

EXECUTIVE SUMMARY

This research project was undertaken to address the problem of sea consol budget GP (Gross Profit) contribution target percentage of the GLT freight business unit. Ful Logistics Saudi Arabia (GLT) is a start-up established in 2018 and operates two divisions, freight forwarding under the brand name GLT Freight, and the ecommerce brand GLT Express. The freight forwarding division is responsible for supporting the freight requirements of both divisions. It operates four key segments, sea container, sea consol, air cargo and land truck. Sea consol is an important segment as it offers the possibility of moving small shipments cost effectively and is useful for clients if cargo availability is insufficient to fill a container. These clients are ecommerce vendors importing small quantities to take advantage of a new trend, or forwarding clients needing to import small quantities of a specific product or spare parts.

Product effectiveness and budget achievement are perennial problems encountered by organisations. The freight division is no different, and it was found the sea consol segment was facing such a deficiency in product effectiveness and budget achievement. Sea consol has significantly fallen behind the budget expectations of the management and has been unable to keep up with the sister segment, the sea container segment. Management is alarmed as sea freight has been a high performer during the pandemic era of 2020 to 2022 reflective in the growth of the GLT sea container segment. But the sea consol has been a consistent underachiever with the cumulative volume short fall measuring 50.50%, and a yield shortfall of 46.66%. The cumulative GP achievement over the past three fiscal years 2019-2021 was USD 50,922 equivalent to 18.30% of the cumulative budgeted target. The shortfall from the cumulative target is USD (-227,328) an underachievement of 446%.

Sea consol's are used by clients to load small volume shipments in competition with other shippers. Though the individual shipment volume may be small, the urgency, priority, or the value of the cargo would be anything other than small. Therefore, the client's logistics manager when deciding on the modal decision consider the reliability and trust of the logistics service provider. The sea consol's reliability was highlighted by the pareto analysis and the root cause diagram prepared for this project. It revealed several inconsistencies in the sea consol's reliability. The benchmark targets for transit time and monthly sailings were unachieved. This unreliability is causing the volume of the consol to be inconsistent as the customers trust has been lost, leading to several issues with the

consol, including customer churn and operational costs overruns. Additionally, the benchmark set for the invoice processing time is unachieved, as more than five days is required before an invoice is issued to a customer.

Dynamic measurements are key to proactive decision making. Thus, value of the actual budget GP contribution target percentage was recalibrated using goal seek. It assisted to smoothen the over and under achievements of the various segments and highlight the actual achievement had the sea consol been operating efficiently. Using this information, and the secondary data gathered from the interviews conducted with select customers, staff, and key management personnel, a study framework was developed to undertake a literature review. The peer reviewed articles were invaluable as a source of inspiration for solutions. A key takeaway was the inspiration to offer a new service product design contributing to an improved transport solution, the updating of multiple SOPs, and redesign of outdated processes.

The objectives and outcomes of this research project are built to meet the organisational benchmarks and targets. The solutions were built for each component of the study framework, sales management, operations management, and process improvement using the SMART methodology. It helped to build logical solutions verifying the steps of the solution for impact and professional veracity. The proposed solutions of shipment increase, and yield increase has the potential to increase the GP by 113%. The expected net benefit from the proposed solution is estimated to be USD 448,858. Further multiple tangible and intangible benefits are expected to be garnered from these solutions. Few of these are a new freight forwarding ERP, a dedicated website with PO management, reduced customer churn, and customer heterogeneity.

Finally, the findings of the project demonstrated the proposed solutions was linked with the literature review for each of the problems. The proposed innovative solution, and the other tangible and intangible benefits further improve the organisations and the sea consol segments product attractiveness, and its capacity to achieve future budget targets. The corporate management team of GLT acknowledged the value of the proposed solutions and are expectedly keen on implementing the project. As a start-up bringing value to the market has been a priority to the company and its managers. Adding value will contribute towards the scalability of the organisation to reach profitable growth and benefit all stakeholders. Innovation has the potential to turn an organisations competitor into customers.