

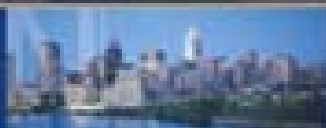
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Observations

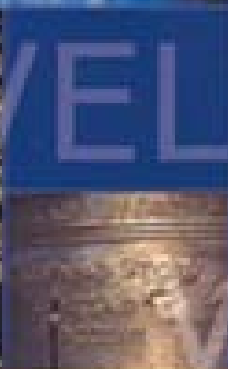
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Council of Supply Chain Management Professionals



Donna Edwards
Manager Supply Chain and Logistics
SA Trade and Economic Development

Vision Velocity Value



Vision is looking ahead to the future & preparing for it now. Vital for logisticians.

Velocity is about streamlining operations to lower cost and get product to customers faster.

Value for customer and shareholders.

The Next Wave in Global Logistics & Delivery – John Fellows, CEO DHL



- Customers
 - What's in the box
 - Inventory buffer & short hauls
 - Hours of service regulations
 - Emission regulations
 - Off shoring
 - RFID
 - Security
- “...the next wave is not a tsunami, it is seeing where the high tide is in all these areas”

The Changing World

Former British PM John Majors



I am here because I stood on the footsteps of giants

Issac Newton

- Interdependence due to technology
- Anti-western terrorism
- Poison in the well
- Poverty
- Which nations will lead – political & economic
- Europe as a force
- World is competitive complex & confusing

The winners of tomorrow will deal proactively with chaos

Tom Peters

A Customer Centred Approach to Succeed in Chaotic Times

– Roger Dow, VP Marriott



- The road to turned on, customer focussed success, based on your own employees
- Create a sense of ownership
- Culture where employees are encouraged to think for themselves & take control of their jobs

Concurrent Sessions



- Benchmarking & performance metrics
- Business issues
- Current research surveys
- Customer focussed logistics
- Education in logistics & supply chain
- Finance issues for the supply chain
- Forecasting & planning
- Fundamentals of logistics & supply chain
- Global supply chain strategies

Concurrent Sessions



- Innovations in outsourcing
- Inventory issues
- Material handling
- Procurement & purchasing
- Professional development
- Quality & lean logistics
- Retail
- RFID
- Shippers & manufacturers

