



The Chartered Institute of
Logistics & Transport

Singapore

TNT: Risk approach pays for supply chain security

SINGAPORE -- Adopting a risk-based approach to tighten its security processes and procedures in Asia has led to "significant" paybacks for TNT in terms of reducing losses and winning over customers, said an executive of the logistics and courier services company.

TNT Express has achieved the ISO 28000 security certification for all its operations in the Asia Pacific region. And this has certainly brought promising outcomes!

A driving force behind the risk-based approach was the ISO 28000 certification which the company received recently for its Asia-Pacific operations, according to Mr Tony Lugg, TNT's regional head of security for Asia.

The region's supply chains currently face a variety of threats, which range from natural disasters and terrorism to theft and counterfeiting. In addition, customs practices, political climate and legal and security practices vary from country to country.

The ISO 28000, Lugg added, is a "comprehensive framework" that builds upon existing certifications in use, such as the Customs-Trade Partnership Against Terrorism (C-TPAT), Authorised Economic Operators (AEO) and those under the Transported Asset Protection Association (TAPA). According to a white paper TNT commissioned, the ISO 28000 sets the foundation for efficient compliance with other international, national or industry-based guidelines.

Singapore logistics and supply chain technology company YCH Group, is believed to be the [first industry player globally to attain the ISO 28000: 2007 certification](#). YCH was awarded in May 2008.

TNT has spent about nine months to prepare for the certification, which is not yet widely attained by the industry. As part of the process, the company re-evaluated its systems and also performed some backend integration. TNT's customized security offerings for its customers from industries such as pharmaceuticals and high-tech, were also audited under the ISO standard.

For instance, should an airport be closed as in the case of [Thailand's Don Mueang and Suvarnabhumi airports last December](#), the freight would be diverted to TNT's Asian Road Network with minimal or no impact to the customer, he explained.

Although unable to disclose the investments made by TNT to become ISO 28000-compliant, Lugg noted that it was a "significant spend". This investment was included in the company's refurbishment of its regional hub in Singapore, to the tune of S\$20 million (US\$13.7 million).

Its more stringent practices have also led to "significant" returns, such as a 15 percent reduction in customer claims and 22 percent drop in the issuance of credit notes. It has also managed to trim its claims personnel in the regional hub from eight to three.

In addition, the company has been receiving more requests for quotations, and has seen its express flows from China to Vietnam go up "tremendously".

Lugg said this was a result of increased customer confidence in TNT's value proposition. "If you look at risks and manage them [accordingly], you [demonstrate] foresight," he said.

Source: TNT Press Release, June 24, 2009