

**SETTING UP A DELIVERY SERVICE
FOR SHAPADU AIR FREIGHT**

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Submitted to
School of Business and Management
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in partial fulfillment of the requirements for the
Advanced Diploma in Business Administration (Transport)

MAY 1993

ABSTRACT

This study was designed to assess the degree to which Shapadu Air Freight needed to operate its own delivery services. It was based upon the problems that was faced by hiring private vehicles for the movement of customers' goods. In addition, this study was designed to determine the appropriate vehicle fleet to serve the current need of Shapadu Air Freight, to formulate the initial capital investment that would be needed and the propose whether such a decision was viable or not.

The study employs statistical methods to obtain information and data which were used to achieve the findings which this study was primarily intended.

Data used and presented were gathered for the period of two months starting from January 1993' as SAF had started operation on that month and due to time constraint.

The following major conclusions were drawn from the study:

1. With the existing cargo shipments that is handled by SAF it is necessary to operate a delivery service to stop out-going cashflow and to provide better services to customers.
2. One vehicle was needed to serve the current level of cargo shipment that is being handled by SAF. To operate this one vehicle SAF would incur a monthly operations cost of \$5718.88 for the next five years.
3. Though this figure is higher that the monthly cost that is incurred to hire private vehicles, it is within SAF's capability to cover the cost through its earnings.

These conclusions suggested that operating a delivery service is viable and within the economic capability of SAF.

ACKNOWLEDGEMENTS

I wish to take this opportunity to acknowledge the people who have kindly assisted me in completing my research studies.

First and foremost, I wish to extend my sincere appreciation to my advisor, Puan Zaharah bte Ibrahim, for her guidance in completing this research study; and for enduring the many hours she has had to spend with me.

My most sincere appreciation also goes out to Encik Mohd. Hanafiah bin Ahmad, manager of Shapadu Air Freight, for serving as my supervisor during my industrial attachment there. Thank you for 'always trying to be there'. To Encik Md Yunus bin Md Nor, my thanks also for being my supervisor during my period at Shapadu Trans- System, Port Klang.

My warmest thank you to all the staff of Shapadu Air Freight; Nazariah, Razak(Import), Hayat Al- Sabri, Razak(export), Noorashidah and Shafari. The time we spent together was a wonderful and enriching experience for me.

Last but not least, my very special thank you to my lovely parents, for all their encouragement and support. Thank you for your never-ending love.

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CHAPTER 1

RESEARCH PROPOSAL

1.1 Introduction

Shapadu began operations way back in the 1970s when it was first involved in contracting works and port-operation-related activities in Port Klang with its founder, Tuan Haji Sharani Haji Abdullah at its helm. Shapadu's first involvement in the transport business was the shunting services contracted by the Klang Port Authority (KPA). This shunting service in KPA's yard was carried out using 14 units of industrial tractors.

On 21st October 1980, Shapadu Kontena Sdn. Bhd. was incorporated. And with the permit approval from the government to operate container haulage services, Shapadu bought its first batch of prime movers and trailers to set the motion. From container haulage, Shapadu Kontena diversified in 1981 through its subsidiary company, Shapadu Trans-System Sdn. Bhd.

Shapadu Trans-System (STS) offers many services in terms of transporting goods and freight forwarding. It handles cargo to be air and sea-freighted to any part of the world. STS's team of personnel are trained in every detail involved in custom formalities to ensure smooth handling of goods movement internationally. Services include customs documentation, port clearance and monitoring and coordinating of shipment from factory to port and vice-versa.

Shapadu Air Freight (SAF) is a division of STS (refer to Figure 1.1). It was formed in 1989 with the objective of providing a more complete service to customers. Situated in Subang Jaya, near the Kuala Lumpur International Airport, it is responsible for the movement of goods by air. Among the services that it