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Logistics and Supply Chain Management Excellence

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Invest
Northern
Ireland

The logo for Invest Northern Ireland features a stylized flower or star shape composed of six petals. The top two petals are green, the middle two are light blue, and the bottom two are a darker blue.

nitl

Supply Chain Management
Centre of Excellence

Presented by: Edward Sweeney, Randal
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Smyth

Logistics and Supply Chain Management Excellence

Invest 
Northern
Ireland

July 28th 2004

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**

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

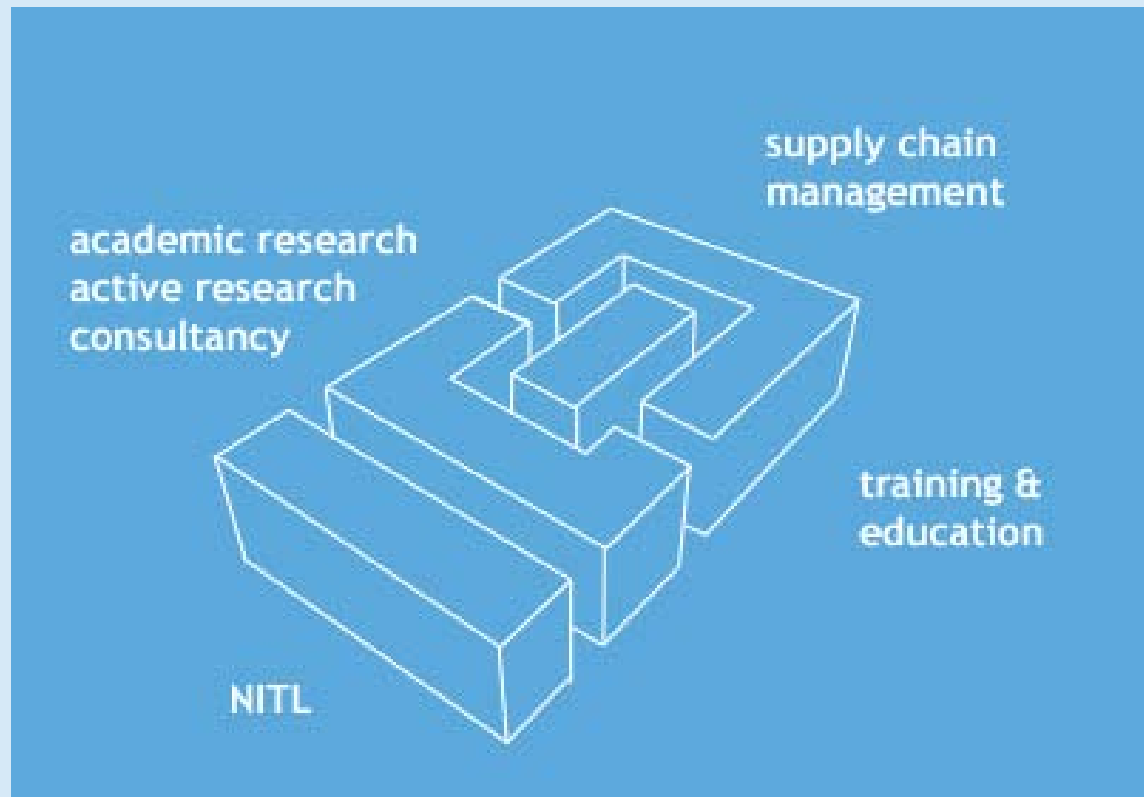


Aims of NITL

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

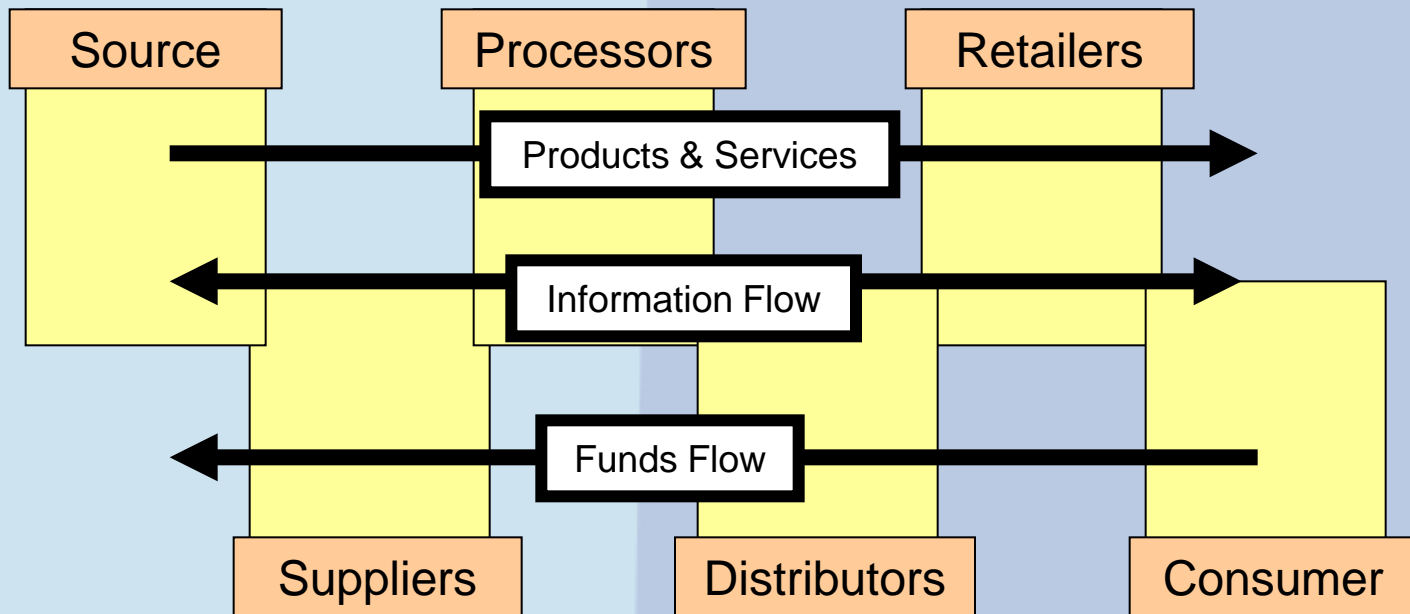
NITL Structure and Activities



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.

What is Supply Chain Management?

A white circle with a thin black border containing the word 'Buy' in blue text.

Buy

A white circle with a thin black border containing the word 'Make' in blue text.

Make

A white circle with a thin black border containing the word 'Store' in blue text.

Store

A white circle with a thin black border containing the word 'Move' in blue text.

Move

A white circle with a thin black border containing the word 'Sell' in blue text.

