

\$260K of Demurrage Leakage

Case Study: **Logistics – Wine Segment**



■ LEAKAGE

Staff reduction at Customer's receiving sites (2) has led to 50 hours of weekly demurrage charges for a Supplier. At \$100 per hour, the Supplier incurs \$260k of annual third party logistics expense.

■ CAUSE

Delays are attributable to Drivers needing to "find" Customer staff to sign Delivery Orders and operate "Safety curtains". Demurrage costs are "hidden" in monthly 3rd Party Logistics charges & go unnoticed.

■ ACTION

During a Cross Functional contract review, Logistics Manager raises the Demurrage issue. Finance team calculate the cost to the P&L and the Account Manager discovers that all Demurrage charges are reimbursable from the Customer.

■ RESULT

Supplier raises dysfunction with Customer and a retrospective reimbursement is made. Extra Staff are added by Customer to circumvent future delays.