A Situation Analysis of Integrated Logistics Berhad

Malaysia

ABSTRACT

The mainly important tool to generate alternative strategies would be TOWS Matrix. Prior to that, the SEPT analysis and SWOT analysis had been done to enable the matching process in the TOWS Matrix to be accomplished. There are other related models and tools to support the analysis. With the assistance of ILB administrations the client had the option to diminish its request process duration to its clients while decreasing stock-outs and by and large appropriation costs, as reserve funds in transportation was a lot more worthy than the additional completely troubles expenses of the new stockroom office. ILB business advancement distinguished a few appropriate open distribution center organizations and arranged to support the administrations from these organizations. The groupings were finished, giving the beneficiaries the entirety of the data they expected to assess their capacity to offer the necessary types of assistance and to build up serious valuing for those administrations. Following choice of the best distribution center decision, ILB arranged a usage plan intended to dispatch the administrations of the chose supplier in convenient and proficient way. To really sweeten the deal, and most likely as the consequence of having a stock near the market, deals expanded by 17% more than foreseen over the resulting two years. ILB’s client was satisfied with results.

INTRODUCTION

Firm with world class calculated competency can increase upper hand by furnishing clients with unrivaled assistance. The developing unmistakable quality of coordination’s as a serious weapon comes from the overall pattern of organizations going worldwide to get to new remote market, acknowledge more prominent creation and sourcing efficiencies, and tap mechanical skills past their own topographical. The fall of exchange boundaries, and the appearance of cutting edge data and media transmission advances have likewise opened new worldwide markets and open doors for organizations which need to depend on coordination’s to move their items and materials to meet creation necessities and client request (Yap, 2018; De Silva et al., 2018a; De Silva et al., 2018b; Nikhashemi et al., 2013). The destinations of the investigation are, to make certain the outside and inner factors constantly take a stab at progress in capability and adequacy in playing out the coordination’s assignments, to built up and keep up the remedial and preventive activities are actualized to take out repeat of coordination’s calamity inside. Integrated Logistics was incorporated in Malaysia. It obtained certificate to commence business on 27 February 1992. The above backups have been solidified through incorporated coordination’s on the fundamental leading body of the bursa Malaysia. The main exercises of the organization are sending and commission specialists, open fortified distribution center rental and arrangement of the board consultancy administrations (Arasu, 2005; Dewi et al., 2019; Pambreni et al., 2019; Tarofder et al., 2017).

Its subsidiaries are primarily engaged in the business of bonded warehousing, freight forwarding, bonded trucking and shipping agents. The company operates from its office in Subang Jaya. The operation of the Company as a forwarding agent is on a much smaller scale than its subsidiaries. Public bonded warehouses are occasionally rented out by Integrated Warehouse. The company also provides management consultancy and marketing services to its subsidiaries. The company presently has staff strength of 1200 employees (Yingqi, Chang, Khoo, Yap, & Muhamad, 2018; Doa et al., 2019; Maghfuriah et al., 2019; Nguyen et al., 2019). The bonded warehousing operations are interlinked with the freight forwarding, shipping agents and bonded trucking and they complement each other. In this respect, the present development in the industry is for a single operator to provide the whole range of integrated services. The gathering refers to the consummation of Shenzhen stage II and Shanghai stage I distribution centers as the principle factor for the bounce in income (Chang, 2018; Pathiratne et al., 2018; Rachmawati et al., 2019; Seneviratne et al., 2019; Sudari et al., 2019; Tarofder et al., 2019). The china showcase contributed some RM23.8 million during the monetary period finished June 30th 2004. Profit from the market is required to develop further with the forceful extension drive by the gathering. Benefit before charge improved by 122 percent to RM10.7 million contrasted with RM4.8 million in the previous year to date because of higher income and improved gross net revenue. The gathering enrolled a turnover of RM165.3 million, a development of 5% from the turnover of RM6.3 million (2002) during the year. This accomplishment was made conceivable by two fundamental factors, a generously higher commitment from the gathering’s consistently growing activities in the individuals’ republic of china and to a lesser degree, our exertion in defending our expenses. Sending, transportation and haulage turnover for this part in general posted a slight reduction during the year. This is credited to the expansion seriousness in the business this previous year. In any case, volume keeps a being high and combined with the gathering’s solid resources base right now. At this point, it bodes well to leave this activity to a business visionary who can run it proficiently than ILB did. In any case, the organization will keep on maintaining its hauler business, which structures some portion of the
fundamental coordination’s task (Hoa, 2018; Nildashami et al., 2017; Tarofder et al., 2019; Ulfah et al., 2019; Tarofder et al., 2016; Udriyah et al., 2019). Regarding warehousing, ILB would keep on pushing its seller oversaw stock model to portion of its clients. With VMi, ILB can offer them a total arrangement, in this way decreasing their cost further. Simultaneously, the organization would keep on decreasing its cost and enhance quality.

