

How much is the target

- Improve the average container utilization by at least 10%
- Every 1% increase in container utilization leads to an additional GP of US\$ 0.14 million
- Need to enable a practice of equal shipment loading volumes on all days so as to utilize the space in the containers

OUTCOMES

Improved Profits

- Profit contributed by LCL shipments increased to 64% of the overall profit
- Additional GP brought in worth US\$ 1.68 million

Increased Sales

- LCL Sales increased by US\$ 7.3 million in 12 calendar months

Operational Outcomes

- Improved container utilization by 12% within 6 calendar months

Leaders of Tomorrow

- Basis the controls placed, a belief system in the team to sustain the increase in sales and the increased container utilization

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