



Industrial

Going Up: Manufacturer Relies on Kuehne + Nagel to Grow its Elevator/Escalator Business in Asia-Pacific

Highly coordinated process from multiple locations to final delivery

SITUATION

One of the world's leading escalator-and-elevator companies is focused on growing its Asian business in the high-quality, high-rise, sophisticated elevator ranges, as well as the general, low-rise building market. Customer service and price are critical, since orders for elevators and escalators generally lead to follow-on orders, especially for shopping malls, restaurants, parking garages, offices, apartments/flats, and subway stations in the immediate vicinity of tall buildings.

The company sources globally, so its suppliers are shipping to multiple destinations across the Asia-Pacific region. Each supplier produces various industrial goods – some bulky, others high-tech, and others fragile. These often must come together for consolidated shipment to end-customer installation sites.

A further challenge lies in the changing global production market, as manufacturing moves to lower-cost regions. In China, the company is building an escalator factory to allow for significant increases in output and servicing of areas beyond the Asia-Pacific region.

Obviously, as suppliers and their locations constantly change, new distribution issues must be regularly addressed with flexible solutions.

Faced with these challenges, the company sought a single-source provider to handle all shipments to the Asia-Pacific region. In 2003 it selected Kuehne + Nagel because of its price competitiveness, worldwide coverage with own offices and strong forwarding reputation. The KN Login tool, providing state-of-the-art track and trace was a key factor. In addition, Kuehne + Nagel established dedicated regional key account coverage, including local dedicated staff to serve the local company entities.

SOLUTION

Kuehne + Nagel applied its industrial sector expertise to deliver price-sensitive solutions, which incorporate elements from 59 of its 620 company offices around the world. It demonstrated the scope of its capabilities by offering a unique direct consolidation from Switzerland to Hong Kong.

Currently, shipping manufactured product from Europe to Asia is straightforward: point A-to-B shipments with no oversized cargo. Cargo is containerized and shipped either less-than-or full-container load; spare parts ship via airfreight.

In Asia, however, shipping is more complex. In Shanghai, Kuehne + Nagel picks up cargo from three different company factories at two locations, then stuffs and lashes cargo in containers at Shanghai seaport. The product requires careful handling and thorough securing so it doesn't shift during shipment. For elevator stuffing, it is important that cargo are consolidated, loaded without damage and properly lashed. Loading is critical with escalators since they tend to come in odd sizes, normally in one large and long piece. Kuehne + Nagel handles complete container stuffing and load plans. Kuehne + Nagel also picks up loose cargo at two Suzhou and one Shanghai location, which is brought to a warehouse in the Shanghai seaport free-trade zone. To increase container use, Kuehne + Nagel searches for opportunities to combine cargo headed for same destinations within a given timeframe. This requires constant communication with the company's China office and its destination office to control the shipping window while giving the best possible load plan to increase container usage.

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The company uses “KN Login, Level 2,” which includes document scanning. To meet the company’s requirements, Kuehne + Nagel created a variety of monthly and quarterly reports. These include volume reports totaling air tonnage and TEUs shipped; and percentage of container utilization. In addition, Kuehne + Nagel is able to generate reports comparing the ready date at supplier vs. actual pick-up date at supplier; air- and ocean freight transit times; and reports checking arrival at air/ocean port vs. delivered at consignee. Kuehne + Nagel also prepares an “on-time delivery report,” documenting cargo arrivals. This capability is critical since the company often has arrangements with its customers that include penalties for late deliveries.

In addition, the company’s Australia operation has completely outsourced its warehouse management to Kuehne + Nagel. Separately, this unit is running “KN Login, Level 4,” providing order management capabilities. Through integration of both companies’ systems, Kuehne + Nagel can receive orders through an EDI interface.

RESULTS

By selecting Kuehne + Nagel, the company is able to take advantage of pricing advantages due to the company’s volume leverage, and using KN Login can use one platform to track product from source to destination, further enhancing customer service levels. Also, as the business relationship has deepened, both companies have begun to work closely to develop a variety of next-generation distribution approaches.

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