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Logistics and Supply Chain Management Excellence

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Invest Northern Ireland

nitl

Supply Chain Management
Centre of Excellence

Presented by: Edward Sweeney, Randal Faulkner, Leonora O'Donovan and Austin Smyth

nitl Supply Chain Management Centre of Excellence

Logistics and Supply Chain Management Excellence

Invest Northern Ireland

July 28th 2004

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Agenda

- What is NITL?
- What is Supply Chain Management?
- Key Characteristics of Excellent SCM
- Situation in Ireland
- NITL's Action Plan
- The Future of SCM in Ireland

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History of NITL

- Report “World Class to Serve the World”
- April 1998
- National Centre for Supply Chain Excellence
- Supported by National Development Plan
- Managed by the Department of Enterprise, Trade and Employment
- Through Enterprise Ireland
- Based at the DIT

Forfás

NDP

ENTERPRISE IRELAND

D·I·T

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Aims of NITL

***NITL's objectives are to*:**

- **Raise the profile of Supply Chain Management**
- **Increase the pool of professionals in Supply Chain Management**
- **Provide a strategic resource of expertise and knowledge**

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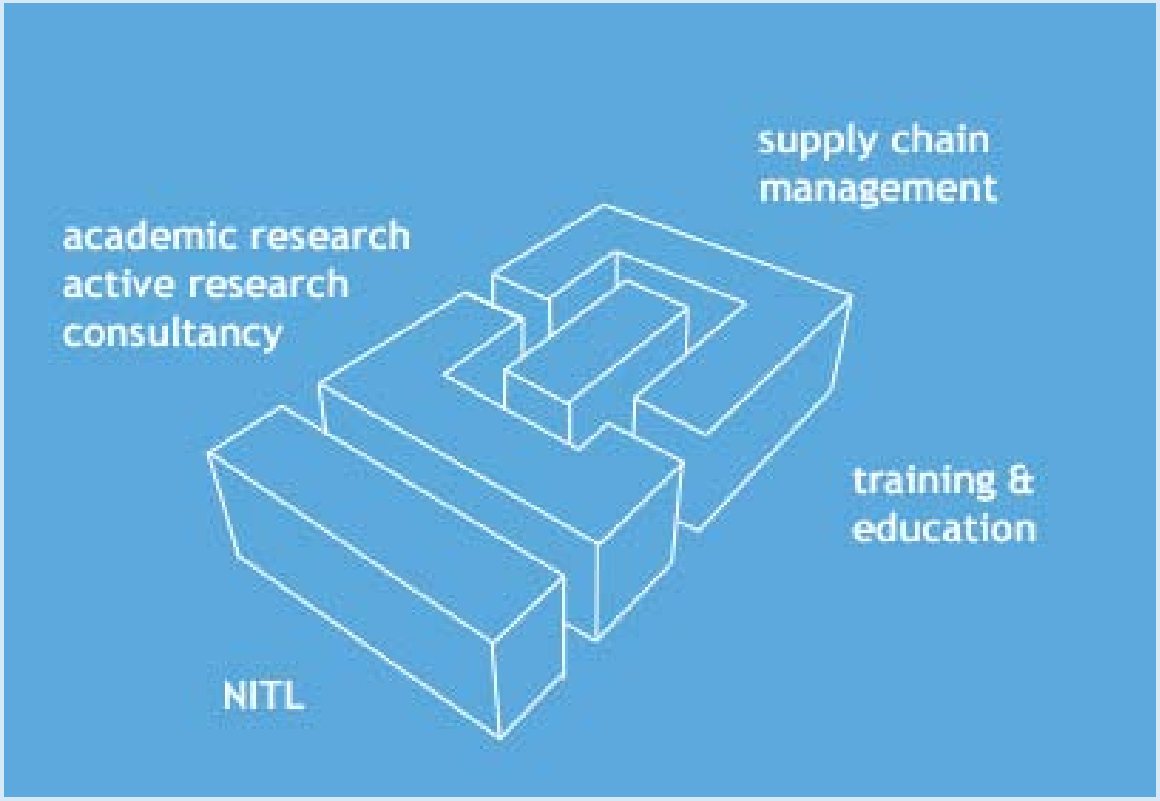
NITL Structure and Activities