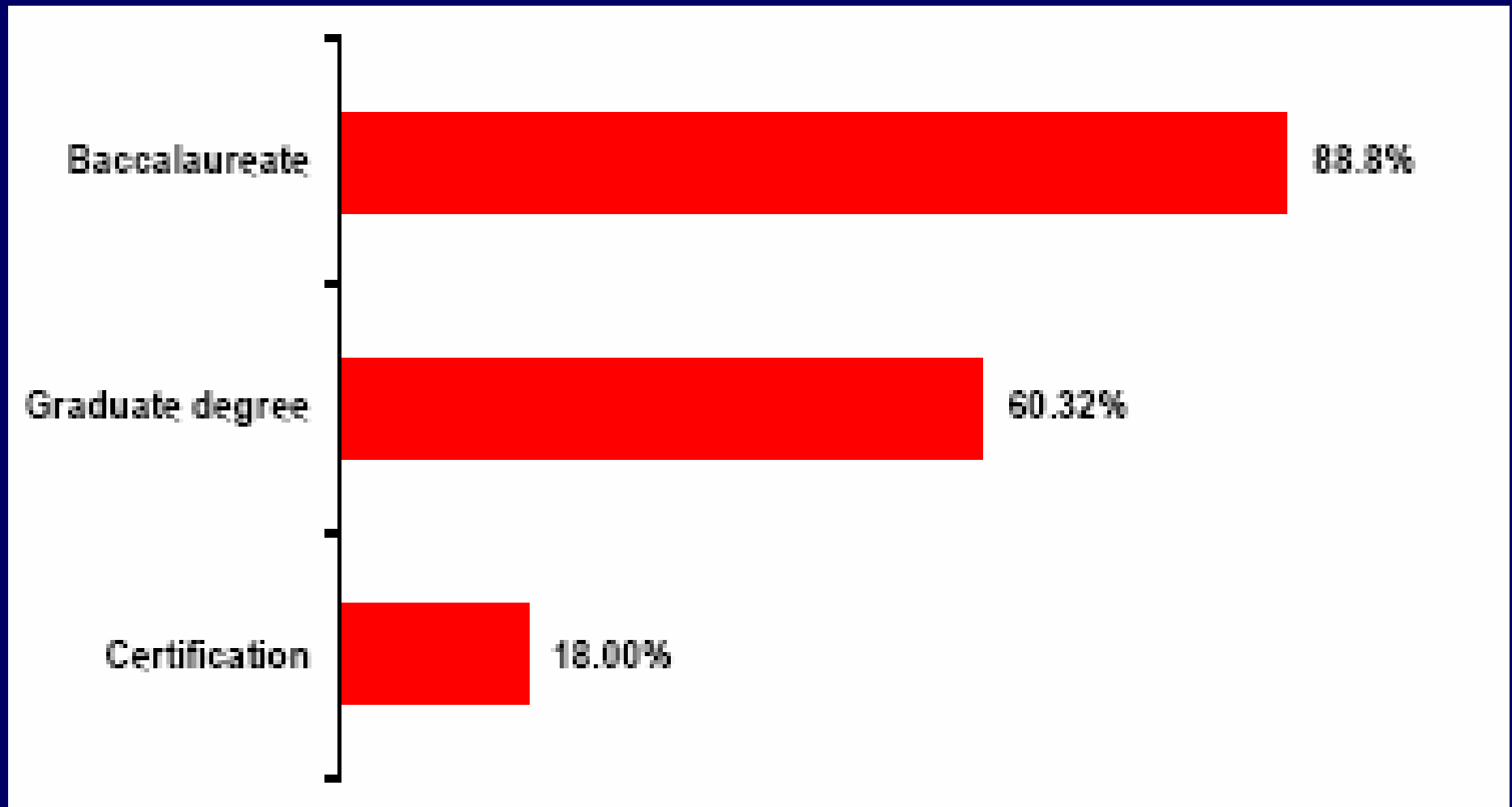
Concurrent Sessions



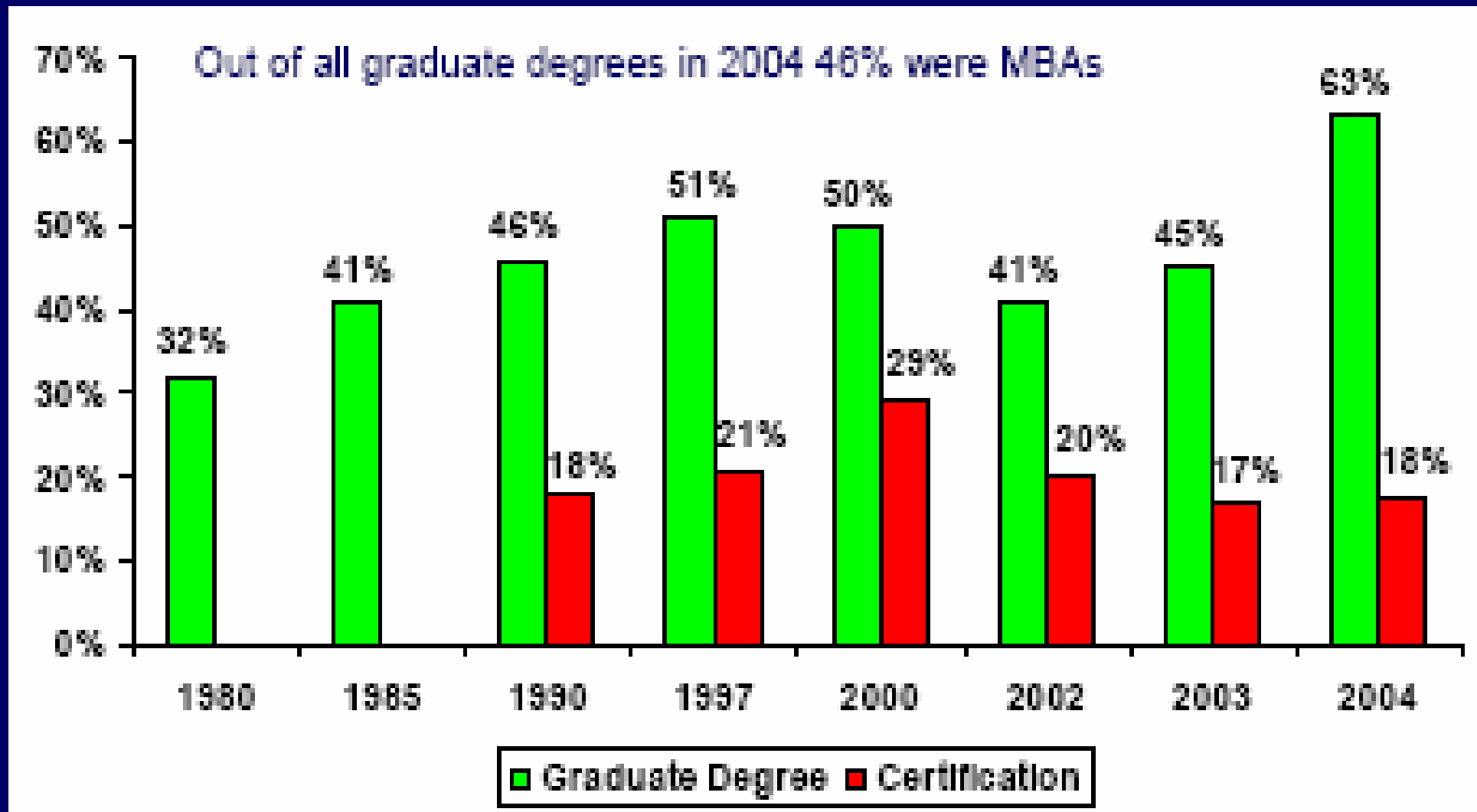
- Supply chain optimization
- Supply chain process / implementation
- Supply chain protection
- Supply chain technology & software
- Supply chain transformations
- Transportation trends of the future
- Warehousing & distribution
- Learning Exchange & Site Tours

