Dublin Institute of Technology
ARROW@DIT

Other Resources

National Institute for Transport and Logistics

2003-01-01

You Need to Think Supply Chain Management!

Edward Sweeney
Dublin Institute of Technology, edward.sweeney@dit.ie

Follow this and additional works at: http://arrow.dit.ie/nitlotr

Part of the Business Administration, Management, and Operations Commons

Recommended Citation
Sweeney, E.:You Need to Think Supply Chain Management!Keynote Speech at Succeed Against the Odds, Waterford Chamber of Commerce, October 2003.

This Presentation is brought to you for free and open access by the National Institute for Transport and Logistics at ARROW@DIT. It has been accepted for inclusion in Other Resources by an authorized administrator of ARROW@DIT. For more information, please contact yvonne.desmond@dit.ie, arrow.admin@dit.ie.

This work is licensed under a Creative Commons Attribution-Noncommercial-Share Alike 3.0 License

Waterford Chamber of Commerce

You Need to Think Supply Chain Management!

Edward Sweeney
Director of Learning
National Institute for Transport and Logistics (NITL)

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Agenda

- What is SCM?
- New Paradigms in SCM Thinking
- SCM in Ireland
- Challenges: the future

nitl
Supply Chain Management
Centre of Excellence

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Customer Service 'Sets the Spec for Integrated SCM'

Market Driven Customer Service Strategy

Performance Specification for Integrated Supply Chain Management

nitl
Supply Chain Management
Centre of Excellence

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

What is Supply Chain Management?