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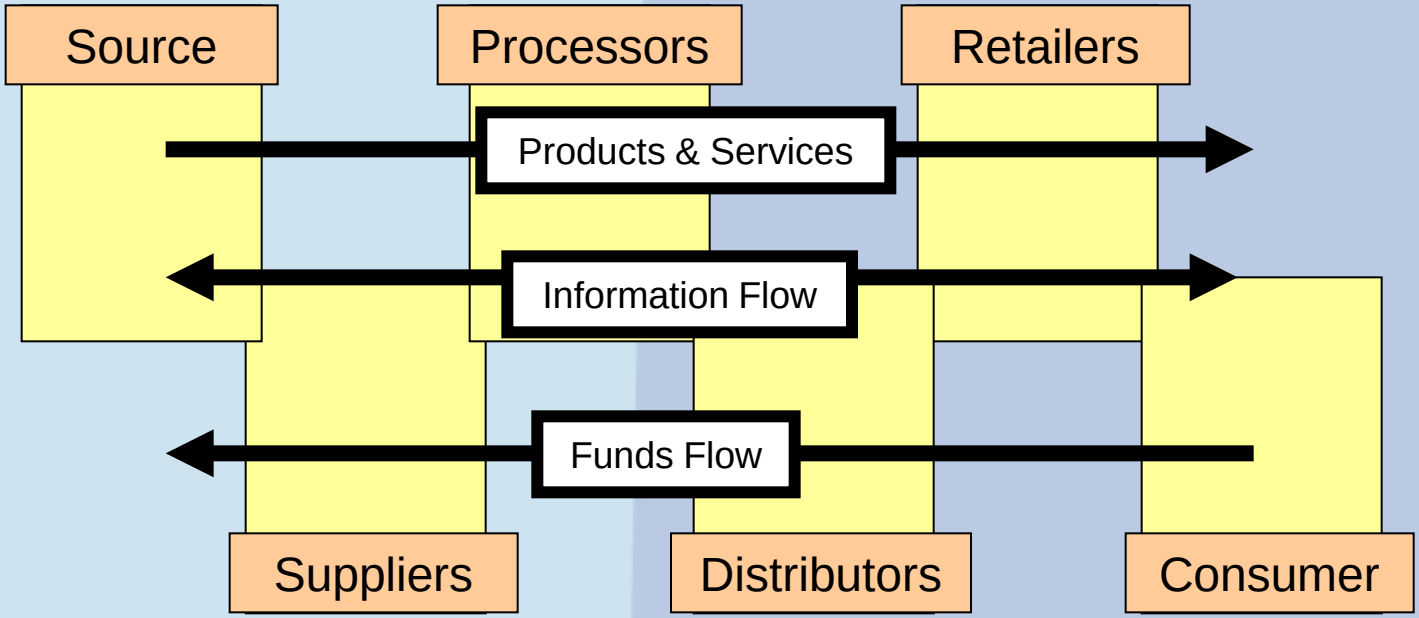
Fundamental 1 - The Aims of Supply Chain Management

- Supply Chain Management aims to achieve competitive advantage through:
- ***Enhanced Customer Service***
- ***Optimised Costs and Investments***
- SCM provides the end customer with the right product at the right time, priced at the right level, in the right quantity and quality

Fundamental 2 - Supply Chain Philosophy



A product reaches the final consumer through a chain of companies which will typically include suppliers, processors, distributors and retailers.

The Weakest Link

- Without the right companies across the supply chain to work with, a company will never achieve true competitive advantage. In other words

- The supply chain is only as strong as its weakest link.

