



# Capitalising on our supply chain strengths

Irish expertise in the field could help to see us through tough times, writes **Dave Boland**

**S**upply chain management used to be seen as something of an add-on, but not something that was critical to a business's ultimate success. But many things that seemed superfluous in the past have proven to be absolutely crucial to the present. Far from being an add-on service, expertise in supply chain management could be something that saves Ireland from the jaws of a particularly nasty recession.

The reality is that many companies have a major percentage of their costs tied up in the supply chain. So while businesses may be lured out of Ireland by the promise of cheaper labour costs, they may ultimately be shooting themselves in the foot if they fail to take advantage of the unusually strong supply chain knowledge that exists in this country.

Indeed, supply chain expertise can serve as an excellent example of how the knowledge economy could work outside of the R&D sector. Traditional manufacturing may be exiting this country, but what is left often includes the higher value added jobs that have been promoted by the government. Some of these higher value added jobs are in logistics and supply chain.

Take the example of Apple Computers in Cork. While manufacturing in the plant

may be finished, employment levels are now at least as high, if not higher, than they were in the past as a result of marketing jobs, new product development jobs and supply chain staff members.

It is a similar story with Dell, which will retain a number of supply chain positions after the Limerick assembly line has packed up and left.

"The IDA is promoting the idea of Ireland as a supply chain hub very strongly," said Edward Sweeney, director of learning at the National Institute of Transport and Logistics located in DIT in Dublin. "There is no reason why a Japanese or a US company cannot set up a strategic business unit here, which encompasses supply chain activities."

Ireland has two particularly strong points in its favour as a centre for supply chain management. One is its supply chain expertise. The other is its 12.5 per cent corporation tax rate. Of course, for any strategic business unit to take advantage of the 12.5 per cent, it would have to have a revenue stream, but creative transfer pricing mechanisms could be brought into play in this regard. That is a matter for the multinationals themselves. But where Ireland can improve its chances is by ensuring that the levels of expertise which have been created by our experience of multinationals do not dissipate in the trough of despondency in which the country currently finds itself.

"We have seen over the years a disproportionate amount of inward investment, from companies which are exemplars of supply chain management," said Sweeney. "Irish people learned world-class supply chain management in good business sectors, and we have built on this with a new focus from the educational sector."

Of course, NITL plays a significant part in this educational focus. It is a unique sort of organisation, born out of a

1995 Forfás report entitled 'World Class to Serve the World' which looked at what the country needed to do at policy level to engender investment. A major focus of the report was on supply chain and logistics, and part of the proposals included the establishment of a single national centre of excellence – hence NITL.

The institute runs two main postgraduate programmes, the flagship of which is an Executive MSc in Supply Chain Management. This tends to be for managers with specific supply chain or logistics experience, and virtually every sector of the economy is represented among the learning cohort, as well as a number of professionals from third-party logistics providers.

The other main NITL programme is a full-time MSc, which tends to be taken on by more recent graduates who may be looking to enter into a career in supply chain management.

"In the past, people tended to fall into supply chain management roles, as opposed to choosing it as a career," said Sweeney.

"However, with the new undergraduate courses which have come on stream in the universities and institutes of technology, as well as greater awareness of the career among guidance counsellors, people are more aware of the possibilities of a career in logistics - and these will tend to end up on our full-time MSc programme."

Interest in a career in supply chain management has come with a greater understanding of what the job can actually entail. The traditional view of logistics has tended to revolve around trucks and sheds, and while this is still an important part of the supply chain, it is only a part.

"The supply chain includes everything from procurement and new product design and development all the way to the end user and even beyond,

thanks to reverse logistics around the areas of recycling and recovering products," said Sweeney. "It's about improving the time it takes to get a product to a market, and some companies are very creative about doing it."

Another area in which people could build a career is 'green logistics', where companies look at how they can reduce their carbon footprints through smarter supply chain management. But despite these possibilities, the question remains – can Ireland really use supply chain management to further its own business credentials?

"Research tells us that there are pockets of excellence around the country, but that there are sectors where there is serious room for improvement," said Sweeney. "In this regard, we are no different from other countries. Still, we believe that there is currently a tremendous opportunity to expand our existing operations, managing virtual supply chain hubs from a location here in Ireland."