Buy

Make

Store

Move

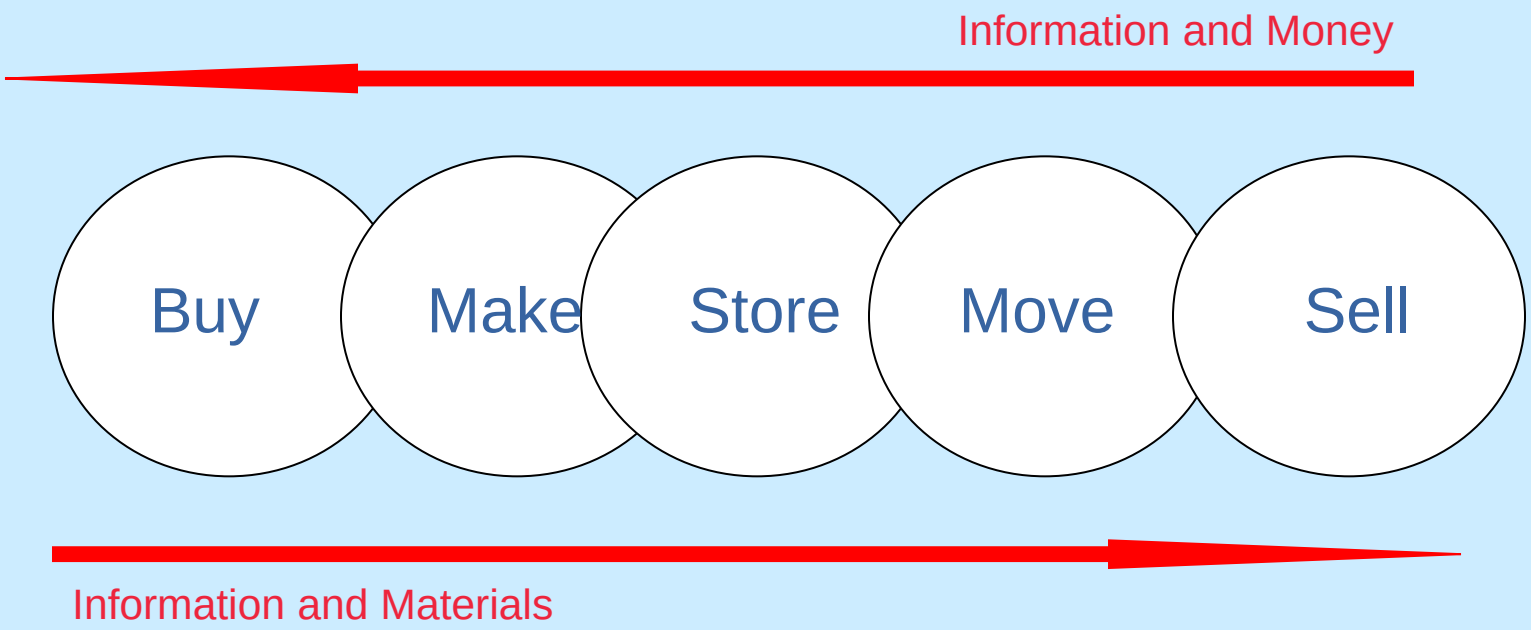
Sell

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

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

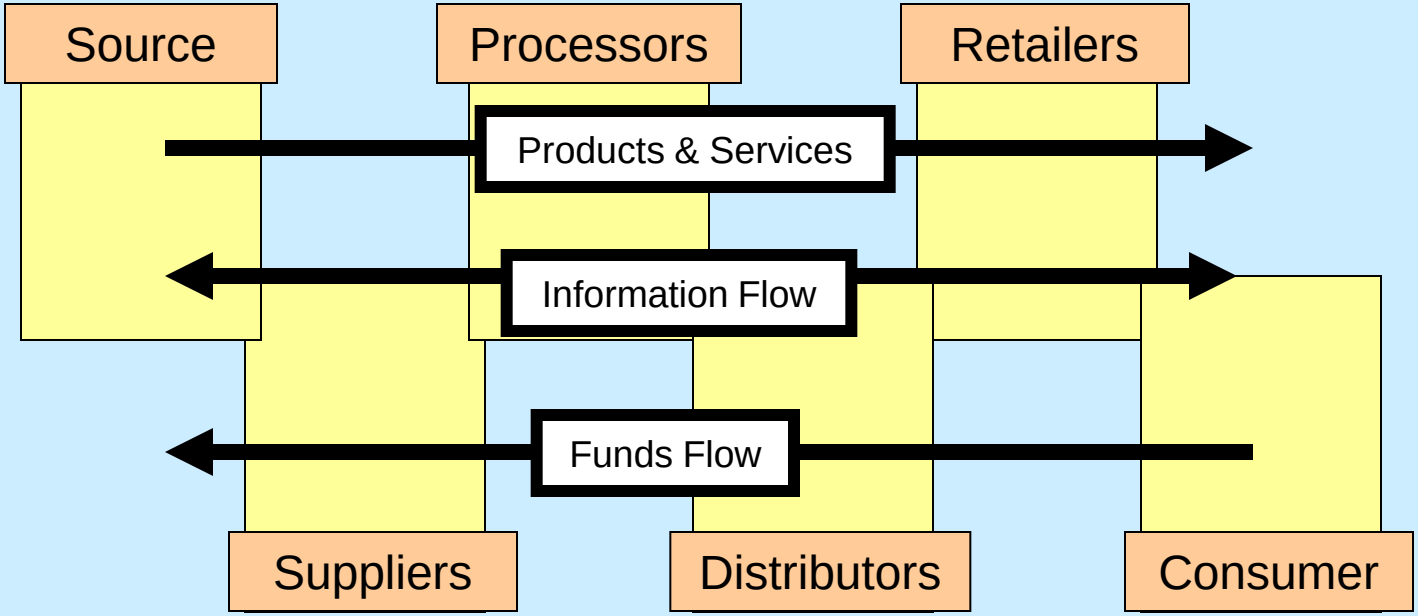
What is Supply Chain Management?

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



nitl
Supply Chain Management Centre of Excellence
NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Supply Chain Philosophy



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

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

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.

