
Logistics & Supply Chain Management

Agenda.....

- The Supply Chain and Supply Chain Management
- Five key SC management concepts:
 1. 'one size never fits all'
 2. Material De-coupling
 3. Postponement
 4. Reducing the Lead-time Gap
 5. Information de-coupling
- Logistics and Outsourcing
 - Reasons for outsourcing logistics
 - 3 PL and 4PL service providers

In pairs - map the supply chain:
players, activities, connections, etc





Cupboard



Bowl

Spoon

Sugar

Internet
online ordering
telephone mobile
phone

Money

Truck

Customs & Excise

Car

Supermarket Distribution Centre

Supermarket

Kellogg's
Manufacturer

Petrol

Road Tanker

Port

Ship

Port

Truck

Truck

Pipeline

Refinery

Mill

Truck

Farm

Port

Combine Harvester

Ocean Tanker

Manufacturer of
Harvester etc

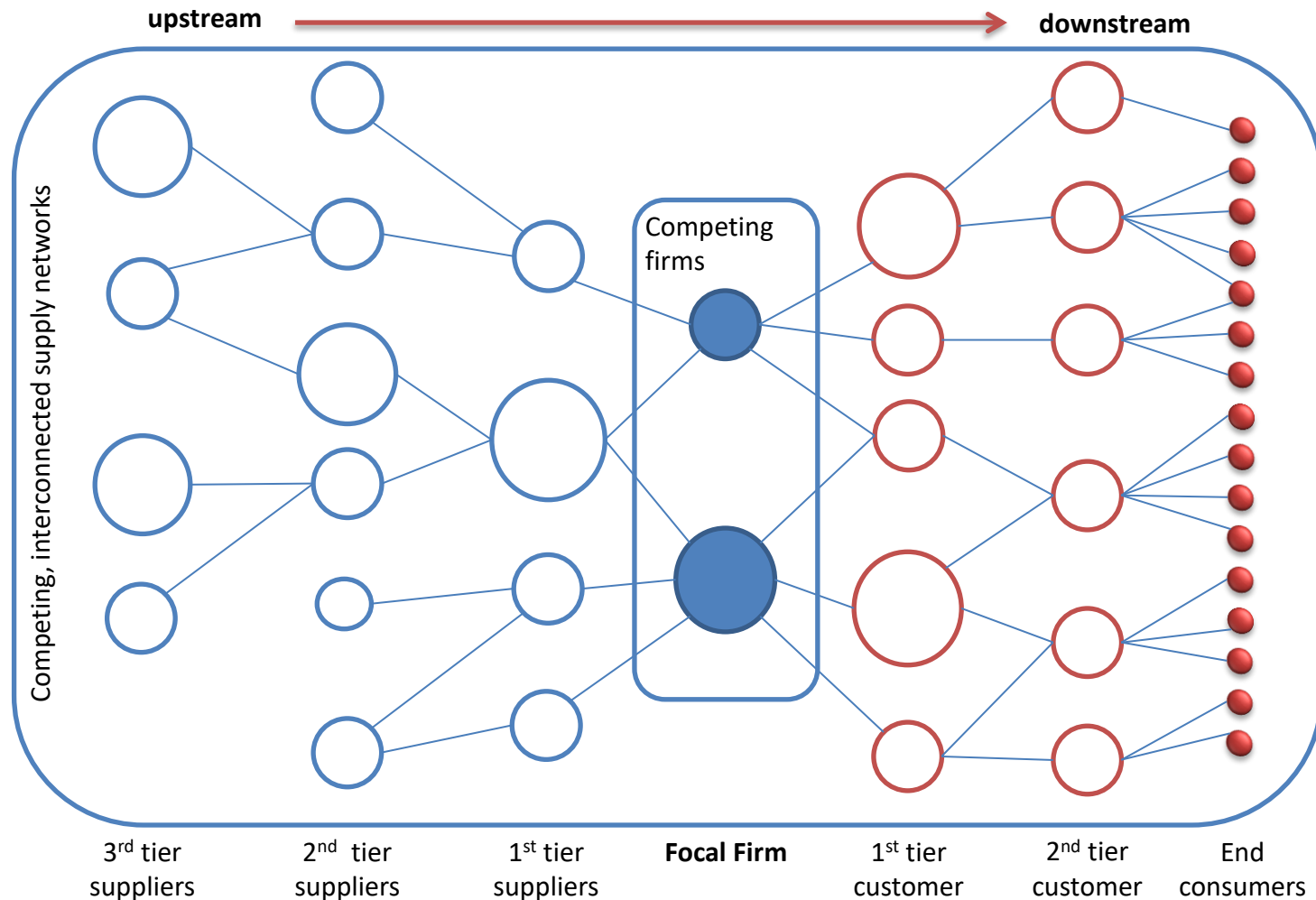
Port

Pipeline

Oil Field etc

Radio, Electric light , central heating , gas, TV , water and
sewage.....etc

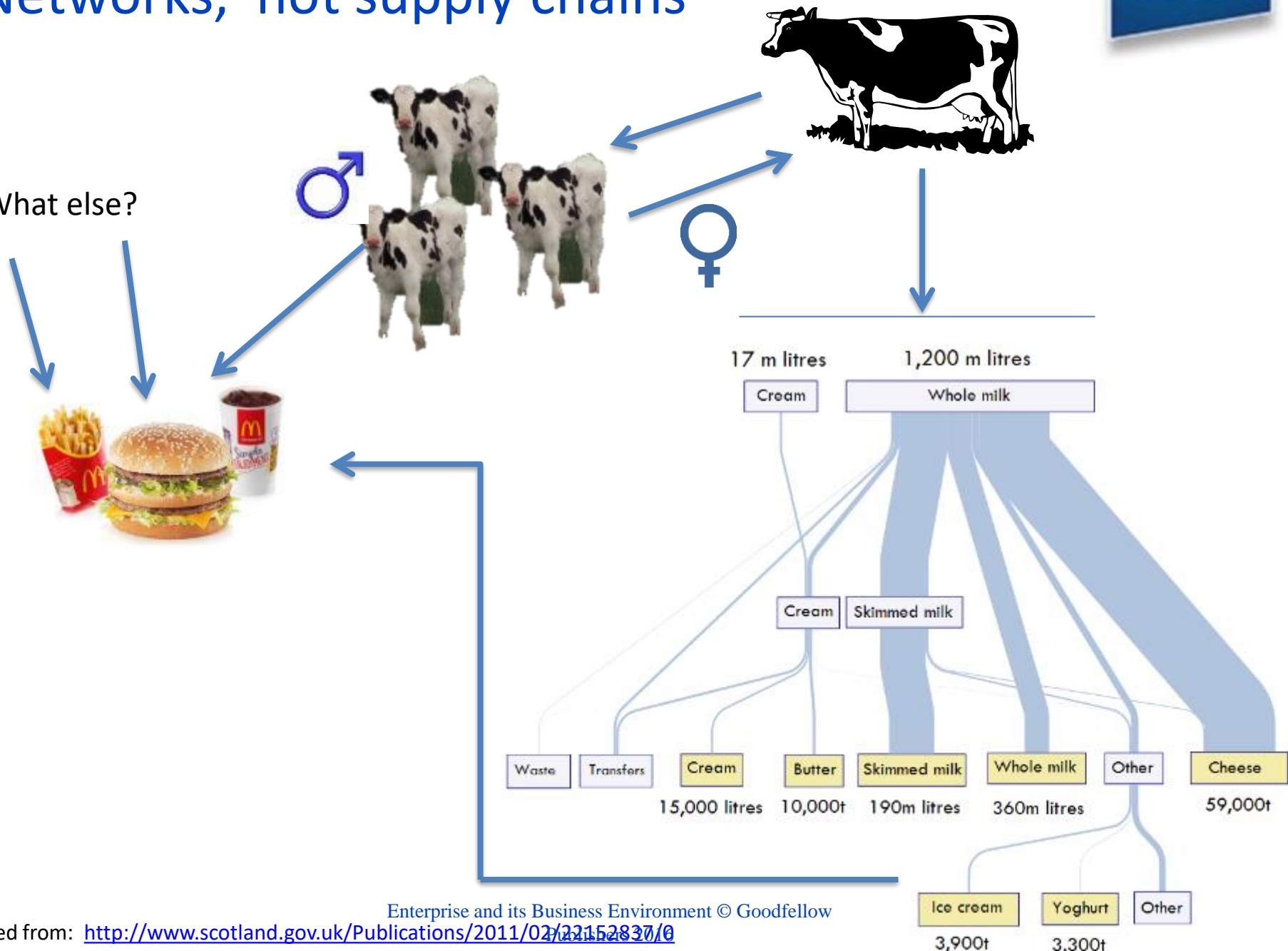
Supply 'chains' are in fact complex 'networks'



Networks, not supply chains



What else?



