



Logistics Association of Australia Ltd

OVERVIEW OF THE COUNCIL OF LOGISTICS MANAGEMENT (CLM) CONFERENCE

The following is the first in a series of articles from Amelia Chan, winner of the Logistics Development Award 2000 sponsored by CHEP Australia and supported by Morgan & Banks.

It is with pleasure that I provide the first in a series of reports on my Logistics Development award trip for the Year 2000. This paper is an overview to the Council of Logistics Management (CLM) Conference which is the US version of the Smart Conference in Australia.

To win this award, I presented my innovation in Goodman Fielder where I introduced service level agreements to enable the relationship between logistics and other functions in Goodman Fielder to be formally defined and monitored. Part of the award was to attend the CLM Conference which this year was held in New Orleans. I also took the opportunity to visit renowned firms in the US and Northern Italy.

THEME OF THE CONFERENCE

This year's theme at the Conference was *redefining logistics.com*. In the 1960's, logistics was focused on the movement of product. Today logistics needs to focus on the movement of data. One major reason for the success of Benetton is that the head man of Benetton Logistics recognised this role of logistics years before most other organisations. I was most fortunate on my Italian tour to meet this man who is so passionate about the change-agent role of logistics in enabling the flow of information through the functions of an organisation.

I would like to expand on the new role of logistics in a further paper. Certainly my tour reinforced the Conference theme of *redefining logistics.com*.

Hence many of the conference presentations focused on the role of E-commerce and thus tended to look at the strategic and tactical levels rather than focusing on the operational details and issues in running transport and warehousing functions. Having said that, the choice of presentations was so vivid that it was still easy to find presentations which covered in detail the operational techniques used by an organisation to address a particular logistics supply chain issue.

BIG, BIG, BIG

The scale of the conference was potentially overwhelming. There were over 5000 attendees, mostly from the US, as can be expected. The Australian contingent numbered 20 but our table at the banquet evening was not too difficult to find, thanks to a forward thinking Australian who distinguished the table by a flag and extra bottles of wine (from other tables I presume).

There were over 40 track topics within which were several different sessions. Hence, there were over 300 sessions from which to choose.

NETWORKING

I found the greatest value of the conference were the contacts I forged. I met the management team of the CLM; Americans with in depth experience within their own country; Americans who ran exciting operations in the Asia-Pacific region; and of course the motley crew of Australians who came from manufacturing companies, third party providers and consultancy.

There were many opportunities to network at meals and on the shuttle buses. Below are some of the lessons I learnt.

1. Generally speaking, Australian logistics are quite advanced.

Operations

This point will be developed in further papers especially since Australians tend to take for granted some of the smart things we do in the logistics operations particularly when we have been doing these things for quite a while. Another reason I believe it is important to recognise the good things that we do in logistics operations is that we aussies sometimes tend to think we are too isolated from the rest of the world to have significant impact. Indeed the logistics efficiencies introduced by TNT Logistics Europe and CHEP Europe point to best practice.

Measurement

In terms of measuring logistics operations, it is my impression that Australian companies tend to be on par with the forefront US companies in their application of the balanced scorecard, and in DIFOT measurement and misses coding. For example, Uncle Tobys and Meadow Lea use the balanced scorecard approach to set key performance indicators for its logistics managers and warehousing staff. DIFOT is measured on a daily basis by BOC Gases Australia and some Goodman Fielder divisions; misses are reason-coded to the function which was responsible for the order not being fulfilled, and meetings are held daily to address the misses.

2. Many logistics issues Australia faces are common to other countries.

Operations

For example, in the US, the shortage of truck drivers due to lifestyle demands is one of the most pressing issues. To find enough truck drivers is especially an issue for the delivery intensive services such as the dot-coms. I will return to the commonality of transport problems faced by Australian and US and Italian firms in further papers.

Organisationally

We Australians, like the US, are knocking our heads against the wall when we battle to try and implement supply chain initiatives if there is no supply chain representative at Board or at least the executive committee level (the level below Board).

It is my impression that US companies may be more forward thinking in this regard than Australian companies. It is more usual to find Australian subsidiaries of US companies such as Kellogg and Arnotts to have a Supply Chain Director than to find this position in Australian owned companies.

3.The regulatory environment is a driver of many logistics practices.

Reverse logistics is more of an issue in the US than in Australia. The US has recently implemented new laws to prohibit dumping in land fills. Europe in turn faces more reverse logistics regulatory issues than the US.

I believe that it is only a matter of time before Australian regulators will emulate European and US regulatory trends. Thus Australia is in a fortunate position of being able to learn from the international experience, I would like to expand on my belief in further papers, especially in light of the recent ACTU plans.

4. "And", not "either"

With the move to E-commerce, it is important to remember that although the cost per transaction declines significantly for EDI (vs labour intensive techniques such as phone) and falls further again for Web (vs EDI), the consumer should still be given the choice of channel.

US on-line merchants are resorting to age-old retail catalogue techniques. These dot-coms realise that computer users don't wish to look at screens at home after looking at screens all day at work, also that browsers who are time-poor do not wish to wait for on-line images to download.

SESSIONS FOR PERSONAL DEVELOPMENT

On the Sunday afternoon, I attended a most interesting session on global vs analytical people. Global people are big-picture and do not like detail. Analytical people are the exact opposite. This creates interesting implications for how we deal with people in our family, social and work lives.

Perhaps the highlight of the whole conference was the final lunch address by the values-centred motivational speaker Dr Lance Secretan, a former CEO of Manpower. He gave a life-transforming talk of valuing each employee in the workplace. The key message I took from his talk was that an employee was more important than the company's profit. But the interesting by-product is that by valuing each employee, profits often increase as a result of increased employee dedication and fulfillment.

GENERAL OBSERVATIONS

One reason for the success of the conference was the openness of the speakers. At the risk of making a generalisation, I would like to conclude that US organisations tend to share more with each other than Australian organisations. Perhaps it is the small size of the Australian market that causes some manufacturers to be afraid to champion consumer studies in case the industry, and hence the competitor, benefits.

In summary, the CLM conference was a tremendous forum for networking and developing one's professional and personal experience.

I recommend next years CLM conference which will be held in Kansas City

FUTURE PAPERS

The next set of papers I provide will focus on the lessons I learnt during my site visits. Topics include the complexities of the corporation - third party relationship, European retailing implications for Australian logistics, and the role of logistics in information flow and enabling additional sales. Corporations I will be covering include TNT Logistics Italy, Lavazza coffee, CHEP Italy and Benetton.

If you would like to discuss any of the issues in this paper, please feel free to contact her on ameliac@ozemail.com.au.