



Aboitiz Logistics

Moving it faster and cheaper

The Aboitiz Group is the single largest and most efficient integrated transportation company in the Philippines: Aboitiz One is a domestic and international sea & land delivery and logistics company. WG&A Inc is the largest passenger, transport and cargo shipping company in the country. Renoir Implementation Services, a division of the Renoir Group, was asked to look at performance improvement through Business Process Re-engineering across the business. The result was a series of engagements over two years delivering substantial financial and behavioural results. In addition, Renoir carried out assessments at three additional Aboitiz companies: Union Bank, Vasayan Electric Company and Aboitiz Jepsens.

The company faced competition from increasingly aggressive domestic and international competitors. At the same time, costs were spiralling upwards due to the devaluation of the Philippine Peso against the dollar, which is used for fuel and capital equipment, two major expense groups.

ANALYSIS

Renoir's first engagement with Aboitiz was at WG&A, conducting a no-obligation preliminary survey of the entire WG&A business. During this period, data was gathered in a variety of areas to understand how employees think, behave and perform in the workplace.

The preliminary survey revealed that there were clear benefits in moving forward, that the business was committed to making the changes required and that a chemistry existed between WG&A staff and Renoir to ensure a successful and prolonged working relationship.

PROJECT

Renoir adapted a hands-on approach, working with WG&A staff to implement the recommendations by gaining buy-in and ownership to ensure that full financial and operational benefits were realised. Renoir took the organisation through an intensive learning process at a much faster pace than the management team thought possible. Working towards a set agenda, the programmes were structured so that the management team were involved in all improvement initiatives. It was a very focused process where Renoir drove, motivated and coached the team to learn, to analyse problems and opportunities, and to deliver tangible results for the business that are sustained, long after Renoir are gone.

The approach to implementation was focused around three key concerns:

- Methods & Processes
- Systems
- Training

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"The success of the projects you carried out in the different areas and environments of our business is a clear testimony to your process and methodology, and I commend you for building a truly unique organization."

Endika Aboitiz

Key Results

WG&A Fuel Project
\$5,000,000 Cost Savings

WG&A Admin Project
\$800,000 Cost Savings

WG&A Freight Sales 1
\$10,000,000 Increased Revenue

WG&A Freight Sales 2
\$14,000,000 Increased Revenue

Aboitiz One – Aboitiz Air Project
\$200,000 Cost Savings

\$2,000,000 Increased Revenue

Once buy in and support for the needed changes were in place, they were implemented with the guidance and coaching of the Renoir team. Behaviour changed as managers and team leaders managed in new ways. As results came in, adjustments were made to the systems and processes and positive behaviour was reinforced.

Sophisticated monitoring systems were put in place to ensure that the root causes of problems were understood and eliminated. A programme was only considered complete when the management team was autonomously running their areas at the desired level of performance. The perpetuation of results became possible when the behaviour of the organisation changed to accept the enhanced levels of performance as the new base level from which to improve.

Following the 4 WG&A projects, the Aboitiz management group also asked Renoir to carry out a programme at Aboitiz One, their delivery & logistics company.

Following is an excerpt from a letter received from Endika Aboitez, almost six years after this Project was completed:

"It's been almost six years since Renoir completed the five projects with The Aboitiz Group:

It is evident that the Renoir engagements were a success as all the hard work put in by the Aboitiz/Renoir Teams continues to pay off. The financial benefits realized by the projects have afforded us the opportunity to further expand the Aboitiz Group. The operational efficiencies created as a result of the implemented solutions you developed have allowed us to focus on our newer businesses.

The organization, coaching and training carried out by your Renoir consultants resulted in a marked difference in the way our people manage the business and each other. Communication has dramatically improved and this has paid off with better customer service and staff satisfaction.

"The success of the projects you carried out in the different areas and environments of our business is a clear testimony to your process and methodology, and I commend you for building a truly unique organization."

Aboitiz & Co. is known as a forward thinking company and Renoir has played a role in our development, growth and profitability. It has been a pleasure to work with you and your team and we would consider working with you again in some of our other businesses."

Endika Aboitiz

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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