



Forecasting system improves accuracy

By: **Petronel Smit**
14th August 2009

Global logistics company Kintetsu World Express (KWE) South Africa is contracted to handle the catering logistics for airways company South African Airways (SAA) using a forecasting system.

The system monitors exactly when about 800 products arrive at the 55 different destinations globally. It is designed to heighten the accuracy in the number of items of stock delivered.

KWE GM **Herman Muller** says that the company is moving cargo with the help of information technology (IT). "KWE follows a framework methodology to identify and monitor the client's needs, after which, we design and implement turn-key solutions and IT systems." He adds that after the distribution requirements planning of products, for each destination, is completed, products are exported to international locations on a just-in-time principle to ensure minimum stock levels in transit and inventory at all times.

With IT systems for warehouse management, the inventory accuracy is ensured and the total inventory levels can be forecast.

As part of the SAA project, the company researches the consumption of passengers, manages the global storage of inventory and provides relevant information to airline staff to ensure product availability through the supply chain for on-board services.

"KWE has achieved a 45% inventory reduction within six months of implementing the forecasting solution for the SAA contract. "The contract has already been extended for two years," says Muller.

KWE MD **Arend du Preez** asserts that, globally, imports and exports have been impacted on by the economic crisis. "The global recession has impacted on networks and volumes. KWE is well positioned because it has streamlined its operations to deal with the global economic environment. "However, there is still competition in the industry."

To ensure the high quality of the company's services during the recession and to keep competition at bay, Du Preez explains that KWE invests in training and development of its employees.

"It is difficult to find someone with a diverse skills base who understands the industry as a whole. "Given that there is currently no freight forwarding degree available at universities, employees require training. KWE achieves this training through its internal training programme."

KWE has 365 offices in 116 countries and provides jobs for 205 people in South Africa. "Our goal is to add value to our clients and to become an extension of their business," Muller concludes.

Edited by: **Brindaveni Naidoo**