



Robinsons' Global

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With the construction of two new high-tech, temperature controlled warehouses in Mumbai and Pune nearing completion, Robinsons Group is finally getting its new entity, Robinsons Global Logistics (RGL), off the drawing board.

Robinsons group, a logistics company currently run by the fourth generation of the founders, is making the final moves to become managing / single-window logistics vendors. With this aim they have formed a new entity called Robinsons Global Logistics (RGL). The main entity within the group was (and still is) Robinsons Air Services, that handles a lot of luxury items, high-end watches (starting off at 3 lakhs to 5 lakhs). These are high-end retail items for which strong customs clearance is crucial. This strength of the firm has attracted a lot of large customers over a time frame.

CUSTOMER REQUIREMENTS

Apart from customs clearance, another critical requirement for such customers is warehousing. They don't require much space, nor do they store these for too long, but considering the value of their products, they need a lot of security with sophistication. "Many requests from customers keep coming for such advanced temperature controlled warehouses. Apart from luxury items, tobacco, alcohol, etc, also need ambient temperature (18-23°C)," says Rhea Vazirani, director, RGL.

Along with constant customer feedback, they also conducted a market study sometime back. While generic market indications like the boom in retail indicated the need, the study confirmed that currently there weren't many players catering to the needs of these high-end luxury and retail customers. "Just two to three players are there. For instance, Snowman's primarily catering to

perishables like ice-creams and then there is Gateway distiparks," adds Rhea, "That's when we thought why not do the warehousing too, we were anyways doing their freight forwarding."

One of the first deliverables coming out of the RGL stable is an ambient temperature controlled warehouse in Bhiwandi near Mumbai. It has an area of 60,000 sq. ft., about 20 percent of which is for the receiving area, pick and pack operations.

They have also put up a racking system that allows them to go about 20 ft high. The material handling systems being used also reach that height. The warehouse is not dedicated for clients with temperature controlled needs only. "We are looking at a ratio where 70 percent will be temperature controlled and 30 percent dry," informs Rhea, "Some clients may require temperature control and dry logistics, and we don't want to lose them."

TECH ADVANCED

RGL also seems to be an effort on the part of the Robinsons Group to get into more efficient, high-tech facilities. While most of their existing 42 (leased) warehouses across the country are primarily manual, RGL is investing huge amounts of money into technology for their first warehouse at Bhiwandi.

"Labour is so cheap, so why look at technology," quips Rhea, "These technologies decrease errors, increase efficiency and productivity." She indicates that in a year or two, they would be doing semi automated or probably fully automated operations.

Further she adds, "We have gone for bin shelving because a



Aspirations

lot of the SKUs will have high volumes. We have also looked at pallet racks. The racking system is from Nilkamal-BITO.”

Additionally, RGL is implementing a WMS from Infor. Warehouse executives will be given RF handhelds. “These will be integrated with the WMS. Picking is one of the most expensive activities in Europe and US, not so much in India because of availability of cheap labour,” explains Rhea, “But the customers we are targeting will expect efficiency more than just low costs.” Currently, Infor is helping them finalize the RF suppliers.

RGL is also looking at standardizing on global practices. The Bhiwandi warehouse, for example, is TAPA (Transported Asset Protection Association) certified. “We have put in a lot of effort for this certification, and we know that customers will value it,” she says confidently.

FUTURE LOOKOUT

Initially, the funding of the new entity was done internally by the group, but now they are looking at various PE funding options available through KPMG.

The company’s warehouse at Bhiwandi will start its operations in January 2008, and the other one in Pune, for which land is already acquired, will follow in March

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08. Once the infrastructure is in place, RGL expects to become a single managing vendor for a lot of customers. “Usually you wait for the client to come onboard, and then build what they require. We are going the other way round. We are building the capacity first and then going to the customers,” says Rhea.

“Most of the imports will come from US and Europe. It will be a mix of air and ocean freight starting primarily from

JNPT and Mumbai International Airport,” reveals Rhea, “We’ll be handling the customs clearance, the primary transport to the warehouse, then storage, inventory management, and finally the last mile delivery to their end client.”

“Our service offerings may also include door-to-door services, if freight forwarding is also involved before customs clearance, because in that case we’ll be collecting goods from their source outside, wherever they are,” adds Rhea. However, since most MNC clients have global contracts with larger global logistics players, their freight forwarding arms will be taken care of.

They are looking at the domestic market too, but Rhea puts in a cautious note, “This is a niche market, and considering the additional facilities and value-added services we offer, rates would be at least 25 percent more than plain vanilla warehousing providers.”

While Robinsons Global Logistics is still in the process of negotiating with the most potential customers within the non-perishable goods and luxury retail segments, the company is actively looking at other segments with similar requirements such as dairy. Art is another potential low-volume, high-value market RGL intends to target. 