

2GO Group Inc.

Manila, Philippines



“There are certain times when every company needs to re-assess and re-evaluate their capabilities in order to attain a higher level of performance. Renoir was able to provide us with an objective viewpoint and catalyst for change that helped us turn our areas of weakness into opportunities to improve, and ultimately deliver strong results.”

**Sulficio O. Tagud, Jr.,
President & CEO, 2Go Group**

Key Results

Group-wide restructuring to better align the organization to the strategic direction of the group

Optimized manpower plan for 2016 with savings and cost avoidances of over \$4.3 million

Increased fleet fuel efficiency delivering \$1.65 million savings on an annualized basis

A robust over-arching management control system for each of the core business units

2GO Group Inc is the largest, premier logistics provider in the Philippines. The group owns and operates successful brands such as 2GO Travel, 2GO Freight, 2GO Express, and 2GO Logistics, offering an array of logistics and travel services. The group also maintains joint venture partnerships with renowned global supply chain companies such as Kerry ATS Logistics, Hapag Lloyd and Hansa Meyer - ATS Projects.

2GO’s desire to improve the continuity of service across these brands, thereby providing integrated end to end supply chain solutions, resulted in a partnership with Renoir Consulting to assess group wide opportunities for process, system and organization structure efficiencies.

ANALYSIS

Although 2GO had substantially grown its service portfolio and top line in recent years, to become the largest and most comprehensive supply chain service supplier in the Philippines, there was an understanding that the Group had not yet achieved its full potential, in terms of synchronizing operations between its different business units and profitability. Through the analysis, the following opportunities were uncovered:

Organization Structure

- Business Unit Silos and Duplication of services – inter group competition, overlapping services and duplication of assets
- Current organization structure not aligned with the Group’s strategic direction
- Shared services – the current group structure was not set up to leverage common functions, leading to non-standard financial reporting, multiple IT systems and low productivity
- Manpower Planning lacked a systematic approach to match and balance resources to work requirements, and a lack of robust tools to monitor business units led to increases in headcount, outpacing increases in revenue.

End to End Supply Chain Solutions “Go to Market” and Service Delivery

- The ‘go to market’ strategy and team structure for end to end solutions lacked definition and clear roles
- The sales force lacked the knowledge to sell solutions from the entire portfolio
- Limited visibility of the group customer base, with multiple entities managing and engaging the same customer, when multiple services are required
- Customers lacked a single point of contact for service delivery coordination and monitoring

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- Intra business unit KPIs and SLAs were lacking and the continuity of service across the units was not optimized.

Management Control Systems

- Operational and financial performance reviews were not structured, systematic, and at times, were conducted on an ad hoc basis
- Poor visibility of account profitability resulted in a lack of focus and poor cost and margin management
- In some units, many KPIs existed, but were either poorly defined, or poorly reviewed; in other units, KPIs were lacking, resulting in poor visibility to operational performance

PROJECT APPROACH

As determined during the Analysis, the Group's rapid growth had created a misalignment with the current strategy. Staffing was not optimized, and while many of the basic processes and management systems had been in place within the business units, the maturity of the management control system (MCS) had not kept pace with business growth, all of which were contributing factors to excess cost, poor profitability and sub-optimal operations.

To capitalize on these opportunities, a 40 week project, named "2GO beyond" was launched. The Project comprised a 16 person, full time 2GO "taskforce" under the guidance of 4 full time Renoir consultants. Three Management Action Teams (MATs) were formed to oversee the development and implementation of improvements across workstreams:

- Organizational Design
- Commercial, planning and scheduling
- Operations and Execution

KEY IMPLEMENTED INITIATIVES

A steering committee was formed to oversee the program. Made up of senior Group leaders, MAT leaders and Renoir management, they held bi-weekly meetings to review the progress of solution design, implementation, behavior change and program results. To ensure buy-in and ownership across the Group, brainstorming and feedback sessions were conducted throughout the design and implementation phases, giving people the chance to participate, contribute and have their concerns, and ideas, heard and considered, in the final organizational design and structuring of the MCSs. Key results areas of the program included:

Organizational Design

The entire Group structure was reviewed and assessed in terms of strategic alignment, management span of control (SOC), role and service duplication and productivity. This workstream created a new, front end Group setup, to design and sell robust end to end supply chain solutions called, 2Go SCS. In addition to the design of SCS, the Organizational Design team initiated a migration of all finance, accounting and IT functions from across the group, to a central shared services center. The design of SCS, the shared services center and an overall manpower rationalization program resulted in an optimized manpower plan for the following year which will deliver more than \$4.3M in annual savings and efficiencies.

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"We can now identify for the first time, exactly which branch is behind the 15 day cycle time target and take the necessary corrective actions"

Sammy Quino
Operations & Execution MAT
Leader, SVP Freight Business

Supply Chain Solutions – Front End and Service Delivery

The Commercial, Planning and Scheduling team was tasked with a two faceted mandate – first and foremost, they were to design the processes and management systems to be used by the newly formed SCS unit, including a structured sales approach, process, and pipeline management tools. Additionally, they identified significant opportunities on the commercial side, in terms of elimination of wasteful sales concessions and the development and implementation of account profitability tools and metrics.

Operations and Execution

Tasked with designing and implementing the overarching management control system and the rationalization of business unit and group KPIs, the Operations and Execution team drove improvements across the Group's operating units by implementing standardized management reports, structured weekly operations performance reviews, rationalized and re-defined KPIs, effective review meeting behaviors, and Root Cause Analysis. Examples of areas impacted ranged from increasing the compliance of on-time submission of Proof of Delivery (POD's), improved loading list compliance for port operations, reduction in container cycle time, and improved control over claims and damages. Highlighting the results from the team, was a vast improvement in fuel efficiency across the fleet, resulting in benefits of more than \$1.5M on an annualized basis.

THE RENOIR GROUP

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