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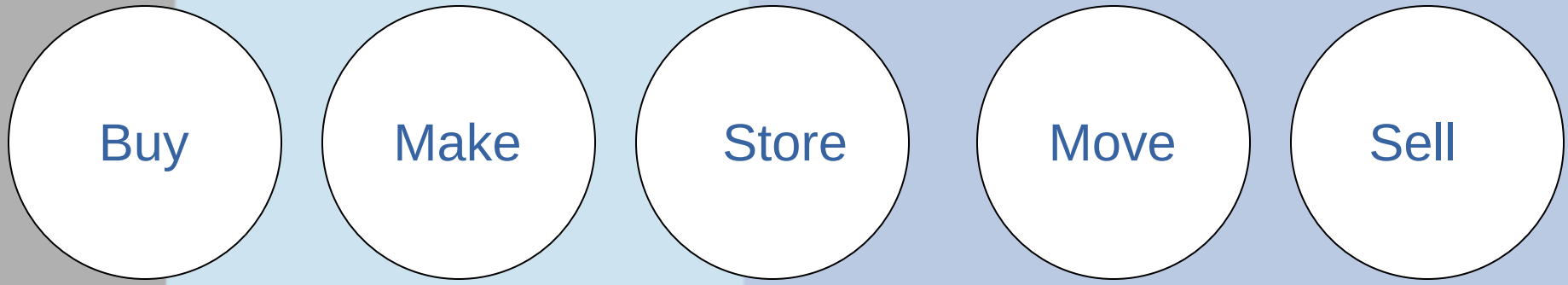
What is Supply Chain Management?



Traditionally these functions are managed in isolation and often operate at cross purposes.

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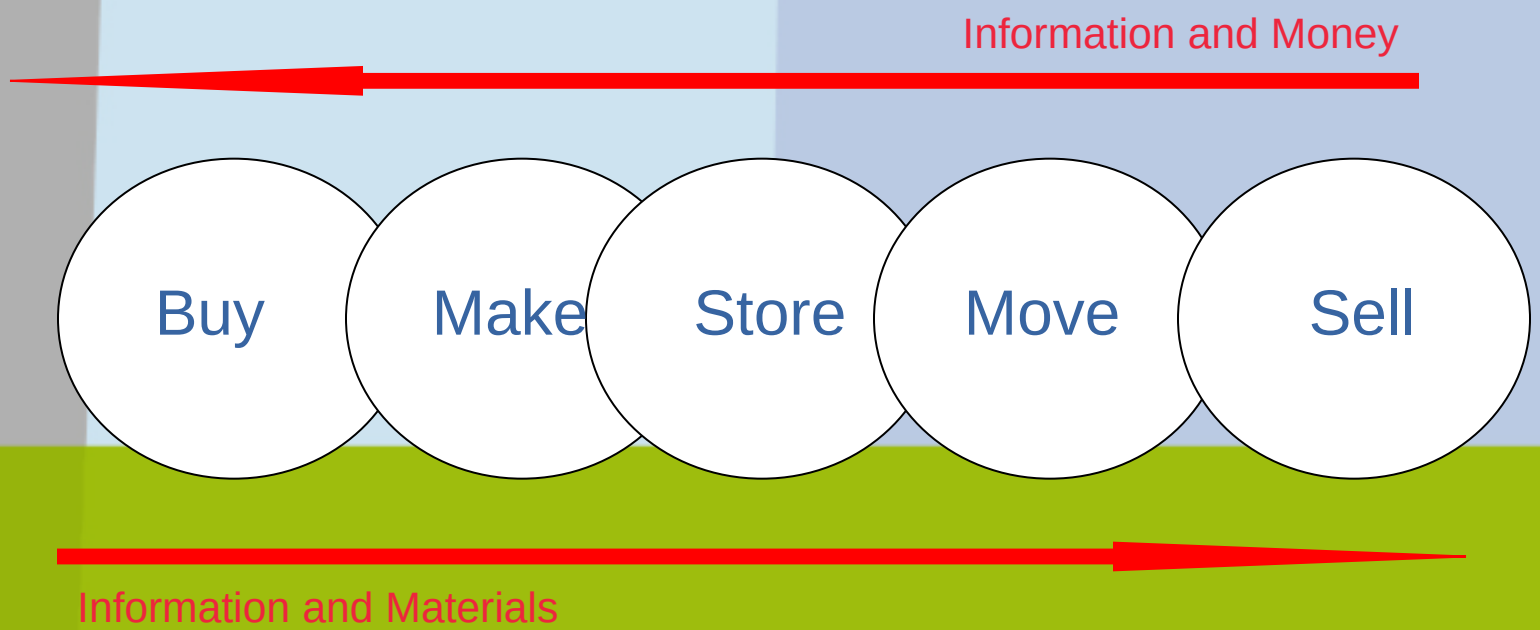
What is Supply Chain Management?

