

Workflow: Logistics

Toolkit 5.6

Outbound Logistics

target audience

Packhouse, and logistics managers

what it is

Outbound logistics deals with all the activities after the packed fruit leaves the packhouse. Outbound logistics is a big topic and could easily merit its own best practice handbook. Often, packhouse managers consider their work done once the pallet is loaded onto the truck and leaves the packhouse site, and they “hand over” this part of the supply chain to other service providers. In truth, outbound logistics is the culmination of production and packhouse planning and operational best practice. Therefore, packhouses should be fully informed and ensure that the outbound logistics are done well, and this toolkit aims to list the most important success factors in this regard.

why it is important

The post-packhouse chain, from packhouse to consumer, involves numerous steps and service providers. Furthermore, these components of the supply chain are usually not within the direct control of the packhouse. They are outsourced. Therefore, the risks increase due to the dependency on reliable infrastructure, facilities, overland transport, port services, and shipping, not to mention the final movement of the product at its destination from ship to shelf.

It is important to ensure the reliability of the post-packhouse supply chain and to reduce the inherent risks. This is even more important when markets and supply chains become volatile and unpredictable as we have seen since early 2020.

success factors

The key success factors are:

- **Risk management** – A large part of the outbound logistics process can be viewed from a risk management perspective. You would do well to complete the following:
 - **A process map** – Map the complete process so that you have a detailed picture which will then enable you to complete the next three tasks.

- **A stakeholder analysis** – Generally, outbound logistics will be undertaken by outsourced or contracted 3rd parties. Complete a stakeholder analysis in which you comment on each stakeholder and their past performance, whether they are reliable or whether they pose a risk, and list any actions required to strengthen or replace the contracted service provider. You may find that you do not have an alternative service provider and that you will have to work with and develop that service provider.
- **A waste and loss assessment** – Use the process map to do a waste and loss assessment, and to consider how best to reduce the most significant areas of waste and loss. (See [Toolkit 13.2 – Identifying Key Losses and Registering Improvement Projects](#)).
- **A risk analysis** – Finally, using all three of the preceding tools, complete a risk analysis, ranking the likelihood and likelihood of each risk, and considering which mitigating action you could take for each.

There will be some duplication within the above tasks, but that should speed up the process of completing all four exercises.

➤ **Transport management** – Although few packhouses own and manage their own transport fleet, it is important to know what the key success factors regarding transport best practice are. This will assist in managing 3rd party transport providers, working closely with them, and in some cases even developing and improving their standards and capability to deliver excellent service. The transport sector, especially road transport which moves most of the citrus to port, is under increasing pressure due to increasing costs, poor road infrastructure, and the risks of social unrest. The citrus sector also must confront the challenge that road transport is in great demand, partly due to the lack of reliable rail alternatives, and that transport providers may give preference to transporting easier goods (non-perishable), contracts that allow full loads both ways, and goods that are not subject to troublesome bottlenecks at ports. These constraints and challenges make the management of transport, including the relationship with and management of 3rd party transport providers, even more critical. The key success factors include:

- **Integrated planning and forecasting** – The efficiency and optimisation of the transport of packed fruit depends on a high level of collaboration, information sharing and integrated planning. The more accurate your forecast, planning, and timing is of pallets that are ready to load, the more efficient your loading and transport process will be. This requires the necessary integration between demand planning, warehouse and stock management, and supply planning (see workstream 2 Demand and Supply). Ideally, you will also want some transparency into the planning and service delivery capacity of your transport service provider.
- **Standard operating procedures** – Just as operating SOPs ensure that people do the right thing, and the right time, and in the right way every day, you should expect your transport department or 3rd party transport provider to standardise processes to ensure reliability and quality.
- **Excellent 5S** – Organisational discipline, neatness, cleanliness, and organisation applies as much to your finished product management as it does to your outbound loading area, and the 5S of the trucks themselves (cleanliness, equipment in good order, pallets secured properly, using dunnage bags if it is not a full load, curtains tied down properly etc)
- **Compliance to regulations** – Ensure that your transport provider complies with all the regulations.
- **Technology** – Increasingly technology enables better transport management and the maintenance of product quality. This includes the better routing and driver control through

GPS, and temperature and humidity control of the product in transit. Assess the level of maturity of technology use of your transport providers.