Thusly, the organization can offer a steady assistance to every one of its client whether in Malaysia or China and one of first to embrace Key execution Markers and that had functioned admirably in guaranteeing effective client care. NVOCCs unite little shipments into compartment stacks that move under one bill of replenishing. Progressively positive rates are given to the shipper. Administrations regularly offered by NVOCCs, notwithstanding standard administrations gave by cargo forwarders. Being one of the primary Malaysian organization to set up itself in China would give ILB the edge over other, in perspective on the fast development of nation (Te & Cheng, 2015). Contrast and other Malaysian organizations which as of late wandered into China, ILB has just settled itself there and ILB’s tasks in China presently contributed about 20% of its absolute income, yet that is relied upon to increment later on. ILB, a provincial coordination player, is presently one of the main coordination and reinforced distribution center administration in China as far as offices and tasks (Berhad, 2011).

**LITERATURE REVIEW**

ILB building up their ‘delicate’ administrations increases the value of their current administrations and produces better yield on the benefits. ILB local system is additionally upgraded by advancement of their Malaysia-Thailand cross outskirt circulation organize. This has empowered them to give a ‘land connect’ for their clients from Singapore straight up to Bangkok and past. They find as of late that numerous new officials are picking coordination’s and inventory network as a profession way because of its rising significance in associations and since coordination’s is presently additionally turning into a perceived instructive control (Kamar, Nasir, & Jaafar, 2018). This rising serious significance inside associations has likewise drive various prepared officials making the move from different regions of firms to the problem area of coordination’s and inventory network. Truly, most experts drive various prepared officials making the move from different regions of firms to the problem area of coordination’s and inventory network. Truly, most experts

Regard the text as a natural reading experience.
company (Berhad, 2011). They would discuss among them, and agreed to the new applications and refer to the budget that they already get. They state the 10 of risk components that would happen to their a) operation, b) products, c) customers, d) corporate governance, e) legal, f) regulatory, g) external, h) human capital, i) supplier and j) financial. All the components are very important for them to care of to avoid from losing and get decreasing in their business.

In opposition of Integrated Logistics Berhad, they identify that the type of information system that they use is DSS to support their decision making in their management of the daily activities and also to identify the best solution to solve the problems that they faced on (Shah, Muhammad, Mohamad, & Harlina, 2016). It produce to add the value and the growth in the new business that they manage and to make the diversifications among each departments, employees and also the activities that run seamlessly. The other components, which they manage, are resistance to change. ILB always seek for the new applications, information, resources, and also they send their employees to have the skills that they can give more possibilities and have new idea and opinions in operating the new business to gain the growth and profit in their company value. In the way to do it, they meet together and discuss on what are the best components to specify on the produce all the productions and also the satisfaction in according to their customers and the worldwide organizations needed (Hein & Banomyong, 2017). The operation of company financial and accounting record, they are based on the account department to identify what is the balance and the profits that they gain for their new business growth for every year, so that they can make the budget for buying new properties and tools for their company.

