

SHEATH POST CO. (SPC)

CASE STUDY

Assessor Guide

References for Solutions

Q1. Basis the information provided in the case, conduct a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) of Sheath Post Co. (SPC).

Strengths

1. Established player (One of the top companies in APAC) in the market with a clientele amounting up to 1 Million and recognition in the industry through Global Express Delivery Gold Award for 8 years- Brand recognition and visibility
2. A Long term sustainable vision, clearly stated mission that mentions the existence of the business, and well aligned values covering critical contributory factors to excellent customer service.
3. Well established Digital and Logistics business lines functioning in emerging markets that has enabled the company to create a stronghold.
4. Employment of Online tracking systems for assurance of goods safety at each point of transition of the courier services which emerges as a critical differentiator.
5. Stable financial performance over the last 2 years in the Logistics and Digital businesses with an upward trend
6. Cash Backing: USD 284Mn worth of cash and cash equivalent (increasing trend) which allows investment in automation and learning and development activities.
7. 3 streams for revenue, which does not render the operations vulnerable to a single source of revenue line.

Weakness

1. Limitation to non-perishable goods handling.
2. Low investment in employee learning and development
3. Only 30% of total revenue is generated through the currently booming digital service industry.
4. Declining performance (2022) performance in Japan & ANZ market compared to last year – total reduction in revenue in both markets USD 115Mn
5. Currently highly dependent on traditional shipping & mailing methods in generating revenue (70% of total revenue comes from these lines)
6. Resource utilization: 60% of the staff is in courier services but the revenues contributing lesser percentage. This is a major weakness suggesting the business taking most of the resources is providing less returns
7. Lack of avenues to promote innovation within the company so as to cover the loss of revenue.
8. Lack of performance driven culture and slowness in responding to market developments

Opportunities

1. Large multi-cultured workforce which is a potential source of creative ideas, if utilized optimally.
2. Capitalize on continued growth of digital technology in shipping, logistic & supply chain industry.
3. A shift from physical paper based items such as statement, bills, payments and letters to digital version - this is one of potential area to improve SPC digital service revenue & bottom line
4. Tapping the e-commerce revolution in the courier and logistics industry especially in the retail segment.
5. A vast percentage of internet users in the APAC region which makes it an opportunity to invest in digital courier and logistics business.
6. Use of more technologically advanced business models targeting Generation Y.
7. Improve efficiency at multiple levels in the courier, digital services and logistic services using online payment platforms, mobile apps, data analytics, robotics and automation.

Threats

1. Loss of market share to innovative digital service providers such as Flying post and International Express (Intex) that offers innovative mailing and delivery solutions.
2. Customer preferences change from physical mailing to digital based online modes and drop in traditional package delivery.
3. Rapid innovation by competitors, changing market landscape and competition from local and global players.
4. Potential dilution/reduction in revenue generated via courier & logistic business of SPC due to emergence of differentiated competitors.
5. Continued and un-predicted dynamic changes in telecommunication and mobile technology.
6. Increasing attrition among new joiner and other low tenured employees which may cause a hindrance while implementing change, as old employees are fairly comfortable with existing processes.

Q2. On the basis of your assessment of the business risks and opportunities, identify avenue(s) for sustainable and profitable growth for SPC across APAC countries. How would you go about leveraging these avenue(s)

SPC should consider following strategic changes to consolidate its position across businesses and grow market share in order to explore the digital markets and become the No. 1 provider of mailing, shipping & logistic business in a simplified and convenient service model.

1. SPC needs to immediately re-look at their purpose and make attempts to position the firms as a connecting solutions provider to both household and corporate, rather than being badged as a courier service provider mostly to the corporate customers. This is the first step I suggest to reshape the company to suit the changing demands in the industry. With entry of ecommerce, consumer preferences are changing and it is important to leverage this customer segment for growth and survival alike.
2. Focus on Digital Services – Move fast on market advancements and provide digital mailing services to consumers in line with consumer preference. Promote the online tracking system for assurance of good safety in transition aggressively to attract customers. With increasing penetration of internet in South Asian nations, it presents a tremendous opportunity for companies to shift from traditional methods of communication and focus on e-mailing, e-communication and e-publishing of documents.
3. Modernize the digital experience to SPC customers - to support with customer mobile devices and allow wider access to businesses and people connectivity.
4. Strengthen logistics and shipping business – partner with large e-retailer firms by offering them end-to-end delivery services. SPC already has a well-established logistics business across the APAC countries, with trained and professional staff handling operations. They seamlessly deliver goods in minimum time both locally and internationally through their 400 Sheath Courier centers.

Q3. Please outline your specific plan to address the needs of Sheath Post Co.'s customers. How would you go about prioritizing which needs to address first? What would you do differently in order to create customer delight in the long-term and build customer relationships?

Plans to address changing customer needs

1. Provide end to end logistics solutions to large e-commerce companies including delivery, payment collections (both online and physical), mechanism for exchange and return of products.
2. Introduce new products in markets such as online mailing and provide enhanced digital services to existing customers (such as mobile tracking option ; enhance the current online tracking system and enable additional features)
3. Introduce offerings directed towards Gen Y and Gen X customers who have shown high dependency on technology based solutions.
4. Develop an online payment mechanism to provide a completely integrated logistics solution to customers.

Priority

1. The proportion of contribution from Courier business is quite low, despite majority resources being deployed in this business line. Also, the company is lacking competence in this area due to lack of automation. This is critical concern area for SPC, hence technological improvements and modification in offerings will be the top most priority.
2. Digital services line has shown an upward trend in revenue for SPC. The market trend also showcases huge opportunity to increase business from this service line. Keeping in line with the trends, SPC will look to add additional product offerings with more technological advancements.
3. The company has recently established its logistics business, which is significantly contributing to its growth. With emergence of large e-commerce players in the south Asian market and changing customer preferences, the company will continue to focus on this business line by looking to partner with other companies by providing them completely integrated services

Building Customer Delight

- Periodic customer surveys to be conducted to keep updated on latest customer needs, and collect feedback to identify areas of improvement or value-add
- Ensure that customer facing teams maintain constant communication with customers and are provided appropriate training to increase capability
- Develop a platform where customers can become self-reliant to solve commonly occurring problems and can get their queries solved real time basis
- Provide add-on services to create customer delight and induce loyalty among customers

Q4. What would you do to enable Sheath Post Co.'s employees to raise the bar on performance? Please suggest an action plan including the resources required to implement these solutions and changes.

Action Plan

- Periodic team huddles along with top management to drive motivation among the employees by communicating them about company's strategy going forward, current industry trends, company's plan for personal development of employees and support required to enable excellence in operations
- Cross-functional exposure to employees for increasing capability to handle diverse business operations. This way the employees will understand dependency of different support functions and promote collaboration
- Communicate the importance of team work among the team to drive higher performance
- Promote collaboration between old and new employees by arranging social events and team outings
- Along with HR, conduct an exercise to identify the current needs of employees by taking inputs from employees, managers, peers while accounting employee aspiration and future business needs

Resources Required

- Will need active support from HR to drive above mentioned initiatives
- Will need budget approvals for team outings and other socializing activities
- Identify people internally (manager and function heads) who can be identified as Coaches for employees
- Look for external partners to conduct training and development sessions