Observations... education rules

Educational Background

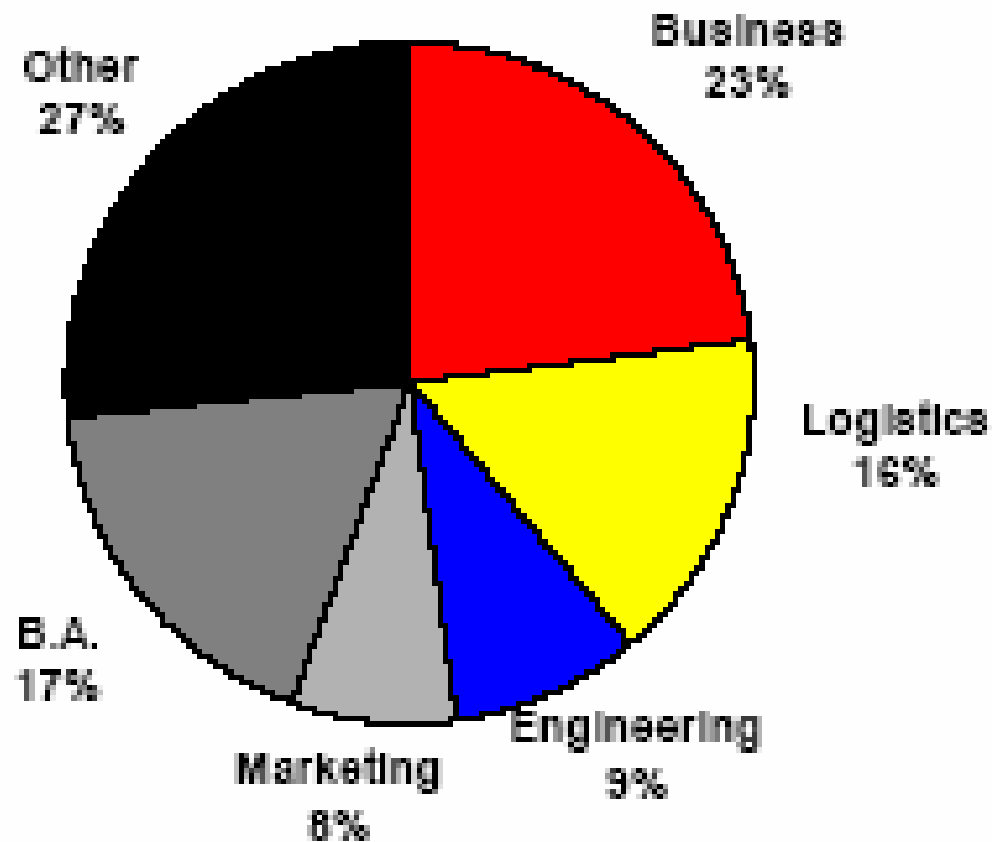


Trends in Advanced Degrees/ Certifications (1980 - 2004)



