

# SUPPLY CHAIN MANAGEMENT

2-PAGE SPECIAL REPORT

## Vital to keep the supply chain moving

Effort must be put into ensuring that the supply chain is kept going, no matter what the circumstances, writes Dave Boland

The supply chain will grind to a halt if the transportation routes are not working, with the recent snow showing just how susceptible the Irish supply chain is to external forces. However, lessons can always be learned, assuming there is the will to learn them, so that the increasingly sophisticated transport and logistic sector can, perhaps, better withstand a little frozen water in the future.

"It's a little scary how a cold snap tends to slow the supply chain, but the reality is that with 'just in time' models, any interruption to the supply chain can result in a lack of products on the shelves," said Edward Sweeney, director of Learning at the National Institute of Transport and Logistics (NITL), based at DIT. "And because of this, we may be forced to adopt 'just in case'

models, where we stock up to guard against this sort of thing happening."

Sweeney cited the earthquake in Haiti as an example of how supply chain issues are not particular to Ireland.

"It has been disappointing how slowly the supply chain has responded to the disaster in Haiti," he said. "Within NGOs, there is a strong awareness of the need to have robust supply chains and, following the 2004 tsunami, there was a lot of work done to put this capacity in place."

"However, it appears that the world hasn't reacted as quickly as we might have hoped. One of the problems with emergency relief is that it depends on the relationship between NGOs, governments and the military, all of whom could be speaking a different language, even if they are all speaking English."

Disaster relief may be the sharp end of supply chain

functionality, but Sweeney said that we simply must learn from these experiences. He describes the difficulties faced by those trying to get relief into Haiti as a microcosm of general supply chain issues, with the biggest inhibitor to a smooth supply chain being bad communications and slow information flow.

"Supply chain management may be more sophisticated these days, but there are still huge problems," he said. "SCM as a concept is only practised by a small cadre of leading edge companies, and there are still major gaps between the rhetoric and the reality."

The key to a successful supply chain is integration, but according to Sweeney, we are still not good at it – despite the lip service paid to the concept.

"We deal with a lot of organisations who will stand up and tell us about their seamless, end-to-end pipeline man-



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

agement," he said. "But when we drill down, we often find that the reality couldn't be further from the truth. Con-

ceptually and intuitively, these people know that proper SCM makes sense, but they also know that it's easier in theory

than it is in practice."

Even if a company has a serious commitment to putting SCM methodologies in place,

it is often the case that the biggest barrier is the lack of qualified people to do the work.

"Supply chain management needs supply chain managers," said Sweeney. "But a lot of people fall into the roles without the formal qualifications. Logistics and SCM have become more complex and more global, so while many managers may have good experience, we need to build on this experiential knowledge through formal education. We see an advanced integrated supply chain as being part of the knowledge economy, but the biggest problem at the moment is the educational aspect."

In order to meet the demand for properly qualified supply chain managers, NITL runs an Executive MSc in Supply Chain Management. This programme has been designed to develop people who will come away with a balance of the competencies required to manage a modern, integrated supply chain.

The Executive MSc would suit people already working in SCM. In recognition of the fact that many of the most experienced managers will possibly not have formal qualifications, or at least not up to honours degree level, there is an excep-

tional entry route into the programme for people with significant experience in managing a supply chain.

Indeed, according to Sweeney, many of the people to come to the MSc in this manner end up doing exceptionally well on the programme.

However, NITL takes a fairly catholic view on what the supply chain actually is, which is why the institute's Supply Chain programmes will be of interest to a broad and diverse group of students. Sweeney describes the supply chain as everything from buying to selling, with everyone in business involved in some way, whether that is through financial planning or marketing, or the more traditional areas such as logistics, distribution or purchasing.

"We need more qualified supply chain managers," said Sweeney. "The bottom line comes back to the recession – what do we need to do to get out of it? Forget about things like quantitative easing – we can only be successful if we are successful in the export markets. We need to add value and create wealth, and an integrated supply chain will play a significant role in achieving that."

