

## DYNAMIC SUPPLY CHAIN MANAGEMENT AND LOGISTICS LEADING THE RECOVERY.

By Howard Knott CMIT

The CILT Eastern Section's first papers of the 2010 - 2011 season brought together the outcomes of Academic Research in the form of a paper by Edward Sweeney FCIET, Director of Learning at NITE, and practicalities of operating a dynamic supply chain in CILT Vice-President Aidan Murphy's CMIT paper based on the renaissance of the C & C Group. The well attended event was held at Howthmill Hall, in Dublin on 23rd September.

Edward Sweeney opened with placing the current economic position of Ireland in a world context and showed how Ireland's levels of international trade have very closely mirrored those on a world scale. However, he pointed out, there is an increasing internationalization of supply chains, extra complexities with the growth of outsourcing and, as markets become more sophisticated, customers, more discerning Irish manufacturers enter into a world of hyper-competition. For Sweeney this marked a change of role for Supply Chain development in strategic differentiation, a point picked up in Aidan Murphy's paper as being critical to, specifically, putting the C & C, Magners Cider range onto a truly competitive footing, particularly on the UK market. Thus, within the last three years the company has moved from an Order received on day 1, delivered on day 15 basis to one in which delivery is guaranteed by the morning of day 3. The real target is for delivery on morning 2, thus matching and often beating locally based competitors.

Sweeney took a Supply Chain Management (SCM) model from the work of John Gallina, a leading Australian based expert and who was to speak at the later NITE Conference in Dublin in which CILT was an active partner. Gallina shows that the underlying logic is that "an organisation must be aligned with its operating environment". The fundamental SCM prerequisite is: "an understanding of the customer's fundamental needs and buying behaviours that ultimately drives sales, revenues and profits." Sweeney went on to describe some barriers to SCM Excellence which include:

- Inefficiencies are often built into the supply chain.
- Communication structures are ineffective and the exchange of information is poor.

- The Corporate culture is inappropriate.
- There is an excessive reliance on forecasting and stockholding, and most basically,
- Companies operate managing problems, rather than eliminating their causes.

Sweeney concluded, referring to the way in which Ireland can drive itself out of recession, fundamentally by further developing Export driven growth and value creation. SCM has much to offer in the management of this growth in a cost effective manner. He welcomed the IDA's focus on encouraging and assisting companies to manage virtual Supply Chains from Ireland.

Aidan Murphy's presentation focussed on what is the C & C, 2010 SCM Business model. In summary he broke the SCM players down into four categories and each of those into three parts.

**Corporate structure:** There are now 3 supply sites serving all domestic, UK and rest of world customers; there are devolved profit accountable business units and there was a reduced headcount both at Operate and management level.

**Suppliers:** The Company works with them in a cooperative way to reduce costs on a gain share

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Left to Right: Monica Murphy CMIT, Chairperson Eastern Section; Edward Sweeney FCIET NITE Director; Aidan Murphy CMIT CILT Vice President.

Monica Murphy thanking speakers Edward Sweeney and Aidan Murphy.

basis: it has sought synergies across its sites to reduce costs; it pursues an active Innovation and Environmentally responsible mutual agenda.

**Customers:** There is one order, one delivery, one invoice for three product ranges (Magners/Bulmers and Gaymers ciders and Tarmints lager); customers are actively involved in the business and are viewed as stakeholders; deliveries are made out of three National Distribution Centres.

**Employees:** Employees are Stakeholders in the business; the culture is positive, but Change is still relevant and the future uncertain.

Aidan Murphy reiterated the "Change is still relevant and future uncertain" throughout his presentation and during the question and answer session that followed. As one of his slides put it, the key thing was for everybody involved in the business, to bring their head to work.

Moving slightly off the SCM Agenda set for the evening Murphy did express his regret that it was not possible to secure a sufficient supply of apples from the local area, but that the majority of the fruit used came from Co. Armagh, surely an opportunity missed for local farmers, and he also spoke about the lack of frequency of RoRo services to Eireann that drove most of his exports through Dublin.



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