They would discuss among them, and agreed to the new applications and refer to the budget that they already get. For example, if they gain to buy a new warehouse, trailers or tools that they going to used, they would refer for the account department, and suggest either to pay cash or they can manage to get the loans from the banks to afford it (Tan, 2016). The services that they manage in the account department are they based on the applications that they made and then convert all the data into the meaningful report and they would make the analyze and evaluate it to get the results of the financial balance and the profit growth of the business activities. All the components are very important for ILB to care of to avoid from losing and get decreasing in their business. In preparing for their report of risk result, they also include of many criteria that involve avoiding the risk on to company. The strategy is to find the solutions through the innovations of the operations and the objective is to develop and maintain highly the efficient of the operations (Dhillon). The control of risk is state to be unclear or unformulated to the operations procedures on the new businesses. Including off that the consequences of the operations might not be at its most efficient levels. Any of the efficiencies that occur would cause to the company to lose the valuable of their resources.

The result of risk would be organize in type of either it is possible happen; the impact that would occur and also the value number of risk that record in the report. It possibility either high or low, and the impact is very significant or unsatisfactory to the risk that happens. If there is unsatisfactory to the follows, they would be identify and manage to get the satisfactory result of the risk. So they would be carefully and ready to face the consequences that would happen (Ab Talib & Daud, 2011). Lastly is, the secondary control, this is related to the second solution of what type of risk that they faced on, either in delivering the products that happen any accident or wrong delivering to another country, so they have to responsible on it. Or another risk is come from the God willing of bad weather, cracking, flooding, and many more. They have to think and find the next solution regarding on this risk. They can be aware to the situations. The final report that was recorded, is to be the step that they would gain and ready for the result of risk that happens either it is bad or small risk to their company products & services.

The information captures make them to be more careful and to make the presentation to their company of the risk that they face on. With those information’s, ILB also gain the balance risk of the company and to get settle in either one week or 2 month regarding on how big risk that they get, and make the analyze that happens through the company and worldwide activities (Yean, 2018). Industry patterns, for example, short item life cycle, redit item necessities and quiker lead times have likewise made the requirement for global organizations (MNCs) to redistribute their all-out coordination’s needs. In that capacity, the coordination’s business is set to stay perky in the coming year. Cooperating, ILB can help synchronize organic market to their clients an unequaled arrangement of administrations and a demonstrated reputation in coordination’s and transportation to improve absolute inventory network activities. As the business’ most generally perceived coordinators and transportation specialists, ILB have the perfect individuals for right occupation, and their demonstrated group approach gives quality arrangements. ILB is right now putting money on the re-appropriating business and its light calculated activities in china to post hearty development in the following three to four years (Rosli & Songpi). They have tied down two agreements for redistributing business to oversee stockrooms for multinations. In their new plan of action, the organization should look towards to catch this developing business. In utilizing their calculated arrangements, organizations can profit by better costing and the profits from the redistributing industry were acceptable and the organization was vigilant for all the more such agreements (Umussaa’dah, 2014). ILB’s own ware housing limit or space like other strategic organizations is restricted; the redistributing business offers them the chance to use upgo on their assets and completely utilize ILB’s coordination’s arrangements. This is new route forward as opposed to simply focusing on conventional organizations. In future ILB taking a gander at spots, for example, Hangzhou, Tianjin and shanghai for land to open more distribution centers. This is because of the empowering request from MNCs for their calculated administrations. Sooner rather than later, re-appropriating to 3PLs has been a method for utilizing economies of scale and taking advantage of a coordination’s framework that conveys expanded vigor to an organization’s inventory network (Budin).

The exhibited significance of the worth chain which impacts all exercises, from request satisfaction through to arrange conveyance concentrated endeavors on how the start to finish inventory network is both proficient and compelling in flawlessly conveying items to clients.

METHODS
The external strategic factors such as Social, Economic, Political and Technological factors will be analyzed using the Issues Priority Matrix (IPM) Opportunities and threats
that are related will be combined to get a better picture of the factors affecting the current and future success of ILB (will be assigned in the form of weight) and how ILB management is responding to these factors (will be assigned in the form of rating).

Synthesis of Internal Factors

The synthesis of internal factors is done by combining the strength and weakness and analyzing it. The Issues Priority Matrix will be used to perform the analysis.

**ANALYSIS**

External Strategic Factors

The purposes of identifying the External Strategic Factors (ESF) are to ensure that the ILB are able to recognize the main external issues when dealing with the challenges of the external environment. The following Issues Priority Matrix (refer to Table XX) can be used to select the most appropriate ESF.

