

# Investing in a sustainable future for shipping

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SOME companies in the freight industry stay asset-light and outsource their freight forwarding services. CK Shipping chose to do things differently when it was founded in 2001, investing heavily in assets such as vehicles and warehouses, so it could provide integrated logistics services.

This decision paid off. Two decades later, CK Shipping has 122 staff in 15 offices worldwide, with 1 million square feet (sq ft) of warehousing and storage. Its presence ranges from Singapore, Malaysia and Vietnam, Hong Kong and China, to Australia, New Zealand, and Samoa.

From 2007, it began expanding into other services. Group chief executive officer Ken Ngan believes CK Shipping was Singapore's first small and medium-sized enterprise to offer services in aerospace and aviation logistics as well as cotton warehousing. Its other services are air freight; e-commerce; exhibition logistics; project logistics for oil and gas companies; relocation services for companies and expatriates; and sea freight.

Said Ngan: "The hunger for continuous improvement and innovation will help the company keep up with the times and ensure continuity of the business, while maximising customer satisfaction."

## Worth the investment

To offer customers full solutions, CK Shipping oversees the entire journey from shipper to recipient. Its network agents can handle different sea transport requests in a cost-effective manner, including internationally-licensed freight forwarding; full and loose container consolidation; multi-transhipment; and customs clearance.

Among its major investments over the years were storage facilities for aircraft components, to support aviation logistics. This is now one of the company's major selling points.

Its main warehouse in Singa-



The CK Shipping team, led by group chief executive officer Ken Ngan (centre, seated). The company's presence ranges from Singapore, Malaysia and Vietnam, Hong Kong and China, to Australia, New Zealand, and Samoa. PHOTO: CK SHIPPING

pore spans 200,000 sq ft, with fully air-conditioned sections, humidity-controlled storage and an open yard. It also offers an aircraft on ground (AOG) service for aircraft that cannot fly due to technical reasons.

Managed by an in-house team of experts, this provides on-demand services such as aviation maintenance, 24 hours a day, seven days a week.

CK Shipping has also invested in a certified lifting team and multiple 40-foot air ride suspension lowbeds for transporting delicate, large-scale aircraft equipment. Similarly, it has specially-built warehouses and machinery geared to handle delicate aircraft components and fragile goods.

Its strict compliance with industry standards for specialised storage have created a high barrier to entry for would-be competitors, said Ngan, noting that some of CK Shipping's clients are top industry players in aerospace engineering.

## Handling tough times

The journey has not been without challenges. Logistics is an industry with high staff turnover, and a key issue faced by CK Shipping is manpower, especially for last-mile logistics.

"It is difficult to source for drivers as they are often demanding and require many terms and conditions to suit them," said Ngan. "The popularity of the gig economy has also prompted many delivery drivers to opt for jobs with more flexible working hours."

It has been hard for CK Shipping's payroll systems to accommodate the number of drivers needed. In addition, when drivers give last-minute notifications that they cannot turn up for work, crucial shipping timelines are affected.

To resolve this, the company has a hybrid structure for delivery drivers: some are hired directly while others are outsourced. While the latter may cost more, this structure allows the company to

improve the timeliness of deliveries.

A recent challenge has been the Covid-19 pandemic. Its resultant global lockdowns disrupted global logistics, and CK Shipping was no exception. Apart from a dip in logistics demand, one of the biggest challenges was the recruitment of staff. With working from home as a default, it was difficult to train new employees, who have to familiarise themselves with on-site facilities.

Nonetheless, thanks to its earlier expansion and diversification into a wider range of services, some of CK Shipping's businesses continued to thrive even during the pandemic.

First, disruptions created storage needs. When the aviation industry was hit, there was more demand for CK Shipping's aerospace and aviation logistics services, particularly air-conditioned warehousing for aircraft engines that were not in use. Logistics disrup-

tions meant a rise in storage space demand from sea freight clients, with CK Shipping having to extend its warehouse space by 75,000 sq ft to meet this.

Second, the surge in e-commerce resulted in increased demand for sea freight services. With insufficient shipping containers available, the shipping space crunch pushed freight rates up. As a result of all these factors, CK Shipping's net profit tripled in 2021.

## Forging a sustainable future

CK Shipping's investments are not just in facilities and machinery. Said Ngan: "There is a need for traditional companies like CK Shipping to adapt to changing times, with factors such as climate change and industry-disrupting innovations like e-commerce."

To that end, CK Shipping has invested in an in-house logistics tracking system and recently hired a chief technology officer to set up

a digital team.

It has several digital projects in the pipeline, including a platform enabling consumers in Singapore to connect directly with suppliers in the region. Ngan sees this as a potential opportunity in the saturated e-commerce industry, and a way to help consumers secure timely delivery, especially for larger goods.

On the sustainability front, Ngan—who co-chairs the Singapore Logistics Association's committee on sustainability efforts—believes that the logistics industry can move towards reducing carbon emissions and becoming more of a circular economy.

CK Shipping is doing its part to become a socially and environmentally responsible integrated logistics provider. It has subscribed to the Energy Reset and Green Economy pillars of Singapore's Green Plan 2030, and hopes to encourage other logistics service providers to take similar sustainability measures.

All of CK Shipping's warehouse cranes and forklifts are now electric, and it hopes to shift towards electric vans for its current transport fleet in the near future. It also has plans to install solar panels in its Loyang office for sustainable operations.



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