Supply chain management integrates these functions by holistically managing the information, material and financial flows.



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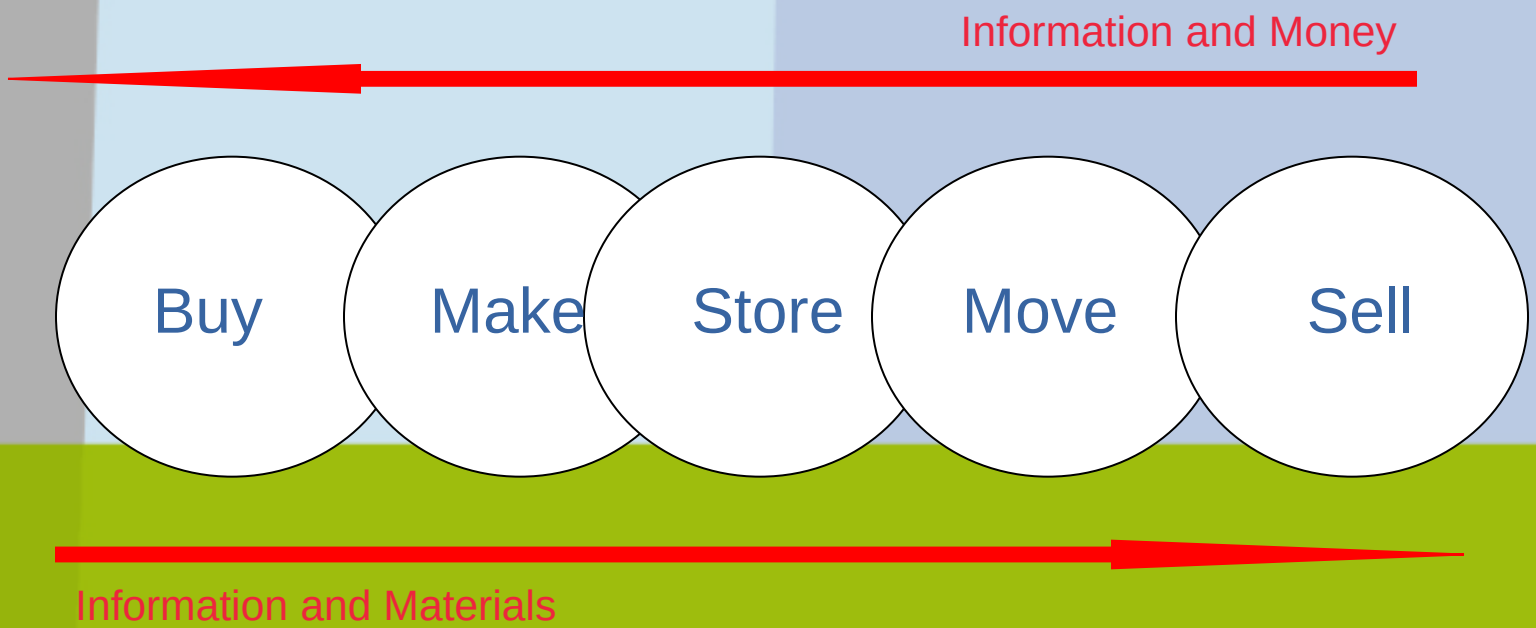
Fundamental 3 – Managing the Flows

Supply chain management integrates these functions by holistically managing the information, material and financial flows.