<table>
<thead>
<tr>
<th>Probability of Occurrence</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Priority</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Medium Priority</td>
<td>Medium Priority</td>
<td>Low Priority</td>
<td></td>
</tr>
<tr>
<td>Low Priority</td>
<td>Low Priority</td>
<td>Low Priority</td>
<td></td>
</tr>
</tbody>
</table>

Probable Impact on Corporation.

Industry Analysis

Overall Integrated Logistics Bhd involved in the Warehousing and Transportation Industry.

This industry had sales of RM165 million in 2003. Services in this industry are essentially identical, with the exception being the value-added services.

**Table 1: Industry Comparative Analysis**

<table>
<thead>
<tr>
<th>Description</th>
<th>ILB</th>
<th>Tamada</th>
<th>K’sor</th>
<th>Century</th>
<th>Diethelm</th>
<th>Tiong Nam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Standing Comparison</td>
<td>RM ’000</td>
<td>RM ’000</td>
<td>RM ’000</td>
<td>RM ’000</td>
<td>RM ’000</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>165,334</td>
<td>19,862</td>
<td>211,017</td>
<td>76,521</td>
<td>2,357</td>
<td>2,353</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>11,144</td>
<td>(1,483)</td>
<td>3,327</td>
<td>(2,499, 948)</td>
<td>12,771</td>
<td>13,014</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>11,372</td>
<td>(1,820)</td>
<td>3,327</td>
<td>(2,499)</td>
<td>12,771</td>
<td>9,313</td>
</tr>
</tbody>
</table>

Source: Corporate Annual Reports from www.klse-ris.com.my

**INTERNAL ANALYSIS**

Internal analysis helps to identify a particular company’s strengths and weaknesses. The identification of the strengths and weaknesses as well as the external opportunities and threats would form a basis to establish the company’s objectives and strategies.

**Table 2: The Integrated Logistics Group Financial Report for Past 5 Years**

<table>
<thead>
<tr>
<th>Details</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>116,377</td>
<td>130,495</td>
<td>133,774</td>
<td>157,553</td>
<td>165,334</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>5,328</td>
<td>9,633</td>
<td>(1,879)</td>
<td>6,334</td>
<td>11,373</td>
</tr>
<tr>
<td>Taxation</td>
<td>(5,523)</td>
<td>7,325</td>
<td>(2,823)</td>
<td>(4,345)</td>
<td>(3,635)</td>
</tr>
</tbody>
</table>
The group operating revenue has been increased by 42% from 1999 to 2003. This is due to 2nd major plant has been operated in China especially in Shenzhen and Shanghai. In addition, profit after tax also shows an incremental from loss RM195,000 in year 1999 to profit RM7,737,000 in the year 2003.

![Graph showing financial report analysis](image)

**Table 3: Gross Profit Margin**

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit Margin</td>
<td>4.579</td>
<td>7.382</td>
<td>1.405</td>
<td>4.02</td>
<td>6.88</td>
</tr>
</tbody>
</table>

Gross Profit Margin

ILB boasts a higher gross profit margin than its competitors and logistics industry is more efficient. The gross profit margin for ILB is much more efficient in the operation and distribution of its services than most of its competitors for past 2 consecutive years which increase from 4.02% to 6.88%.

**Table 4: Net Profit Margin**

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit Margin</td>
<td>0.168</td>
<td>1.769</td>
<td>3.515</td>
<td>1.262</td>
<td>4.68</td>
</tr>
</tbody>
</table>

Net Profit Margin

Profit margins vary by industry, but all else being equal, the higher a company’s profit margin compared to its competitors, the better.

**Table 5: Return on Equity**

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Equity (ROE)</td>
<td>-</td>
<td>0.001</td>
<td>0.012</td>
<td>-</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Return on Equity (ROE)

ILB is earning a very respectable 4% on shareholder’s equity on 2003 compared to 2002 equity return. ILB generate high returns relative to their shareholder’s equity to pay their shareholders off handsomely, creating substantial assets for each dollar invested.

