

IRELAND'S LINK WILL NOT BE BROKEN

Though Irish businesses still have a lot of work to do on supply chain management, there is an opportunity for the country to become a hub for multinationals.

Ian Campbell reports

Half of the respondents in a survey conducted in association with the National Institute for Transport and Logistics (NITL) said their internal supply chain activities were only "somewhat" integrated. Less than half could make the same claim for external integration with customers and partners, in a survey based on responses from just over 1,000 firms—small, medium and large.

"It suggests there is still a lot of room for improvement," said Edward Sweeney, director of learning at NITL, which is run out of the Department of Transport Engineering at Dublin Institute of Technology (DIT).

Sweeney made the point that while numbers employed in traditional manufacturing continue to decline across Europe, the numbers em-

ployed in supply chain management (SCM) are increasing substantially, suggesting that it's an area that's becoming more important to more organisations, even though they haven't maximised its efficiencies.

The NITL has long argued that the development of a logistics and supply chain sector was pivotal for Ireland. The capability to manage fully integrated global supply chains is deemed critical for a country that relies so much on foreign direct investment.

In the Celtic tiger years there was even talk of turning the country into a supply chain hub. "There is still an opportunity for Ireland but not in the way we once envisaged," said Sweeney. "The hub we talked about hasn't come to pass, but something even more interesting has happened."

A number of multinationals

that used to manufacture or assemble in Ireland have moved the production lines elsewhere, but kept sizeable operations on the island, by making the location its back office supply chain hub.

A case in point is Enterasys Networks, according to Sweeney. The global provider of wired and wireless network infrastructure runs much of its logistics from its Shannon site in Co. Clare. This is a positive development for Ireland, attracting the higher value jobs that successive governments have talked about it. "To make this model sustainable, says the

NITL, the country must improve its SCM competencies.

"There are two dimensions to the skills we need to build on if Ireland is to become more successful; they are hard and the soft skillsets," he said. "We have pockets of excellence, particular in modern sectors like technology and life sciences to a certain extent, but there's a lag in traditional sectors like manufacturing and retail where you see 20th century rather than 21st century practices."

The hard skills are all about architecture and information management, where technol-

ogy and ERP systems are important. Then you need the right people to use the systems properly, the soft skills.

"More progressive companies are realising we need more knowledgeable people," said Sweeney, a view reflected in the type of courses run out of DIT and other third-level institutions in Ireland. Postgraduate educational programmes were traditionally focused on systems, structures and technology.

"Now there's a huge emphasis on the people dimension and change management. If organisations can get the right people with the right skills and competencies, they can reap some serious rewards from the significant investments in technology that they have been making," he said.

There is increasing demand for these skills despite the decline in manufacturing, which says a lot about how all types of organisation are re-evaluating their processes as the recession drags on.

"It often takes a period of economic volatility to focus on the really important things. The last two to three years have been our most successful in attracting people to our postgrad supply chain diplomas," he said.

Focus is also shifting back to fundamental principles around distribution and fulfillment, something the NITL welcomes after the heady days of the dotcom era when hard lessons were learned.

"eCommerce didn't live up to its promise for a long time because there was a mismatch between the technological potential and the supply chain reality. Fulfillment wasn't part of the agenda," he said. "You can still see it with start-ups on Dragons' Den."

"Everyone has a brilliant idea for a product and utilising the web to penetrate the market, but they ignore the distribution part."



Edward Sweeney, director of learning at NITL

MAURA HICKEY