

SCM SUPPLY CHAIN MANAGEMENT

3-PAGE SPECIAL REPORT

Moving from the back room to boardrooms

By Dave Boland

Through a combination of necessity and design, Ireland has managed to adapt reasonably well to the realities of having to trade in the global market. In fact, despite a steep fall-off in the latter six months of the year, our export sector still remains strong, and we experienced a whole-year increase of 5 per cent, or €8 billion, on the total value of our exports.

Of course, any business trading in an open market needs to maintain significant levels of competitiveness, and Ireland as a whole has managed to rein in some of the spiralling costs that threatened our economy during the boom years.

However, competitiveness is about more than mere cost-cutting; integral to the process is the concept of value-add, where 'better' is aligned with 'cheaper' to create a historically attractive package.

A significant element in this package is supply chain management (SCM), which aligns all of the links in the supply chain, ensuring efficiency and

transparency through the lifecycle of the product or service as it travels from concept through manufacture, and eventually to market.

Such is the importance of ensuring an efficient supply chain that, in the case of many progressive companies, the function has moved out of the back room and landed squarely in the boardroom.

"There are a number of Irish companies which have focused on the need to build their supply chains, and in many of these cases they have become very professional in their approaches," said Dr Richard Keegan, manager of the Competitiveness Department in Enterprise Ireland, and eventually to market.

"Much of the drive in this regard has come from the multinationals, which have demanded a professional performance from key players in the Irish market – and these key players are meeting their requirements."

There is, of course, an immediate advantage for any Irish company which improves its supply chain management: it will position itself to take more business from companies and organisations which demand a higher level of profes-

sionalism from suppliers and customers.

The indigenous companies that are more challenged by external requirements have tended to apply best practice in supply chain management, while those operating in purely local markets have not had the same imperative to improve.

"The local market has not been exposed to international best practice, and so may not be aware of the potential of professional supply chain management," said Keegan. "But for exporters, the understanding of international best practice is the sine qua non, whether it applies to product development, procurement, physical logistics or the supply chain."

Ireland has been successful in reducing its labour costs, but the challenge for companies is now about how to use labour more effectively, how to use the minds as well as the physical presence of the workforce.

"We have had some successes, but our supply base and our logistics base still need to improve. Many Irish firms need to understand that we won't improve our competitiveness and responsiveness by doing what we've been doing."



SCM ensures efficiency and transparency through the lifecycle of the product or service as it travels to the market

Intelligent design a hallmark of supply chain evolution



Edward Sweeney, director of learning at the National Institute of Transport and Logistics (NITL) at DIT

By Dave Boland

Irish employment may have suffered a severe battering since the shaky foundations of the economy crumbled almost half a decade ago, but there are still opportunities to find a job in what is a massively developed – and one of these sectors is in supply chain management.

This is due not only to the necessity of having a functioning supply chain in an island country which is massively dependent both on imports and exports, it is also due to the increased professionalism which is sweeping the entire management of the supply chain at

home and overseas.

While it would be easy to ascribe this increased professionalism to the influence of the multinationals which have loomed so large in Ireland since the 1970s, the reality is that not all of the large companies operate to international best practice; and the sophistication of the supply chain appears to have more to do with sector than with company.

According to Edward Sweeney, director of learning at the National Institute of Transport and Logistics (NITL) at DIT, there are "pockets of excellence" when it comes to supply chain management in Ireland, but there is also "huge room for improvement."

"Like a telephone or a motor car, a supply chain is a complex

entity," he said. "So you need to have robust engineering principles underpinning its design. I have heard supply chains being described as a series of historical accidents which evolved over time; and this is why improving the supply chain is not just about making sure that it is managed by professional people. I believe that it is vitally important for the supply chain to be designed in a deliberate fashion."

The easiest way to do this, in theory, would be to rip everything up and start from scratch. But supply chains exist in the real world, often incorporating multiple companies operating in the design, manufacture, shipping, assembly and transport spaces, as well as the ancillary support and

administrative functions that are required to bring a product from farm to fork or from cradle to grave.

And these disparate elements have often come together over time to create a supply chain that is somehow both multi-faceted and monolithic – and very difficult to change.

But change is vital for Ireland to improve its competitiveness, thereby allowing it to continue to compete at a global level. "Professional supply chain management is an integral part of our famous knowledge economy," said Sweeney. "The fact that the supply chain has become more complex means that it will require a higher level of education."

This complexity is down to

two main factors. First, the global nature of business means that supply chains have, by extension, become more international in complexion. But just as important is the fact that it is almost impossible to manage a contemporary supply chain without sophisticated IT.

"Customers have become more discerning," said Sweeney. "Product lifecycles are shorter. All of this is adding to the complexity of modern supply chains, and the ability to design and manage these supply chains will require a more robust knowledge."

Among its many programmes which add to the levels of knowledge is NITL's flagship MSc in Supply Chain Management, which addresses all of the requirements of the

discipline as they apply to both products and services.

"Traditionally, supply chain management was about controlling and managing product flows," said Sweeney. "Now it is often about managing information flows. The concepts of doing this efficiently and effectively have not changed, and it is all in a way that makes sense from a bottom line perspective."

"Of course, this is all in line with government policy in terms of our economic recovery," he said. "All we ever hear about is 'export-led growth', but the supply chain is by definition an integral part of this. Because whether it is products or services, you can't be successful in exporting unless you have a robust supply chain."

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Training people to be the very best

By Dave Boland

Leanness is an attribute much in vogue in the 21st century. When it comes to creating a lean company, it is impossible to address efficiency issues without taking into account the entirety of its supply chain.

Even the most advanced manufacturing plant will only be as efficient as its supply chain; lean supply chains and efficient logistics systems can lead directly to increased bottom line profits. Indeed, according to the Chartered Institute of Logistics and Transport Ireland (CILTI), companies which successfully gain competitive advantage are those which possess knowledgeable and skilful logistics professionals.

But where are these logistics professionals to be found? In a sector which many people enter by default rather than by choice, the ability to find the right person with the right experience and qualifications is often more difficult than it should be.

This situation is exacerbated by the fact that, as more and more disciplines are placed on the logistics function, the need has intensified for its practitioners to be highly skilled in the various elements of supply chain management and to be completely up-to-date with international best practice.

Unlike the more established disciplines there is often a lack of structured logistics training available. This is why CILTI

has put in place its diploma programme, which trains more than 130 people each year in the most up-to-date supply chain management practices. The Diploma in Logistics and Supply Chain Management was developed following consultation with managers in manufacturing, distribution and third party logistics providers. This means that the material covered will include the latest in best practice, as well

as real-life tools and procedures which, allied to state-of-the-art technology, can substantially enhance supply chain performance.

It is offered on a part-time basis from Dublin, Cork and Limerick, and there is no difference between the three venues – the same tutors offer the same programmes in each location, albeit on different days. Participants will learn how to build supply chain operations that add real value to their companies in terms of reducing costs, increasing profits and delivering superior customer satisfaction.

"Our graduates are finding employment across the spectrum," said Jim Kearney, edu-



Jim Kearney training manager at CILTI

enced candidates who are either already in management, or who aspire to become part of a management team.

"We tend to look for candidates with some prior experience in some facet of the supply chain, although we will also look at experienced candidates who are looking for a career change."

Graduates of the diploma can use their qualification to obtain a Master's degree at the UCD Michael Smurfit Graduate School of Business.

The CILT Annual Dinner & Irish Logistics & Transport Awards 2012 will take place on March 15 in the Burlington Hotel, Dublin

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