- **Asset care and maintenance** – Assess the reliability of your transport fleet, whether owned or outsourced, and include asset care and maintenance in the SLA provisions.
 - **Situational awareness** – As mentioned, the transport sector in South Africa faces many challenges. It is important to have a high level of situational awareness and the ability to anticipate and plan contingencies.
 - **Labour management** – Assess the quality of the labour management of your transport provider, as well as compliance to regulations. The retention of qualified, legal, and experienced drivers and staff is an important success factor.
 - **Cost management** – Assess your transport KPIs, including cost - a key business driver.
- **Container management** – Containers, especially for the ever-increasing cold treatment requirements, are a scarce resource. Therefore, your ability to forecast, anticipate and procure containers that are in good condition and have reasonably current technology, is a key success factor. (See [Toolkit 5.7 – Cold Chain and Shipping at Required Temperatures](#)).
- **Procuring services** – Procuring and contracting services, including SLAs (service level agreements), and then managing those contractual relationships, is a key success factor. (See [Toolkit 10.3 – Procuring Services](#)).
- **Ports** – Port facilities and services (including warehouse, holding rooms and cooling) and an efficient process at the port are critical in maintaining the best possible supply chain process for produce with a defined shelf life. As a single citrus business, you are unlikely to have much influence on the Transnet National Port Authority which manages port services and management, but the citrus industry through the CGA does have influence, both tactically and strategically, and also provides information and guidance to producers and packhouses of the status and constraints during each packing and shipping season.
- **Shipping and INCO Terms** – Clarity on the INCO (International Commercial) terms to which you have agreed is a key success factor. For example, your agreement may state that a Russian vessel will be loading your product and, although past practice has been that it does so at certain ports, say Gheberga, Durban, and Maputo, but the agreement does not actually specify the port and, in a given year, the ship finds it expedient to load to its full capacity in Gheberga, leaving containers of packed product in Durban and Maputo unloaded.
- **Insurance** – Included in the rights and obligations of the INCO terms, ensure that the correct insurance is in place for while the produce is in transit.
- **Documentation** – Correct documentation is a mandatory requirement to ensure that fruit consignments are not delayed. It is a key success factor, and any non-compliance will delay the process. Documents include:
- Export Certificate
 - Export Addendum
 - Phytosanitary Certificate
 - Customs Invoice
 - Loading Instruction
 - Export Notification
 - Booking Confirmation

- Certificate of Origin
 - Customs Declaration
 - SARS SAD500, SAD507
 - Cargo Dues Order
 - Packing List
 - A Waybill.
- **Quality and Compliance** – The ability to maintain fruit quality and adhere to the requirements of both the client and the regulations of a receiving jurisdiction (e.g., European Union) under the whole outbound logistics chain. This includes:
- The efficiency of the logistics process and the time in transit.
 - Maintaining the cold chain (more about this in [Toolkit 5.7 – Cold Chain and Shipping at Required Temperatures](#)).
 - Compliance to phytosanitary regulations.
- **Supply chain constraints** – In the last 2 years, supply chains globally have become increasingly volatile and are likely to remain so. This is due to the Covid-19 pandemic, labour market upheaval, and geopolitical conflict. Reefer cargo is no longer the dominant mode of shipping, and there is a shortage of empty containers. Shipping companies are giving preference to options that enable them to ship full containers on both legs of their journey, which means that they may decline shipping empty containers to pick up fruit. In South Africa, a number of events, including social unrest, have reduced the efficiency of our transport and port system. The ability of foreign ports to unload and process incoming fruit has also been compromised. All these uncertainties and constraints demand better information flows, situational awareness, anticipation, agility, and contingency planning.

execution steps

See success factors above.

assessment questions

Please Note: There is no minimum / maximum number of questions you can add.

1.	Do you have a comprehensive process map of your outbound logistics process, whether outsourced or in-house, with an in-depth risk and Loss and Waste analysis?
2.	Do you have defined best practice and procedures for your outbound transport service and performance measurement in place? Even if you outsource transport/logistical services, this will enable to define performance and service level agreements.
3.	Do you, or you service provider, successfully and consistently anticipate and manage your container requirements?
4.	Do you procure services for all components of outbound logistics well?

5.	Are the services you receive at the port, and how you mitigate problem areas, up to standard?
6.	Are your shipping and INCO terms, as well as your on-ship insurance provisions well defined and in place?
7.	Is your documentation comprehensive, complete, and faultless?
8.	Do you have an outbound logistics quality assurance system in collaboration with your service providers?
9.	Are you able to manage the constraints in the outbound process adequately?
10.	Do you maintain excellent relationships with all your outbound service providers?

resources

1.	Risk Management Template
2.	Process Mapping Guideline
3.	Free Process Mapping Software
4.	Ambient / Warm loading of citrus - 2021 Season (CRI - Cutting Edge 320/2021)