

Downturn no excuse for retrenchment

Design and engineering principles can be adapted to supply chain management to pay significant dividends

There are a number of notable success stories in the Irish export sphere. For example, our food exports are becoming the benchmark against which other are judged, with food and drink exports up by around 9 per cent to a figure of just under €10 billion for 2013.

However, if Ireland is to fully capitalise on the potential of its export sector, it will require more than a sophisticated supply chain infrastructure. It will also require a sophisticated cohort of supply chain managers to ensure that our entire exporting machine runs like clockwork.

And that will require train-

ing and education, with the good news being that in addition to the availability of professional, high-level logistics educational programmes, there is a willingness among certain Irish companies and individuals to take up the opportunities.

"We are seeing some really encouraging signs," said Edward Sweeney, director of learning at the National Institute for Transport and Logistics (NITL) at DIT. "Progressive companies are increasingly seeing the downturn as an opportunity to build up the capability and knowledge that will be required if they are to capitalise as things improve."

This is in marked contrast to the beginnings of the recession, when most companies

felt the need to retrench, with the inevitable fall off in investment into "non-essential" programmes such as training and development.

Indeed, Sweeney believes that investment into the human capacity of a company is at least as necessary as any investment into the harder side of the supply chain - the technology that underpins any improvement.

"There is an increasing recognition that the environment that companies are operating in is very complex," said Sweeney. "Because of this, progressive companies know that they generally need to upskill their supply chain operators, from the supply chain director down; and they are unashamedly using any downtime that they have for training and development."

"We are seeing a number of examples of very progressive companies which have used the downturn to upskill rather than to retrench."

The consequences of this far-sighted approach can be seen in the fact that NITL's Executive MSc in Supply Chain Management has actually grown through the recession, with a significant majority of the participants being funded by their companies.

"During the boom times, many of these companies would have said that they didn't have the time or the space needed to allow people to go through an intensive, Masters level programme," said Sweeney. "But now that things are quieter, they are beginning to get involved again."

Sweeney admits that implementing a modern supply chain can be a daunting task, not just for the participants, but for everyone involved in supply chain planning, given the complexity of the undertaking. However, he is convinced that the application of design and engineering principles to supply chain management will pay significant dividends into the future.



Edward Sweeney, director of learning at the National Institute for Transport and Logistics at DIT

Picture: Maura Hickey

"Think of complex products," he said. "We design those products with great rigour and attention to detail. But these principles are rarely applied to the design of a supply chain, even though these can be equally complex."

"Nothing can be left to chance, which is why we are doing a lot of work around the notion of sitting down with a blank sheet and designing a supply chain with engineering principles in mind. One thing that we try to persuade people about is that supply chain design is not the same

as supply chain planning or management. Design is about fundamentally questioning the architecture of a supply chain from top to bottom."

These are exactly the sorts of issues which are addressed by the Executive MSc (and, indeed, the full-time MSc in Supply Chain Management) operated by NITL. As the world becomes more complex, so too do supply chains, which is why modern programmes need to address both the international and the scientific dimensions of modern supply chain management, using

the same tools that are used in engineering for the design of supply chains.

"The link between 'hard and soft wiring' is what we have learned from engineering and product design, and applied to supply chain management," said Sweeney.

Indeed, such has been the success of the Full-Time Masters and Executive Masters in maintaining their relevance to the global supply chain that the programmes are increasingly attracting participants from around Europe and the rest of the world - which is

as positive an endorsement as any educational establishment can receive.

"The nationalities that comprise the programme reflect the increasingly global nature of the supply chain," said Sweeney. "We are a small organisation, but our programmes have given us a global reach, and we now have strong links all over the world."

The same could be said for Ireland which, like NITL, continues to punch above its weight in terms of global exporting presence.

Cold Move on a hot streak

Despite the attrition suffered by the significant majority of Irish companies for more than half a decade, there are still some success stories which are proof that a good idea can always be successful, whatever the prevailing economic climate.

For example, Cold Move, a Galway-headquartered Irish company operating across the entire island and beyond, recently introduced its direct retail model, which builds on the processes enjoyed by major retailers by operating a central hub for the distribution of multiple products.

The difference is that while the larger retailers operate their own centralised distribution models, Cold Move is bringing the benefits to symbol groups and even independent retailers which

would previously not have the capacity requirements to operate such a model.

The initiative was made possible by a major - and ongoing - investment by Cold Move into its North Dublin facility, which now encompasses 56,000 square feet of centralised distribution capacity (40,000 sq ft of which is frozen).

This allows it to operate a system similar to that used by the large retailers, where one delivery would carry multiple brands and products, rather than the previous situation, whereby smaller retailers might get up to 40 separate deliveries in a day.

Though the investment into the centralised distribution hub has been significant, it has also paid significant dividends, with Cold Move experiencing growth of around 20 per cent year on year.