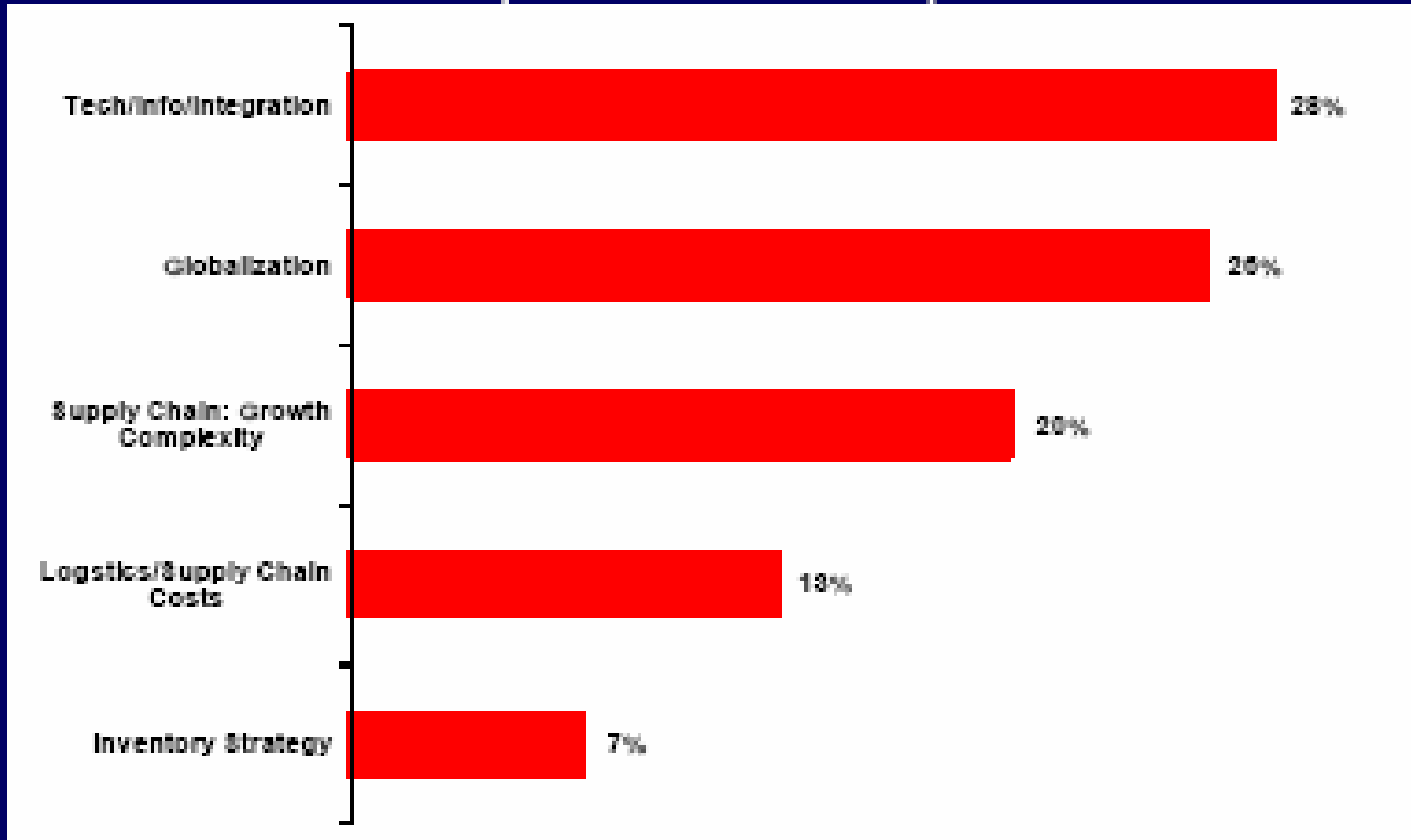
* Certification % not available for 1980/85

Educational Background (Undergraduate Major)



Source: The Ohio State University, Career Patterns 2004 (n=58)

Factors that will Affect the Growth and Development of Logistics (Over the Next Decade)

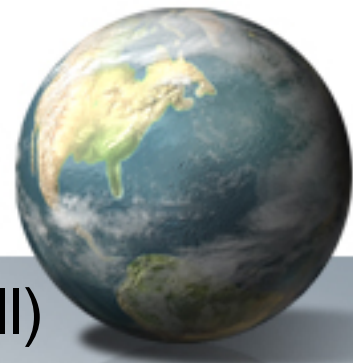


Observations...supply chain vs supply chain



- Supply chain notation is everywhere from current executive titles to future forecasts
- Recognition of new learning required to compete in the supply chain arena
- Global supply chains change how traditional logistics executives think & execute their logistics plan
- Shift from pure customer service response to the role supply chain & logistics can bring sustainable competitive advantage to the firm.

