

OUTSOURCED LOGISTICS OPERATION BRINGING 100% ACCURACY FOR STOCK COUNT, COST SAVINGS AND ABOVE 95% CUSTOMER SATISFACTION

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Kevin Io ACMA, CGMA

Financial Controller, Tata Steel International, Singapore

TATA STEEL

To improve customer service and consolidate its position in the Southeast Asia steel industry, Singapore-based Tata Steel International outsourced its logistics operation to Toll Global Logistics. Kevin Io, ACMA, CGMA and Financial Controller, working with Andrew Heycott, Tata Steel International’s General Manager for Southeast Asia, was tasked with finding the right logistics partner to help streamline the warehousing and shipping of steel to customers across the region.

Managing a comprehensive facility for Tata, Toll carries out order processing, port clearance, customs documentation and inventory management services for the company. “By outsourcing the logistics division, we were able to divert our attention to our core competency, therefore increasing efficiency, achieving better order fulfilment and enjoying great savings,” says Io. In the years the project has been running, the new operation has achieved 100% accuracy in stock count and significantly improved on-time deliveries. To date, return on investment for the outsourced operation is above 10%. Io began by evaluating the core benefits of outsourcing in order to make a comparison and recommendation to Tata’s board. Io created KPIs that would measure the effectiveness and performance of an outsourcing provider. “We assessed certain KPIs such as accuracy of stock information, discrepancy, incidental site injury, and reviewed those KPIs on a three-monthly basis,” he says.

Cost savings were also an important objective. “We rely on the cost benefits approach to help us stay competitive, and always look for ways to help the company save costs besides adding value to the customer. Streamlining our operations also increased customer satisfaction; consistently achieving 95% over the last 3 years.” Io says his CIMA qualification ensured that he was well equipped when it came to evaluating potential third party providers. “We spent a fair bit of time debating on the cost and benefit. My CIMA qualification has enabled me to be more open-minded and receptive to ideas and viewpoints, and given me the confidence to express my opinions at the table.”

The outsourcing arrangement has already delivered benefits to the company. “We are far more focused on what we are good at - selling and managing the projects instead of allocating resources on issues concerning logistics.” says Io.

The CGMA designation

Two of the world’s most prestigious accounting bodies, AICPA and CIMA, have formed a joint venture to establish the Chartered Global Management Accountant (CGMA) designation to elevate the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.