## Lean route is the way forward

By Dave Boland

Hollywood stars, supermodels and the supply chain all value leanness. In an Irish context, it is the supply chain that is most important for our present and future economic wellbeing. Lean principles were developed out of the Toyota Production System in the late 1980s, and while they initially applied to manufacturing, they have come to be applied to a host of non-manufacturing activities such as wholesalers, distributors, retailers and other business sectors.

"Lean is how a properly designed and operated supply



Joe Aherne, chief executive, Leading Edge Group

chain should function," said Joe Aherne, chief executive of the Leading Edge Group, a niche educational and consulting firm which has been espousing the merits of Lean management systems since 1995. "A lean supply chain pro-

cess has been streamlined to reduce and eliminate waste or non value-added activities to the total supply chain flow, and to the products moving within the supply chain."

According to Aherne, waste can be measured in time, inventory and unnecessary costs. Value added activities are those that contribute to efficiently placing the final product at the customer.

The supply chain and the inventory contained in the chain should flow, and any activity that stops the flow should create value. Any activity that touches inventory should create value.

Aherne explained what a company needs to examine in order to become lean.

"Supply chains gain waste

and non-value added activities for many reasons, both internal to the company and external," said Aherne. "Regaining the lean supply chain may mean addressing many of the same issues that created the problems of extra and unneeded time, inventory and costs."

The ideal approach – where possible – is to design the perfect supply chain and fit your company's operation onto it. Supply chain management is meant to reduce excess inventory in the supply chain. The ideal supply chain would be lean by removing wasteful time and inventory.

"Lean supply chain management is not about 'fixing' what someone else is doing wrong," said Aherne.

"It is about identifying and eliminating waste as measured in time, inventory and cost across the complete supply chain. This requires continuous effort and improvement, but a lean supply chain can reduce inventories by 10 per cent to 30 per cent and costs by 10 per cent to 25 per cent."

The Leading Edge Group, which started as a niche SCM consultancy in 1995, has become global in recent years with some notable successes in the Canadian Supply Chain market.

"We have recently won two sizeable supply chain contracts with the Canadian Tire Corporation and Tim Horton's in Canada," said Aherne. "In Ireland, we have been involved in a number of restructuring projects for major manufacturing multinationals which will hopefully deliver significant supply chain cost efficiencies and savings over the next 12 months."

## Transport key to export market

Ireland's exports have been hit hard since the recession took hold, with a fall of 13 per cent being reported last year. This is hardly a surprise, given the scale of the global downturn, but for an island nation dependent on its exports, it might be expected that joined-up thinking would be employed to ensure a competitive and functioning logistics sector.

"There have been various attempts by the government to facilitate international trade," said John Whelan, chief executive of the Irish Exporters Association (IEA). "For example, the National Spatial Strategy set up its corridors and international gateways. But no sooner had this been announced than Iarnród Éireann set about dismantling the rail corridors to these gateways."

"Then Transport 21 came along and focused exclusively on population movement. And the ports policy document effectively boggled the minds of everyone in the export sector by saying that there was no need for investment in the ports."

"This meant that €200 million allocated under round one of the National Development Plan (NDP) was not spent – and ports were not allocated anything else under the second round of funding."

"This is coming at a time when connections to the international markets have never been more crucial. If Ireland can't compete on price, at least it should be able to compete on a faster, better service."

"We need an integrated transport policy that takes into account road, rail and sea ports," said Whelan. "We have



John Whelan, chief executive, Irish Exporters Association (IEA)

to ensure that everything is linked together, so that we avoid situations where the IDA is encouraging companies to invest in parts of the country that are not connected."

There are also the issues of CO2 emissions and carbon taxes. The IEA accepts that the transport sector is a major contributor to CO2 in the atmosphere, but it fails to see the logic in introducing yet another barrier to trade at a time when Ireland needs to become more competitive.

"An integrated transport policy could take this into account," Whelan said. "For example, if we went back to moving about 10 per cent of

our freight by rail, we could meet the majority of our Kyoto targets by 2020. So if we want to retain manufacturing in Ireland that we can export, the transport side of things needs to be addressed in a more co-

hesive and supportive manner. "We need goods transport policies as opposed to people transport policies, but at the moment it is only lip service that is being paid to the exporting sector."



DSV is a global supplier of transport and logistics services.