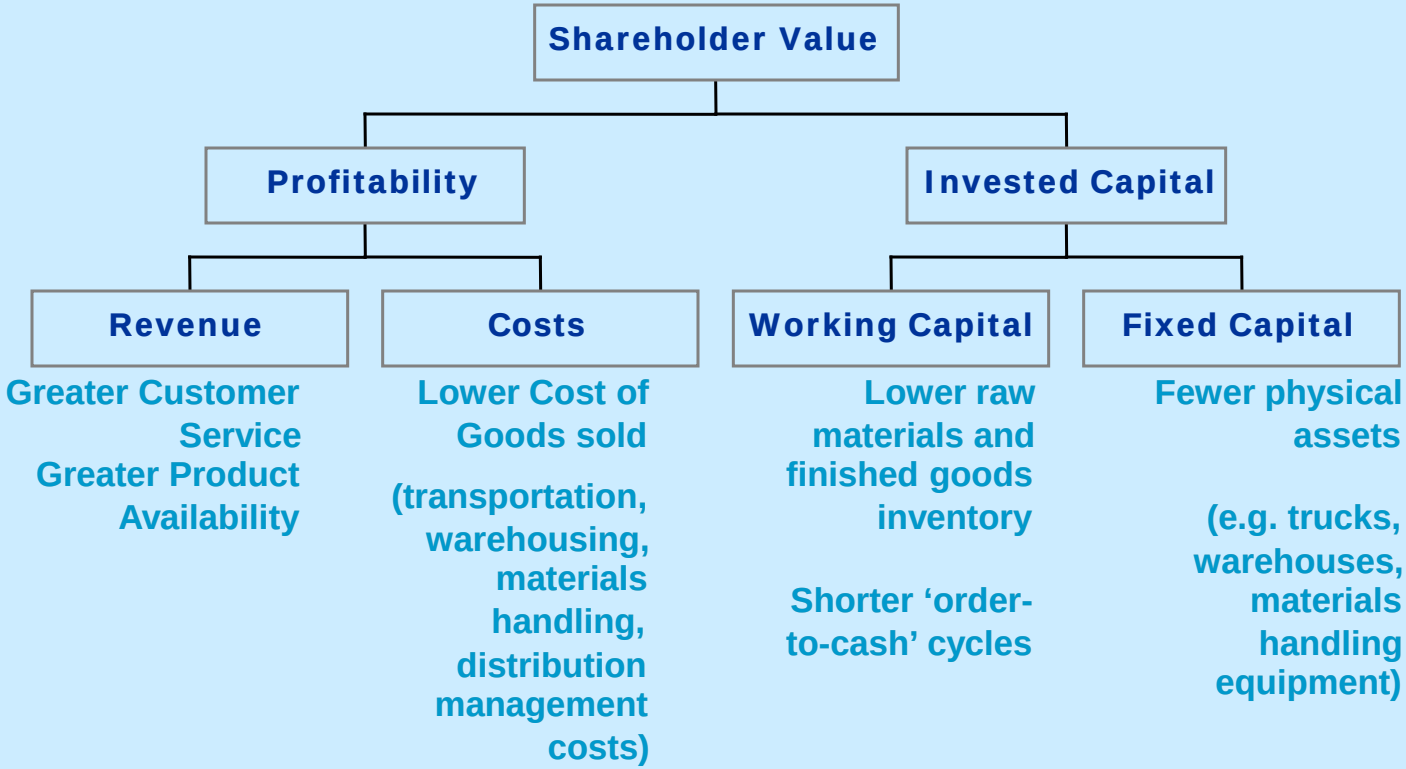
NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Key Characteristics of Excellent SCM

- Integration of supply chain activities
  - sales forecasting; procurement; inbound transportation; production planning; inventory management; warehousing; outbound transport; customer service; sales order processing
- 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

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Impact of SCM on Cash Earnings



Sources of competitive advantage from SCM

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Improved Financial Performance Measures the Success of SCM

Optimum Supply Chain Cost & Investment

Financial Impact of Effective Supply Chain Management

nitl
Supply Chain Management Centre of Excellence

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

New Paradigms in SCM Thinking

Functions to → Processes

Inventory to → Information

Fragmentation to → Integration

Functional to → Market Focus

Insourcing to → Management of Alliances

Fully Controlled to → 'Arm's length' via third parties

(Source: Martin Christopher 1998)

