

Specification of Competency Standards for the Logistics Industry

Unit of Competency

1. Title	Formulate shipping alliance strategy
2. Code	LOGSOM604A
3. Range	This unit of competency is applicable to shipping companies and sea freight operators who own a fleet. Practitioners should be capable to formulate a strategy for the company to enter into shipping alliance according to its own business direction, market condition and competition strategy.
4. Level	6
5. Credit	9 (for reference only)
6. Competency	<p style="text-align: center;"><u>Performance Requirements</u></p> <p>6.1 Understand shipping alliance</p> <ul style="list-style-type: none">◆ Understand the importance and development trend of strategic partnership◆ Understand the trades of sea freight, such as regional distribution of business, container throughput of major container ports and their market share and the demand for sea freight services, etc.◆ Understand the company, including: operation mode, coverage of haul routes, future goals and strategies, market positioning, financial position, manpower supply, technical support, etc.◆ Understand the company's goals of building alliance, such as: increase the market share, reduce the risks and costs of operation, improve the operational efficiency and meet the needs of customers, etc.

	<ul style="list-style-type: none"> ◆ Understand market competitors including their services, strengths and weaknesses, fees, market share, present situation, and future development, etc. ◆ Understand the business scope, operation scale and capability of shipping companies who intend to become affiliated ◆ Understand the importance of selecting appropriate partners and the key to the success of alliance ◆ Understand the influence of political, economic and financial issues on the formulation of shipping alliance strategies ◆ Understand the influence and control of fair trade laws, business laws, international conventions and relevant legislations on alliance ◆ Master the methodology and techniques adopted in games theory, operations research and financial analysis <p>6.2 Formulate shipping alliance strategy</p> <ul style="list-style-type: none"> ◆ Analyze whether building alliance can achieve the expected goals of the company, such as improving the overall profitability, bringing about satisfactory returns, or sending the goods to the destination within the shortest time by reducing the delivery time ◆ Analyze the participating shipping operators of the alliance, including their operation scale, capacity and market share, etc
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	<ul style="list-style-type: none"> ◆ Analyze the alliance’s influence on pricing, safety measures, corporate financing and resources arrangement, time control and service quality ◆ Consider different factors for selecting appropriate partners ◆ Deliberate on the contract details of the alliance, including the mode for slot sharing, details of slot leasing of cargo spaces, agreement on handling of surplus spaces, and agreement on freight rate, etc. ◆ Understand relevant legislations and international conventions so as to formulate a lawful partnership strategy for sea freight ◆ Handle and balance the interests of the participants and stake-holders of the partnership ◆ Compile reports to illustrate alliance partners the strategy for sea freight
7. Assessment Criteria	<p>The integrated outcome of this unit of competency are:</p> <ul style="list-style-type: none"> (i) Capable to cope with the development strategy of the company, analyze the strategies of competitors and the market supply, and plan and formulate the shipping alliance strategy so as to cater for the needs of the changing market; and (ii) Capable to analyze thoroughly the shipping alliance strategy so as to make the right decision for the enterprise.
8. Remarks	