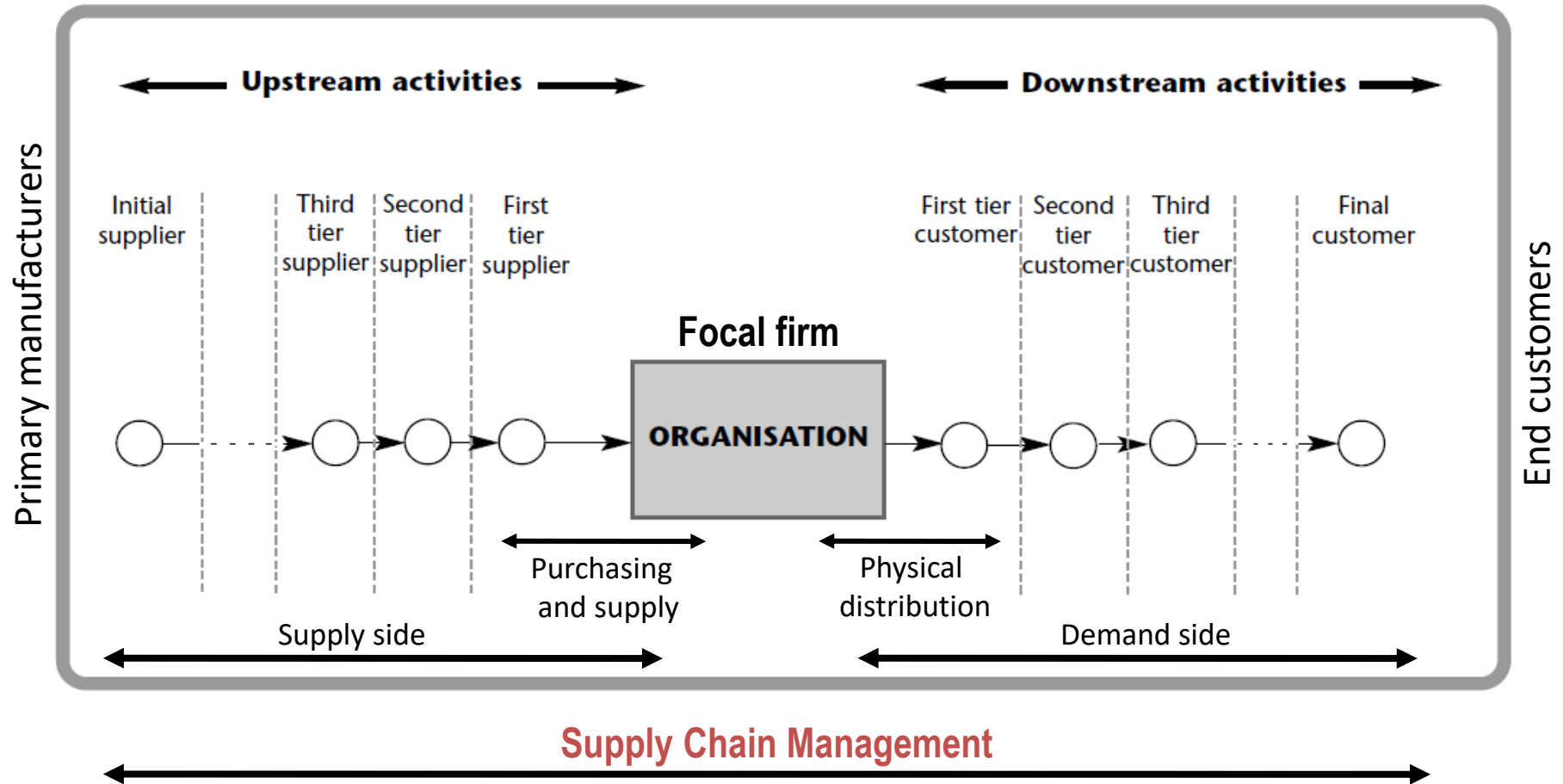
The Supply Chain encompasses.....