DSV has offices in more than 60 countries all over the world. Together with our partners and agents, we offer services in more than 110 countries, making DSV a truly global player. By our professional and advantageous overall solutions, the 21,800 DSV employees are expected to achieve a worldwide annual turnover of 5.1 billion euro for 2009.

DSV operates under three divisions providing a full range of end-to-end transport and logistics services:

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- DSV Road Limited operates groupage and full load trailer services to/from all European countries.
- DSV Road operates its own in house "Cold Chain" which offers temperature controlled services within Europe.
- DSV operates Air and Sea services worldwide. DSV has its own network of offices throughout The Far East and USA which can provide value added services to our customers. From the Far East, DSV has fixed allotments every week including Peak season which enables us to guarantee space on ocean vessels to our customers.
- DSV has offices and warehouses in Naas, Belfast, Derry, Shannon and Cork.

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### SUPPLY CHAIN MANAGEMENT, UCC (PART-TIME PROGRAMMES)

University College Cork offers a range of part-time programmes from undergraduate to postgraduate that are designed to improve global supply chain processes through cost reduction and value-add. Successful supply chain management (SCM) requires strategic and operational alignment, thus these programmes includes a strong emphasis on logistics, supply chain efficiency, negotiation, strategy, information systems, demand management, change and innovation, and integrated project management. Adopting a Lean SCM philosophy, these programmes are aimed at career minded practitioners who work in supply chain or related functions. Delivered in conjunction with the Leading Edge Group, these programmes blend academic and practical expertise.

- Certificate/Diploma in SCM (incl. Lean SCM Green Belt)
- Postgraduate Diploma in SCM (Lean SCM Black Belt)
- Masters in SCM (Lean SCM Black Belt)

For further details visit our website: <http://www.ucc.ie/scm>  
or contact: Dr. Seamus O'Reilly / Ms. Aoife Sammon: [scm@ucc.ie](mailto:scm@ucc.ie) or +353 21 4901833  
University College Cork – National University of Ireland, Cork



### Lean SCM Green Belt

Registration for the Lean Supply Chain Management Green Belt evening course is now open. Accredited by the Irish Institute of Industrial Engineers and University College Cork, students will receive 15 credits at NFQ Level 7 on completion.

Duration: 8 weeks  
Start date: 15th February  
Location: Digital Depot Building, Dublin 8  
Time: 6.00pm - 9.00pm  
Cost: €2,350  
Closing date: 5th February

This practical based programme has been designed for career-minded professionals working in or hoping to re-enter the manufacturing, supply chain, or related industries

Contact us immediately to register

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Charter House, Cobh, Co Cork. UCC  
Tel: 021 4855863  
Email: [info@leadingedge.ie](mailto:info@leadingedge.ie)  
Website: [www.leadingedgescm.com](http://www.leadingedgescm.com)



# SUPPLY CHAIN MANAGEMENT

## High standards in food transport

By Post Reporter

It has become clear that consumers and end-users will no longer tolerate delays or shortages. They want what they want, when they want it – and they want to know that what they are buying or consuming is safe and traceable. They have no interest in the complexity of the process that brought them the product, but they will blame the supplier if everything is not to their exacting standards.

This is why suppliers and manufacturers need a supply chain partner that they can trust to deliver the goods. This is especially true in the food industry, where any slippage of

standards can become more than just a business issue – it can become a health hazard and sometimes, as in the case of the pork dioxin fiasco, a national scandal.

Cold Move, which has its headquarters in Galway, was the west's largest single-site frozen, chilled and ambient distribution facility, except that it is no longer single site.

As part of its strategic plan for 2010, Cold Move has integrated Bralca Coldstores, Newbridge into its depot network, making it a multi-site company which can better service its clients on the east coast and in Dublin.

"The integration of this strategic distribution location into the warehouse infrastructure of Cold Move benefits clients with a requirement for storage services in the east of Ireland,"

said Jason Mallon, general manager of Cold Move. "Clients can now benefit from the management and technical expertise of Cold Move, coupled with our capacity to locate up to 2,000 pallets of stock in the greater Dublin area, which is making it easier for clients to react to demand for stock replenishment."