Observations...x- dock infant



- Cross dock is still infant (one-size does not fit all)
- Start with a few SKUs
- No rigid fifo control
- No strict expiration date
- Real time wms
- Supplier specific doors -> DC
- Pull (vs push)
- Shared 3PL (not captive company solution)
- Integration of all transport modes (not single mode)
- All commodities (not just bulk-movers)

Observations...China is it



- Want to bring logistics costs down
- Strategic infrastructure logistics development 2002 US\$230 billion
- TSL 20% GDP
- 2003 70% companies had >30% increase business
- 3PL 2004-2008 forecast 20% increase,
- Were limitations under WTO but soon to be lifted
 - Joint venture foreign ownership not > 49%
 - Road & warehousing
 - Rail
 - Container depot & international shipping – FMO allowed
- Foreign investment US\$20bn -> \$50bn
- China logistics fair annually – September Shanghai

Observations...on line auctions



- 2003 ~5% of total spend via auction process
- 2004 ~ 11.5%
- Reverse auctions 10-15% growth pa
 - Cost savings ~20% first auction – low single digit% by 4th auction.
- Use when
 - Fragmented markets, standard product/service, high transaction costs, global sourcing expertise needed but not available within the buying firm
 - Still need RFP, RFQ, RFI tools
- E-auction software (oracle, ebreviate, SAP, I2, Manugistics, etc)

Observations... big is complex



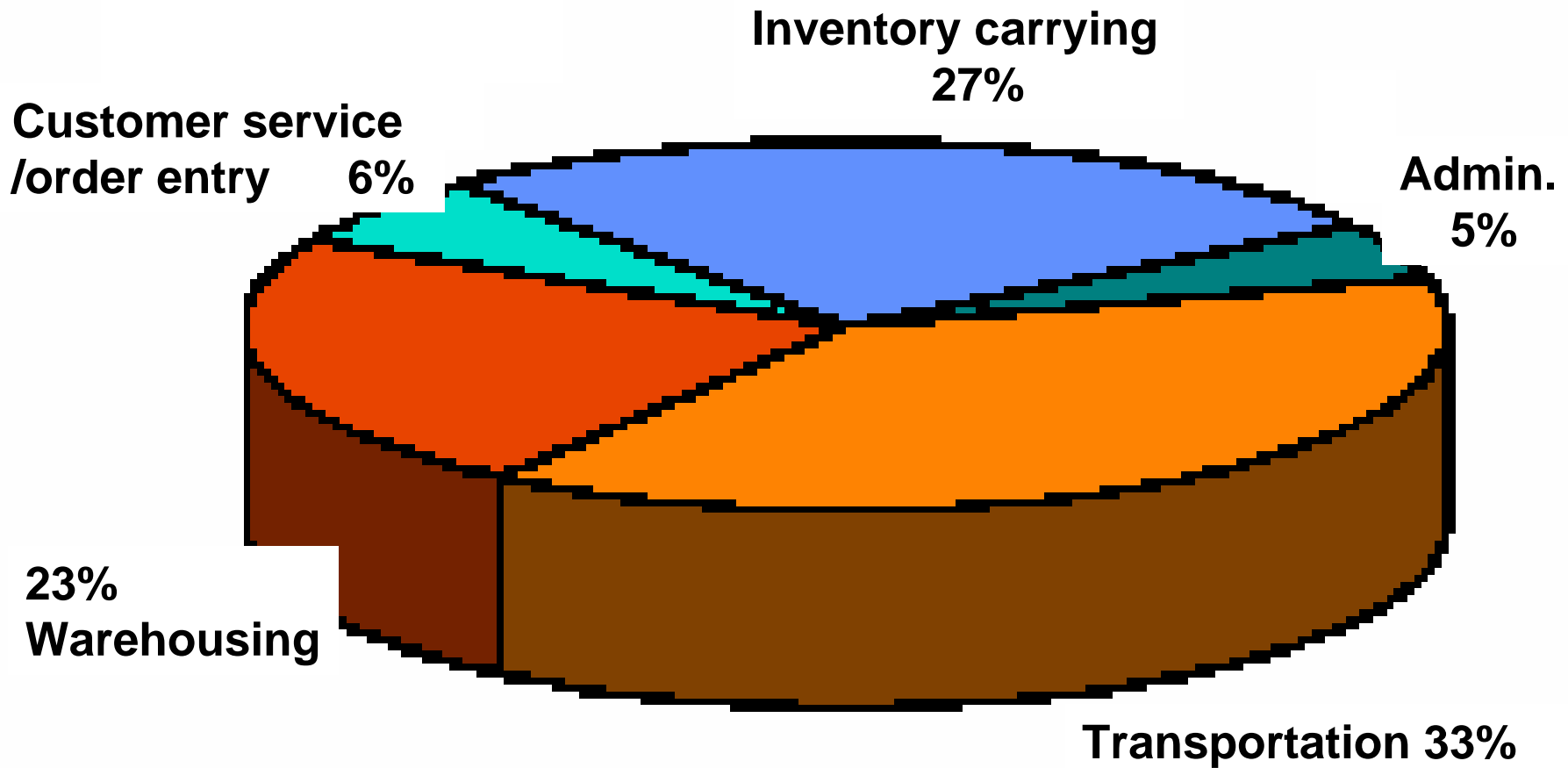
- US Department of Defence
- Performance based logistics
- Vision > new concepts > new practices > new mandate
- Mission > responsive, cost effective, be ready
- Transformation > distributed, adaptive, integrated logistics operations & intelligence
- Network centric architecture IT & communication to nearest agile manufacturer for despatch direct to site within 24 hours
- One-touch supply - no mountains of stuff
- Long-term supply/service contracts 5-15yrs
- Industry incentivised to achieve more profit by decreasing costs

