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**[Heading]**

**Smart Warehousing and Distribution Systems: Cargo Carriers Is Open For Business**

**[Subhead]**

**JSE-listed supply chain specialist Cargo Carriers continues to diversify the logistics services it can offer. The company's new warehousing and distribution arm includes integrated software tracking and management that reduces the cost to clients of stock-outs and overstocks.**

**[Body]**

Cargo Carriers Limited. is a JSE-listed company that most South Africans identify with the trucking industry, but the company has spent the past decade actively diversifying its operations to include much more. Their ultimate aim is to provide full-service supply-chain management from delivery of raw materials, through the manufacturing process and on to the retailer, reducing clients' fixed capital and working capital requirements, as well as their operating costs.

Cargo Carriers' new warehousing and distribution arm is the latest addition to the company's offering, operated through CargoSolutions, the division dedicated to making clients' logistics more cost-effective. "This is a first for us," reveals CargoSolutions Divisional Director, Dawid Janse van Rensburg, "we've never done this before. But it is something that has grown organically from our involvement with manufacturers in their factory processes."

For nigh on eight years, Cargo Carriers' client base has included a number of large footwear manufacturers with factories dotted all over the country. Cargo Carriers was instrumental in installing software at these companies that integrated their supply chains, so that raw materials could be ordered and delivered on a just-in-time basis. Production becomes more cost-effective when manufacturers can reduce the storage space required for raw materials, but still ensure no interruptions in production.

"We've spent the past 10 years developing supply chain knowledge, skills and capacity at Cargo Carriers, over and above the basics of trucking," continues Janse van Rensburg. "In the process, we've been installing software and consulting quite extensively to the footwear industry in South Africa. We began to see the value of also providing warehousing and distribution services in the main metros to these manufacturers."



Working in a strategic partnership with these manufacturers, Cargo Carriers currently offers almost 6,000sq.m. of warehousing in Johannesburg and 2,000sq.m. in Cape Town. “It’s been a catalyst to help us break into a very competitive market,” says Janse van Rensburg. “And the response has been more than encouraging. “ In the next year, expansion may include facilities in Durban.

In a second phase, Cargo Carriers intends to broaden its footprint even more, offering warehousing and distribution in Mbombela (Nelspruit), Polokwane, Bloemfontein and Port Elizabeth. It’s an ambitious plan, in a crowded market. What makes Cargo Carriers think they can compete against the thousands, if not millions of companies already offering warehousing and distribution?

“What makes the Cargo Carriers option unique, we feel, is the patented software we have implemented to optimise supply chains; particularly from an inventory point of view,” explains Janse van Rensburg. “Traditionally, manufacturers forecast how much of a particular item they’re going to sell, and production is then focused on producing that amount. But the forecast is completely wrong at least 50 percent of the time. In most cases, they find that they run out of stock quickly on the fast runners – anything that is selling above expectations. In contrast, a lot of stuff that the forecasters thought would sell fast can end up sitting there as dead stock, costing retailers and manufacturers money in shelf and warehouse space.”

Cargo Carriers’ Symphony software, designed in Israel, uses algorithms that sense demand and match it to the required supply lead times. “Using Symphony, we can evaluate whether demand is increasing or decreasing on a daily basis,” says Janse van Rensburg. “We keep stock buffers for various factories in our warehouses, and our software tells us whether those buffers are adequate or not. If it gets dangerously close to a stock-out position, we know we need to pad that buffer.”

“The converse is true as well; if there’s stock sitting in the ‘too much’ zone, the software reduces the buffer and ensures that nobody orders more stock; or worse: tells the factory to make more stock. In the strategic partnership we have with several footwear manufacturers, we are in effect ordering what the warehouse needs from the factory; and what we are ordering today is the stock that was sold via the retailers yesterday.”

Janse van Rensburg has no doubt that Symphony can improve the cost efficiency of the manufacturers that Cargo Carriers partners with. “Reduced stock-outs lead to increased sales – and customer satisfaction. People can get so angry these days, when what they want to buy isn’t available, often without realising the complexity involved in supply chains. Stock-keeping items proliferation is spreading like wildfire. I’ve heard that an average retail store carries between 12 000 and 15 000 different items. The challenge of making sure you always have enough stock on all those items, without having too much or too little, is a massive task.”

An interesting anomaly backs up this claim. “The clothing and apparel industries have been decimated in South Africa, and many of the companies that remain are struggling to lower costs and raise profits,” van Rensburg says. “In the footwear industry, though, we’ve found that businesses using Symphony in supply chain management are doing exceptionally well, compared to the rest of the sector. We see it as an asset to manufacturing competitiveness, which is the only way we’ll retain jobs in local industries in the face of cheap imports. We don’t know of any other supply chain company in South Africa that offers Symphony, so we are confident it will give us – and our clients – a competitive edge.”

**[End]**



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