But Cold Move's success cannot simply be attributed to its size. In the short time since it grew from a one-site facility in Galway to its current four-site capabilities (three in Galway and one in Kildare), its customers have come to expect the highest standards of on-time, on demand delivery, coupled with unrivalled levels of traceability. This traceability is based on a 'one-up, one-down' system, where every link in the chain knows the source

and destination of every batch of produce.

These levels of traceability are predicated on the investments that Cold Move has made into technology at its sites – technology which will now be available in eastern Ireland.

"All of our customers have 100 per cent visibility of their stock at all times," said Mallon. "This means that they can tailor their manufacturing to what they have in stock, which allows our client companies to become leaner."

This leanness is down to a number of factors, many of which can be traced directly to the doors of Cold Move's state-of-the-art facilities. Because of the visibility, a company's warehousing needs are diminished. This visibility also guards against over-produc-

tion, while the automatically produced reports which are generated every time something leaves the warehouse means that they can bill their clients more quickly and more accurately.

"In a sense, we become integrated partners with our customers," said Mallon. "Raw materials come in to us, we send them on to the manufacturing plant and we take back the finished products for distribution. So we allow our customers to focus completely on manufacturing."

In addition to the manufacturing sector – where Cold Move acts as a de facto link between the manufacturer, their suppliers and the market – Cold Move also acts as a depot for food service companies, including Pallas Foods and Musgrave.



Stephen Gillen, operations manager, Jason Mallon, general manager, and Frances Golden, finance administrator, Cold Move

"These days, everybody is so cost-conscious that it makes sense to outsource as many functions as possible," said Mallon. "Using us eliminates

the need for onsite warehousing space, and we can react extremely quickly to replenish stocks where needed. There is an obvious trade-off between

having stock onsite and having the costs of stock onsite but, at the moment, most customers seem to be coming down on the side of outsourcing."

## A logical development in education

By Dave Boland

Supply chain management (SCM) is no longer an add-on. It is now a crucial part of a huge number of companies and a distinct business discipline in its own right with its own expertise and best practice.

University College Cork (UCC) offers a range of part-time programmes at undergraduate and postgraduate levels, which have been designed to improve global supply chain processes through cost reduction and value-add.

Additionally, from a jobs market perspective, current market conditions (coupled with the closure or scaling down of many operations) have created an even greater need for education and training programmes for those workers wishing to upskill in order to secure future employment.

This is why UCC's SCM programmes will be of such va-



Dr Seamus O'Reilly, SCM programme academic director, UCC; Gerard Brickley, operations manager, Kepak Group; and Professor Peter Hines, LERC, Cardiff University and SA Partners

lue not only to the supply chain sector and those working in it, but to the Irish economy as a whole. The programmes address SCM needs for companies predominantly from the high value-added manufacturing sectors – medical devices, pharmaceuticals and biotechnology, ICT, engineering, food and consumer goods – which are crucial for the future suc-

cess of Ireland.

"The current environment is characterised by increasing demand for service and value, and thus SCM has an increasing role in manufacturing and service organisations," said Dr Seamus O'Reilly, SCM programme academic director at UCC.

Academics in UCC have responded to this need by devel-

oping their range of part-time programmes in SCM.

The need for effective and efficient coordination of key business processes has created considerable opportunities for the development of 'Lean' supply chains. As a result, there is a strong emphasis on Lean supply chain management at UCC.

"We consider 'Lean' to be an approach focused on smoothing flow in order to simplify processes and eliminate waste," O'Reilly said. "SCM is all about achieving effective and efficient flow that adds value for the customer. Many people consider that good SCM reduces cost and adds value, which is precisely what Lean practitioners have been focusing on for years."

In terms of its programmes, UCC offers a Certificate/Diploma in Supply Chain Management (including Lean SCM Green Belt). This diploma, which has been available since 2002, runs over two academic years. The certificate year includes Lean SCM

Green Belt modules offered in conjunction with the Leading Edge Group and accredited by the Institute of Industrial Engineers Ireland (IIE).

"Our association with UCC in delivering Lean Green and Black Belt Programmes has been a tremendous success, with a significant return on investment being achieved by students completing these programmes," said Joe Aherne chief executive of the Leading Edge Group.