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

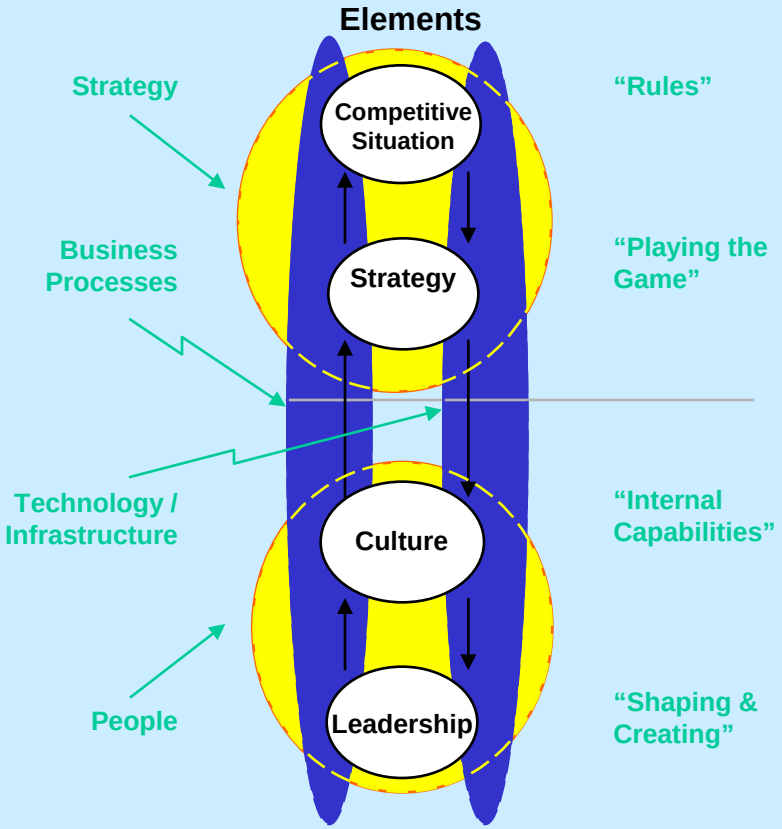
"Stage Four" SCM

Management Focus and Priorities	***Information Systems Characteristics***	***Organisation Structure***	***Relationship Characteristics***
Value Creation	Use of Internet/Extranet/XML/ Browser-assesible applications	***Multiple Enterprise***	Command Responsibilities
Innovation	***Linked ERP for transaction***	Connected	***Emphasis on trust***
Agility/Responsiveness	CPFRs for planning and control	De-centralised	Actively collaborative
Demand-driven		Complementary Contributors	Framework/Agreement/ Rules of membership
		Appointed leaders/ administrators	

(Source: Fred Hewitt, 2002)

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

The Strategic Alignment Framework



(Source: John Gattorna, 2002)

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Competitive Advantage

There are four main elements involved in being competitive:

- **Innovation capacity**
- **Flexibility of business culture**
- **Engaging in strategic partnerships**
- **Improved business practice through the integration of supply chain systems and lean production.**

(Source: Deborah Wince-Smith, US Council on Competitiveness, 2003)

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

SCM in Ireland: importance

- Potential operational benefits (supply chain economics and customer service)
- Open economy (imports/exports proportion of GDP)
- 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

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

SCM in Ireland: current situation

- 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 IT and having them integrated across the supply chain
- Few companies had clearly defined SCM KPI's
  - 35% did not know their total supply chain costs
  - 60% had not reviewed their transport costs in the last 6 months
  - over 40% admitted holding obsolete inventory

(Source: NITL Logistics Capabilities Study, 2001)

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Some Underlying Causes

- Inefficiencies are often built into the supply chain
- Communication structures ineffective
- Exchange of information poor
- Culture inappropriate
- Excessive reliance on forecasting and stockholding
- Managing problems, rather than eliminating their causes

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Future Challenges

- Ireland moving into 2nd Generation SCM
- SCM moving "up the value hierarchy"
- Knowledge and skills implications
- IT decision making
- Ireland: a pan-European supply chain hub?

NITL, DIT, 17 Herbert St, Dublin 2, Ireland
T. +353 1 669 0806 F. +353 1 661 1943
E. nitl@dit.ie W. www.nitl.ie

Please contact us for all your SCM queries

NITL
17 Herbert Street
Dublin 2
www.nitl.ie
Info@nitl.ie
Tel: 01 660 08 06
Fax: 01 661 19 43