Jason Mallon, managing director, Cold Move

Picture: Aengus McMahon

"We are very happy with 2013, and we are very optimistic about 2014," said Cold Move managing director Jason Mallon.

This confidence is based on the response by both suppliers and retailers to Cold Move's initiative - especially since many suppliers would not have had routes to the market without centralised distribution.

"Our growth has gone hand in hand with the overall growth in the market," said Mallon. "Manufacturers have seen an uplift in their business, and that has been helped by the fact that we now have a far greater capacity to deliver, so the uplift in their business has led to an uplift in ours. The tide is rising, and everyone is rising with it."

The success of the initial relationship between symbol groups and Cold Move has led to others looking to replicate the business model; hence Mallon's confidence for the year ahead, and his stated commitment to continuing the strategy which has served the company so well since the Swords-based facility first opened in 2012.

However, the domestic growth has also been mirrored by an uplift in traffic for Irish companies involved in exporting, and Cold Move is well placed to capitalise on the rise in the export market.

"The amount of stock which is being exported is substantially bigger than it was in 2010 or 2011," said Mallon. "It really is promising for the whole market. The Department of Agriculture and Bord Bia have placed a strong focus on agricultural exports, and the market have definitely opened further in the past 12 to 14 months."

In response, Cold Move increased its capacity in Dublin Port last year, which gives it far greater penetration into the Irish export market. It also continues to increase capacity in its Swords depot, and is confident that these developments will allow it to capture more of the independent retailers market than before.

"Other retailers are definitely looking at the centralised model," said Mallon. "It started with the symbol groups seeing what the larger retailers were doing, and now independents are seeing what the symbol groups have done."

"We have the capacity available, we are constantly investing in our IT infrastructure, and alongside the predicted growth in the market for 2014, we expect that our overall market share will grow by between 18 and 20 per cent."

UL aims to fill a gap with online course

The Enterprise Research Centre in Department of Design and Manufacturing Technology at the University of Limerick - or the ERC in UL for short - has a strong track record in linking academic excellence with the specific needs of industry. Nowhere is this better evidenced than through its new Masters Programme: an MSc in Supply Chain Operations which has been developed in collaboration with Dell, and which is the first qualification of its kind to be delivered solely through the online medium.

According to Dr Con Sheahan, senior lecturer in Enterprise Performance Modelling and course director of the MSc in Supply Chain Operations, the new degree came about as a result of a perceived disconnect between existing programmes and the performance priorities of Dell, which remains one of the biggest names in global computing.

"Tom Maher, who is vice-president of Global Service Parts at Dell, was here last May, and he felt that there was a gap in the supply chain area," he said. "Since that time, we have looked at the sorts of challenges faced by modern supply chains, and we have identified the fact that it is increasingly difficult for people with industrial experience to get into a postgraduate programme."

In collaboration with Dell, the ERC at UL found a solution, which came with its own set of challenges. The question that was initially posed was "could it be 100 per cent online?" The challenge then was to make it at least the same as, if not better than, conven-



Dr Con Sheahan, senior lecturer at UL

tional face-to-face delivery in terms of quality.

"It was as recently as December 11 when we got approval for the programme from the Academic Council," said Sheahan. "So we officially launched the programme, and we are now good to go in February or early March."

The new programme will build on the expertise already contained within the ERC, but there will be certain noticeable differences. Firstly, the programme is now entirely delivered over the web.

This, of course, comes with certain advantages. Given the international nature of modern supply chain management, courses in Ireland have tended to attract a number of overseas students. That number is set to increase exponentially, given that there will no longer be a requirement to physically attend lectures in Limerick.

However, the online delivery method also allows for the building of what Sheahan described as "online intellectual exchanges" - a "peer-enhanced" form of learning which will draw on the experience and expertise of the participants themselves.

"There are things that we can do online that wouldn't be possible through the traditional learning mode," he said. "In this way, we believe that we can create a learning experience that is superior to the traditional model."

Part of the enhanced experience includes building up a sequence of interviews, with a bank of experts offering their expertise and insights across a range of subjects - an innovation which delivers a more satisfactory outcome than even the traditional guest lecturer approach of traditional delivery.

However, arguably the most important development, from a real-world perspective, is the presence of testimony from operators across Dell and its wider ecosystem, so programme participants learn

directly from some of the pioneers of the modern global supply chain, as well as being able to take advantage of the application of leading edge analytics programmes.

"We utilise very sophisticated evidence-based supply chain modelling, and apply it to real world industrial contexts," said Sheahan.

"Plus, everything is authenticated via a robust assessment process."

This is where the lines between academia and industry become blurred to an even greater extent, to the mutual benefit of both sides. The idea behind the new MSc in Supply Chain Operations is that participants contribute what they have learned to their own enterprises - this, then, forms a significant part of the overall assessment process.

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