“.....all activities associated with the flow and transformation of goods from raw materials stage (extraction), through to the user, as well as the associated information flows.

Material and information flow both up and down the supply chain.”

Handfield and Nicholas, (1999), p. 2.

The end-to-end supply chain



Supply Chain Management is..

*“.....the **integration of these activities** through improved supply chain relationships, to achieve a **sustainable competitive advantage**.”*

Handfield and Nicholas, (1999), p. 2.

Achieving an integrated supply chain

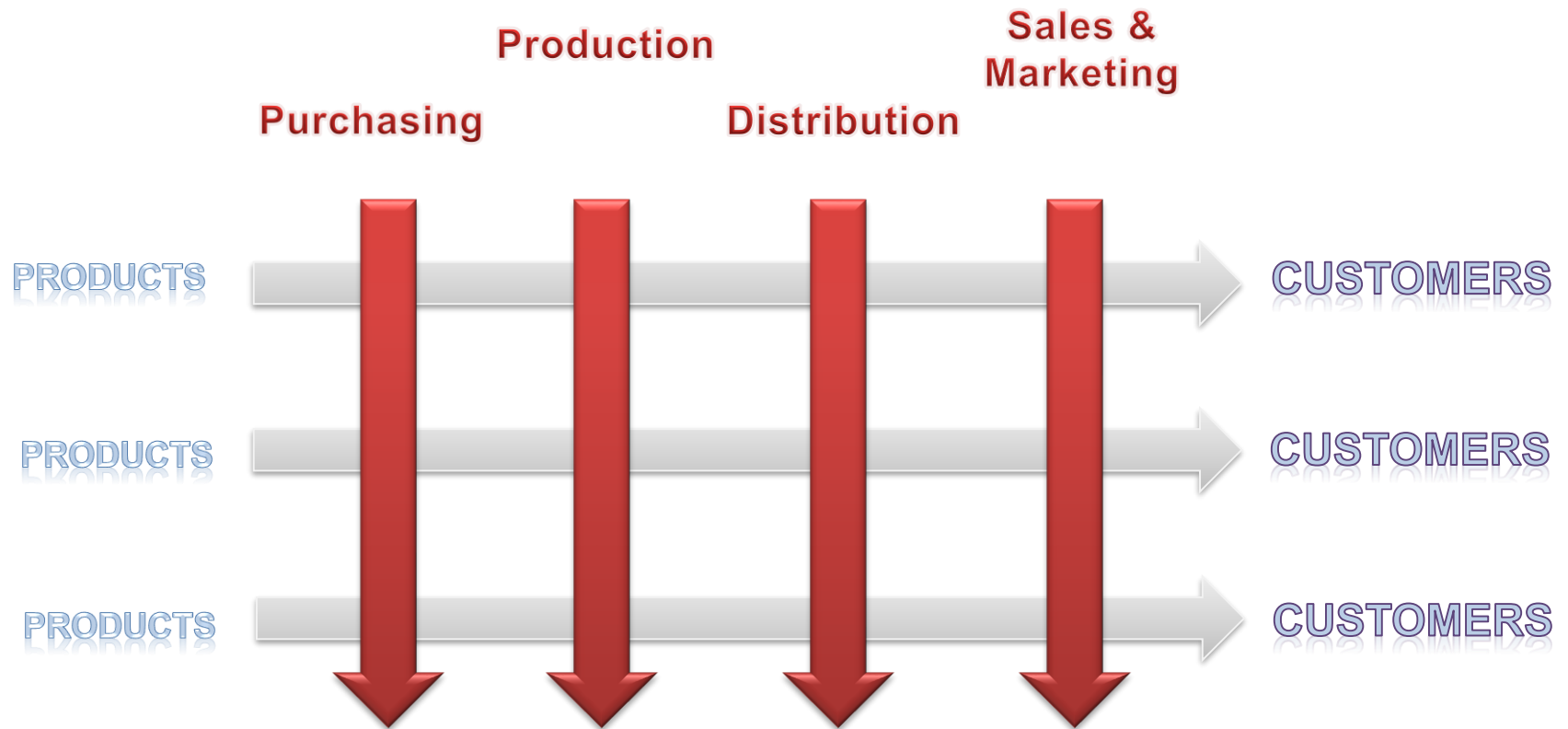


Stage One: Baseline



- Baseline organisations are characterised by:
 - Functional silos
 - Adversarial relationships
 - Sub optimisation
 - Independent planning by function
- Baseline performance leads to:
 - High total costs
 - Poor service
 - High inventory

