

Specification of Competency Standards
for the Logistics Industry
Unit of Competency

Functional Area - Operations Management

Title	Formulate air freight charging strategy and standard
Code	LOAFOM507B
Range	This unit of competency is applicable to air freight forwarders and logistics companies. Practitioners should be capable to set reasonable air freight charging standard for the company and formulate strategy and guidelines to maximise the profits of the company.
Level	5
Credit	9 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Possess the relevant knowledge of air freight charges</p> <ul style="list-style-type: none"> • Understand the concepts of air freight charges, charging organisations and their services • Understand whether the charges of the industry, industrial associations and service providers are publicly announced • Understand the competition climate and specialised flight development • Understand the substitution products like e-Commerce, Courier and others impact to the freight strategies. • Know about pre-payment, payment on delivery and full payment • Know about the charging criteria for each item and its calculation • Know about organisations or companies providing air freight charging services, like their market structures and competition status • Know about channels obtaining the latest charging method and updated trading term <p>2. Formulate air freight charging strategy and standard</p> <ul style="list-style-type: none"> • Collect charging details from all air freight service providers • Categorize charging items, such as compulsory charges, non-compulsory charges, import/export charges, charges for large volume or small volume, punitive charges, etc. • Assess the service provider on charging level • Compare charges of different service providers • Formulate airfreight charges strategies and level according to the company operation policies • Assess the status of transferring the freight service charges to customers • Assess and determine whether the freight service charges should be included in the freight rates or treated as surcharges • Assess and determine whether to exempt some of the freight service charges to enhance competitiveness • Compile report to analyse the formulation of air freight charging strategy and level to the decision-making level • Analyse the substitution products pricing and propose to the company
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Capable to analyse and assess the charging items, standard and criteria for the services provided and their calculations of the market • Capable to formulate a competitive air freight charging strategy and standard according to company's operation strategy; and • Capable to compile report to analyse the formulation of air freight charging strategy and standard to the management
Remark	