Observations...global trends

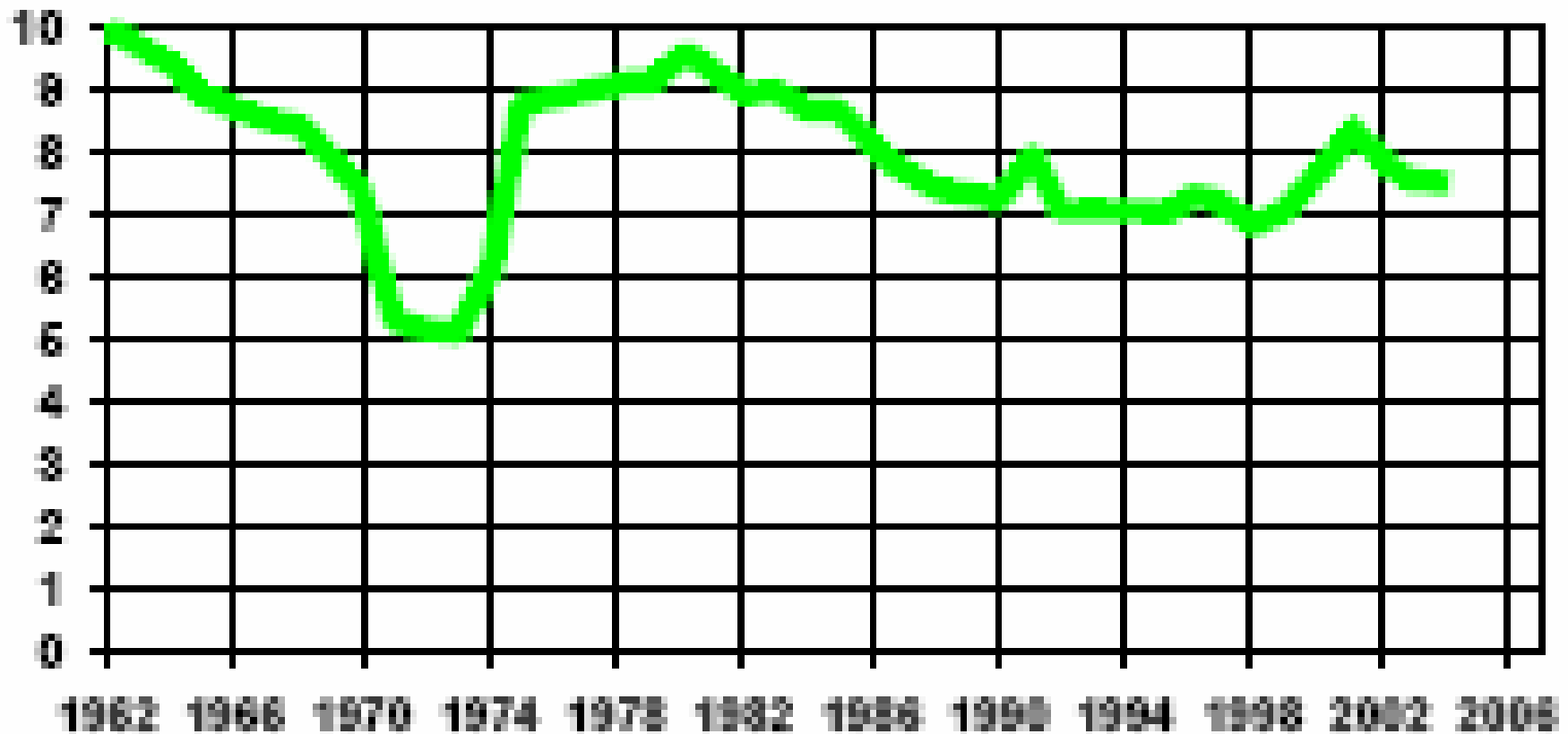


- Herbert W Davis Logistics cost and service 1975 -2004
- Sales up 5.75%, logistics cost down
- Total weight shipped down
- Logistics cost declining since 2001 but levelled off
- Service levels not improving significantly 8.4 days & 94%DIFOT
- Costs declined in transport but increased in warehousing & inventory carrying