Modules are delivered over a two-day seminar/workshop series in UCC, complemented by a half-day review session.

Also on offer from UCC is a Postgraduate Diploma in Sup-

ply Chain Management (Lean SCM Black Belt) and a Masters. The Postgraduate Diploma is aimed at career-minded practitioners who work in either supply chain or related functions and who have responsibility for continuous improvement within their organisations. A prerequisite background in Lean (Green Belt level) is required for entry into the programme.

The postgraduate diploma is a part-time programme delivered over 18 months, although eligible students may progress further and enter part two of a Masters Programme in SCM. This entails the completion of a minor thesis and a further six months of study.

Participants in the Postgraduate Diploma/Masters will also complete a Lean SCM Black Belt project that achieves organisational and supply

chain improvements.

UCC recently hosted the Postgraduate Diploma/Masters in SCM (Lean SCM Black Belt) 'Capstone Event', which included student research project presentations, poster sessions and short seminars from Professor Peter Hines of Cardiff University and SA Partners, Professor John Mangan of the University of Hull and Professor Martin Christopher of Cranfield University.

The research projects presented by the students are the culmination of their lean studies. These Black Belt level projects are awarded to those students who demonstrated not only a competency in lean techniques, but also the ability to lead change initiatives within the workplace and achieve continuous and sustainable improvements.

The winner of this year's SA

Partners Prize for Best Black Belt Project was Gerard Brickley, operations manager at Kepak Group, whose project concentrated on improving the efficiency of beef processing by creating flow and introducing metrics to the process.

"By following the DMAIC system, we improved the productivity of the process by 10 per cent over a 12-month period and now use the DMAIC process on all improvement projects," Brickley said. "A real bonus achievement is that we have become more skilled at discussing problems with our staff and uncovering the solutions together."

For further information on the Supply Chain Management Programme offered by UCC, visit [www.ucc.ie/scm](http://www.ucc.ie/scm) or contact Aoife Sammon on tel: 021-4901833 or [scm@ucc.ie](mailto:scm@ucc.ie)

## The unsung heroes of the supply chain

By Post Reporter

No matter how many people a logistics company employs or how professional its services across a host of countries are, it may never become a household name. This is certainly the case with DSV Solutions, a multinational with headquarters in Copenhagen, which employs about 400 people in Ireland and about 22,000 worldwide. It has an annual global turnover of over €5 billion, but it is highly likely that you've never heard of it.

In Ireland, it operates across the three main sectors of transport: logistics solutions and SCM, European road freight (import and export) and air and sea freight. It has a genuine global presence, especially



through its acquisition of DFDS, while its Ireland operations cover the 32 counties on the island.

"If you are an Irish importer, we can source products anywhere in the world," said Sean Darcy, managing director of DSV Solutions Ireland. "We can store, stock, pick and deliver on an all-island basis.

Or, if you are an exporter, we can bring in and store raw materials, and any finished products can be stored before they are delivered all over Europe or the world."

DSV Solutions Ireland has its head office in Naas, but it has operations in Dublin, Belfast and Derry, as well as a host of subcontracted warehouses throughout the island. It is also constantly improving its technology to bring greater levels of traceability and accountability and, for example, it has recently implemented a 'pick by voice' system which eliminates paperwork – and mistakes.

"We are trying to get as close to 100 per cent as possible," Darcy said. "Most of our customers will demand very high levels of quality and traceability, and our investments in technology have allowed us to achieve greater levels of quality, and also greater levels of

productivity."

Despite an all-island presence and a host of blue-chip clients, DSV's logo is not necessarily a familiar sight on Irish roads. This is because it manages a huge network of outsource partners, each of whom has been selected because they are committed to the same levels of quality and traceability demanded by DSV and its customers. But the real quality at DSV comes through the people employed at this vast company.

"Our quality comes down to our people," said Darcy. "This stability of workforce allows the quality to come through. Obviously, we can provide our customers with prices and rates that will be of interest to them, but more and more, we are finding that companies are differentiating their supply chain partners on quality and service rather than on price."



### The Complete Logistics Solution for Your Business

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