Fundamental 4 - Relationships

Re-assessment of internal and external customer/supplier relationships.

SCM is not a "zero-sum game" based on adversarial relationships

SCM is a "win-win" game based on partnership relationships?

Why is SCM Important?

MIT Study

- The application of SCM in US industry had the following effects
  - 50% reduction in inventory
  - 40% improvement in on-time deliveries
  - 27% reduction in order cycle times
  - nine fold reduction in out of stocks

Importance of SCM to Ireland

- Potential operational benefits identified by MIT
- Transport only one, and not most important cost, therefore location not a significant disadvantage
- Relatively small companies can be a part of a global supply chain
- Can manage ‘virtual’ supply chains from Ireland

Key Characteristics of Excellent SCM

- Integration of supply chain activities
- SCM a senior management function
- Identification and measurement of customer service
    - customer service 'sets the spec' for SC design
- Integration of supply chain information
- Establishment and measurement of supply chain KPI's

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SCM Capability of Irish Companies

(2001 – currently being re-assessed)

- Surveyed 300 EI client companies
- Across all sectors, regions, size
- Mix of 'face to face' and telephone interviews

Key Findings

- Less than 20% have a formal logistics position and in less than 4% is it at Board Level
- Less than 50% measure customer service formally and those have very limited measurements
- Companies score low in relation to having the latest supply chain systems and having them integrated across the supply chain
- Few companies had clearly defined SCM KPI's

NITL's Action Plan

- Create awareness of SCM
- Increase the pool of Supply Chain Management professionals
- Develop and provide SCM support tools

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Creating Awareness

- Logistics Ireland Annual Conference
- Logistics Solutions magazine
- Technical Fact Sheets
- SCM Road Show
- NITL Website

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Increasing the Pool of SCM Professionals – NITL *Learning*

Programme	Leading to
Foundation Certificate Programme	Post-Experience Certificate
SCM Development Programme	Post-Experience Cert/Diploma
Executive Masters Programme	M.Sc.
Fellowship Programme	M.Phil.
Research Studies	M.Phil./Ph.D.
In-house Learning	Certified Continuing Professional Development
Senior Executive Programme	
Short Courses	

PLUS

FAS Supply Chain Logistics National Traineeship

DIT B.Sc. In Transport and Logistics

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Industrial Interface

- **All learning programmes run in partnership with industry (*excellence with relevance*)**
- **Sectors represented include:**

  ***Electronics*: HP, Dell, Intel, Flextronics, Apple**

  ***Food and Drink*: Diageo, Coca-Cola, Glanbia, Tesco, Superquinn**

  ***Pharmaceutical and Medical Devices*: Glaxo, Boston Scientific, Schering Plough, Uniphar, United Drug**

  ***Logistics Service Providers*: IEC, ABX, Exel, Banta, Sercom**

  ***Public Sector*: Health Agencies, Local Government, Defence Forces and Educational Institutes**

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SCM Support Tools and Services

- Support Tools
  - Self Audit Packs
  - Benchmarking Clubs
  - Statistics and Indices
  - SCM Software Directory
  - SCM Services Directory
- Knowledge Resources and Research
- Advice and Consultancy

Drivers of SCM Change

- Migration of manufacturing towards lower labour cost countries
- Raw material and customer market globalisation
- Outsourcing: creating “virtual”supply chains
- ICT developments: a key enabler of supply chain integration
- SCM moving up the value hierarchy: “2nd Generation SCM”

Implications for Enterprise Strategy

- Management of virtual supply chains from Ireland
- Integrating NPI and supply chain design
- Optimising national distribution networks

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