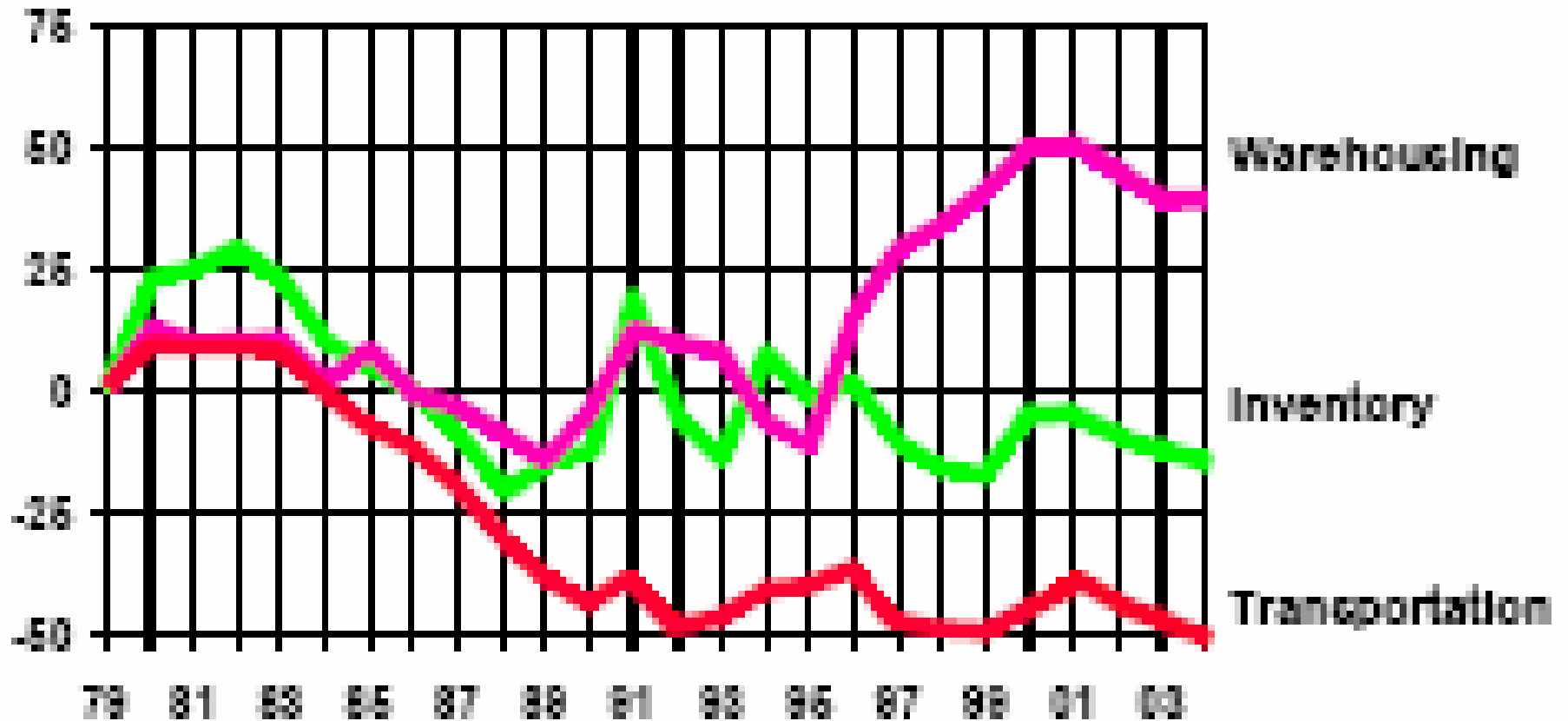
Cost Breakdown Percent of Sales



Logistics Cost - Percent of Sales



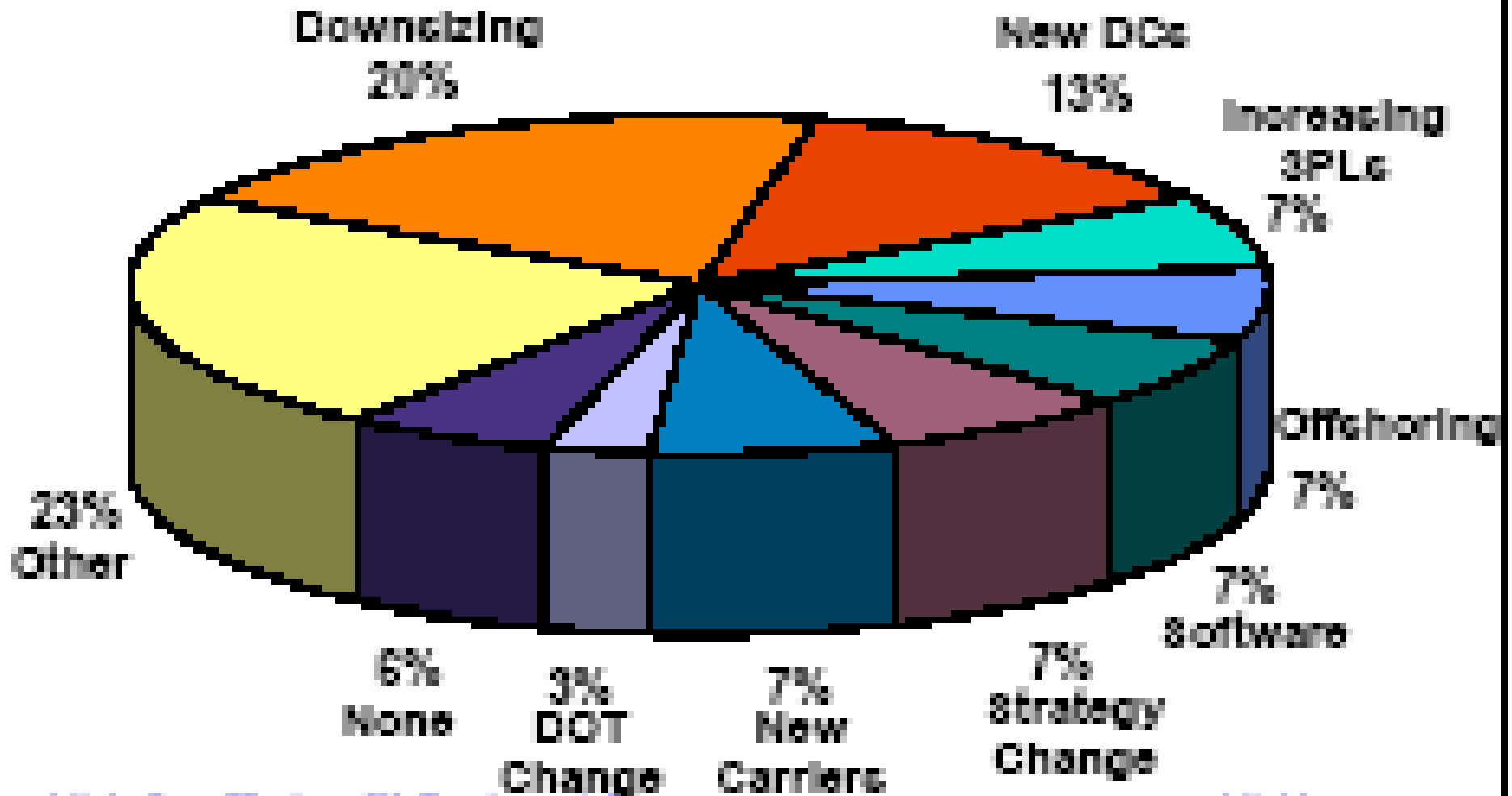
Annual functional cost change Percent of Sales



Observations... ranked

- Strongest **decision** drivers
 - Service, cost, hours of service
- Managing **problems**
 - Visibility of product shipments & schedules,
 - Integrating supply chain components,
 - Meeting complicated & demanding service requirements
- **Operating** issues
 - Reducing costs, physical problems, supply chain co-ord.
- Most recent change in **support systems**
 - Transport management systems (including import shipment & schedule tracking), WMS, ERP

What are the most recent changes in your logistics network?



Observations...tailor strategy for the situation

Two Different Strategies for Two Different Situations

#1 – Typified by Consumer Companies

- Out of any slump in sales and volume.
- Sales and volume up and growing.
- Rising logistics costs covered by these higher revenues.
- License to work on new initiatives.
- Capital expenditures possible.

Observations...tailor strategy for the situation

Two Different Strategies for Two Different Situations

#2 – Typified by Industrial Companies

- Not out of the slump in sales and volume.
- Steady or declining sales and volume.
- Not able to cover rising logistics costs.
- Trying to keep logistics costs low through spending limits.
- New initiatives cannot be funded.
- Very limited capital expenditures possible.

Observations...

supply chains - need for speed & quality & tightly knit pit crew

“Without fundamental changes in the way supply chains are managed, the end for slower companies is all too easy to predict. Either watch swifter companies roar past or, more dangerously, compete with an antique engine’

Gene Long

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Observations

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