Functional Silos



Achieving an integrated supply chain



Stage One: Baseline



Stage Two: Process and systems Integration

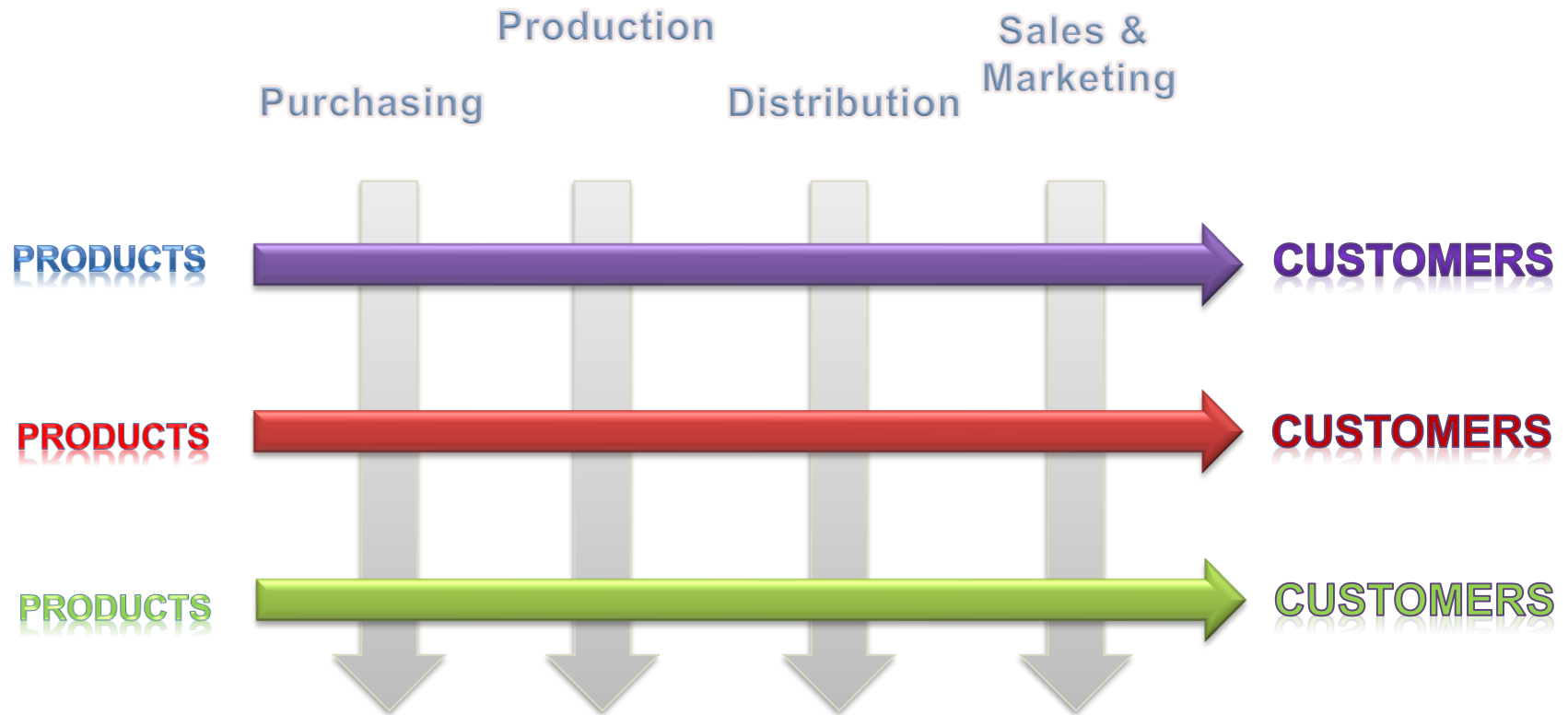


Stage three: External Integration

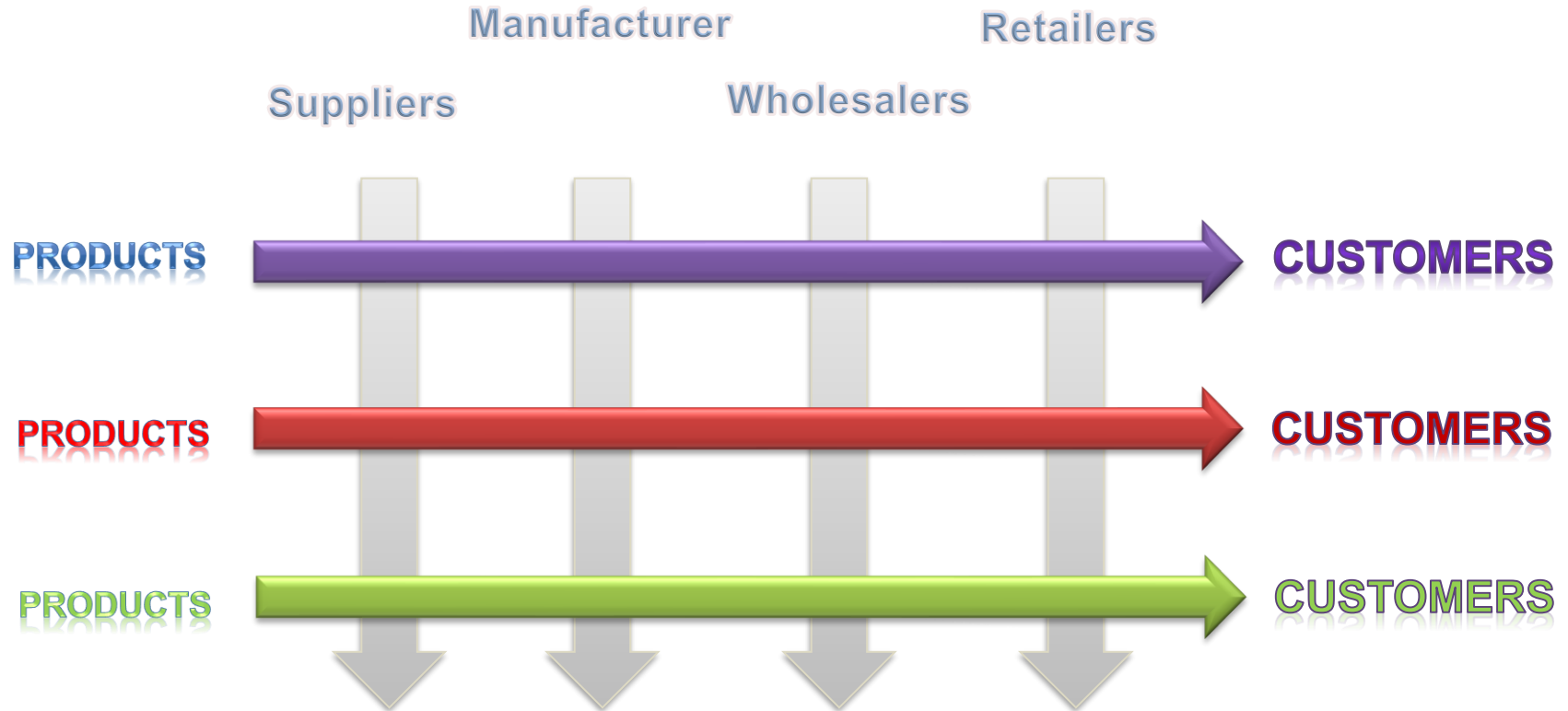


- Stage 3 organisations are characterised by:
 - Cross-functional and cross-organisational collaboration
 - ONE shared and agreed PLAN
 - Transparent and easily accessible data (cloud technology)
- Stage 3 performance leads to:
 - Optimised operating costs
 - Better availability & responsiveness
 - Reduced inventory

From Functions to Processes: creating an integrated 'supply chain' within the company



From a Single company to a Supply Chain perspective



“Supply Chains compete not individual companies” Martin Christopher

The goal of SCM is:

“...to manage **upstream and downstream relationships with suppliers and customers** in order to **create enhanced value in the final market place at less cost to the supply chain as a whole.**”

(Prof. Martin Christopher)

Single company (functional) thinking



- Focus on the customer
- Increase own profits
- Consider own costs
- Guard ideas, information and resources
- Improve internal process efficiency

Supply Chain thinking

- Focus on the ultimate consumer
- Increase profits for all
- Consider total supply chain costs
- Share ideas, information and resources
- Improve joint process efficiency

(Source : A.T. Kearney)