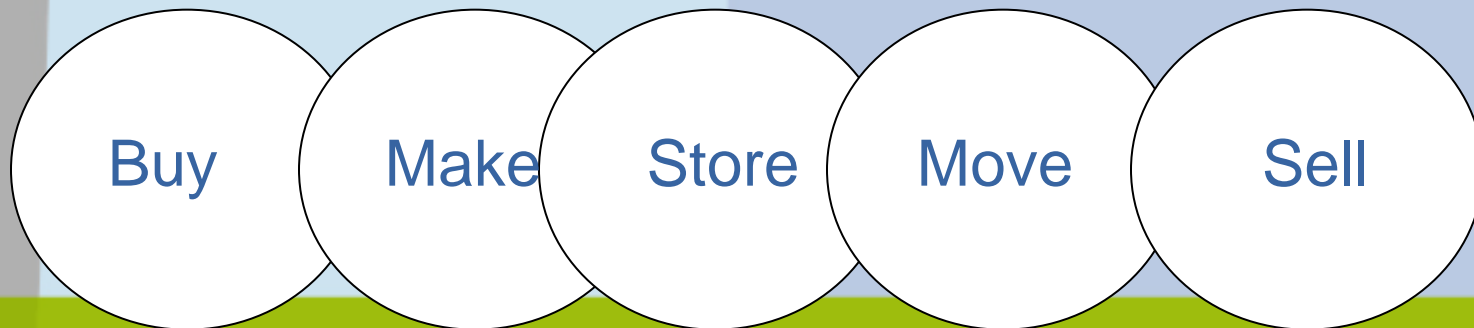
Sell

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

What is Supply Chain Management?

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

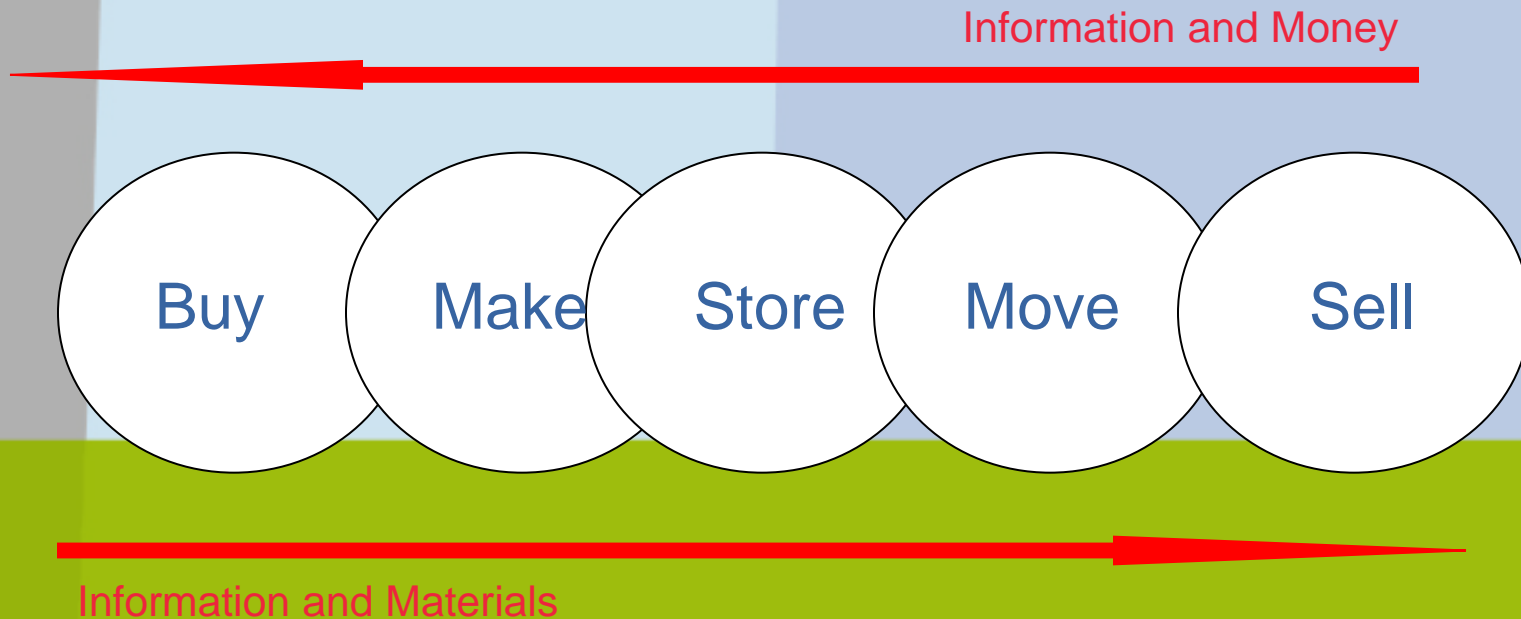
Information and Money



Information and Materials

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

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

Creating Awareness

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

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

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

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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