**Table 6: Return on Assets**

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Assets (ROA)</td>
<td>-</td>
<td>0.0005</td>
<td>0.009</td>
<td>-</td>
<td>0.005</td>
</tr>
</tbody>
</table>

Return on Assets (ROA)

Simply put, if ROA is above the rate that they borrow at then the project should be accepted, if not then it is rejected. ILB’s ROA is 1.6%, very low; this is over double the cost of borrowing.

**Table 7: Return on Investment**

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Investments (ROI)</td>
<td>-</td>
<td>0.046</td>
<td>0.009</td>
<td>-</td>
<td>0.072</td>
</tr>
</tbody>
</table>

Return on Investment (ROI)

ROI is a return ratio that compares the net benefits of a project verses its total costs.

**Debtors’ Turnover**

Debtors’ turnover periods are very significant because it will help the company to identify the number of days that the collection can be received from the debtors. For the ILB the total amount owing by debtors was RM4.5 million at the end of 31 December 2003, which as a percentage of total assets, is 14.09%. That’s a lot of money in absolute terms and relatively, and it’s 80% more than it was the year before. So, they’ve given an additional RM1.5 million worth of credit to their customers over the year.
Human Resources Analysis

In an effort to improve morale and productivity and to limit job turnover, ILB Human Resource also help effectively use employee skills, provide training opportunities to enhance those skills, and boost employees’ satisfaction with their jobs and working conditions. Although some jobs in the field require only limited contact with people outside the office, dealing with people is an essential part of the job in the logistics line. Findings and recommendations detailing opportunities to enhance those skills, and boost employees’ satisfaction with their jobs and working conditions. Although some jobs in the field require only limited contact with people outside the office, dealing with people is an essential part of the job in the logistics line.

Table 8: Staffing Performance Result

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>Typical Performance Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Typical Range of Results</td>
<td>Staff Productivity Operating Expense</td>
</tr>
<tr>
<td>10 - 20%</td>
<td>25 - 40%</td>
</tr>
</tbody>
</table>

CONCLUSIONS

Cost is the key measure by which ILB adequacy is regularly estimated. In any case, there is no prepared instrument which truly makes appropriate acknowledgment in costs for time or administration of the organization plan. Coordination’s cost estimation is a deficiency in the present bookkeeping frameworks. ILB make prudent cost basins in a powerless endeavor to quantify a dynamic, worldwide coordination’s process. What’s more there might be different issues, for example, money transformation and vacillations. Finally, ILB business process which runs from the seller’s entering way through to the customer’s. It isn’t delivering and getting, nor is it traffic or warehousing. By and large, ILB should accentuation on cost decrease, lower inventories, client support, and afterward benefits must move in a way that is reliable with the accentuation. It collaborates with pretty much every gathering inside the coordination’s business and with numerous organizations outside the ventures, including its clients. A successful ILB coordination’s administration spins around five key issues that is development of item, development of data, time or administration, cost and joining. Every one of this is basic to the accomplishment of ILB and to making esteem added to the organization and improving intensity. Administrations should likewise stream, not simply move, from to between and among merchants, fabricating destinations, stockrooms and clients.

On the off chance that it doesn’t stream, at that point there isn’t a stockpile pipeline. Rather there are lopsided characteristics in inventories with parts and completed merchandise not being the place they ought to be. This contextual investigation speaks to the most complete examination on incorporated coordination’s Berhad. The investigation gives a convenient examination of the procedures, the board needs, and tentative arrangements of the coordination’s suppliers as the coordination’s business is set to blast in the district. The discoveries of the investigation offer important data and experiences for ILB top administration just as arrangement creators. Top administration can utilize the discoveries for benchmarking purposes to define plans and full scale methodologies for the coordination’s business dependent on this data. The examination additionally gives a premise to future research on coordination’s. Incorporated coordination’s Berhad is interfaces and collaborates with the whole clients and with outer organizations, seller, clients, bearers and that’s only the tip of the iceberg. They are answerable for the development of items from their seller’s directly through to the conveyance at their clients entryway, including travels through assembling offices, stockrooms, outsiders, for example, repackages or merchants.

REFERENCES

students to become a certified public accountant (CPA), Management Science Letters


