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# Logistics and Supply Chain Management Excellence

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Invest  
Northern  
Ireland

The logo for Invest Northern Ireland features a stylized flower or star shape composed of six petals. The top two petals are green, the middle two are light blue, and the bottom two are a darker blue.

***nitl***

Supply Chain Management  
Centre of Excellence

Presented by: Edward Sweeney, Randal  
Faulkner, Leonora O'Donovan and Austin  
Smyth

# Logistics and Supply Chain Management Excellence

The logo for Invest Northern Ireland, consisting of the text 'Invest Northern Ireland' in a black, sans-serif font. To the right of the text is a stylized flower icon with five petals in shades of green and blue.

Invest  
Northern  
Ireland

July 28<sup>th</sup> 2004

# Agenda

- **What is NITL?**
- **What is Supply Chain Management?**
- **Key Characteristics of Excellent SCM**
- **Situation in Ireland**
- **NITL's Action Plan**
- **The Future of SCM in Ireland**

# History of NITL

- Report “World Class to Serve the World”
- April 1998
- National Centre for Supply Chain Excellence
- Supported by National Development Plan
- Managed by the Department of Enterprise, Trade and Employment
- Through Enterprise Ireland
- Based at the DIT

Forfás 

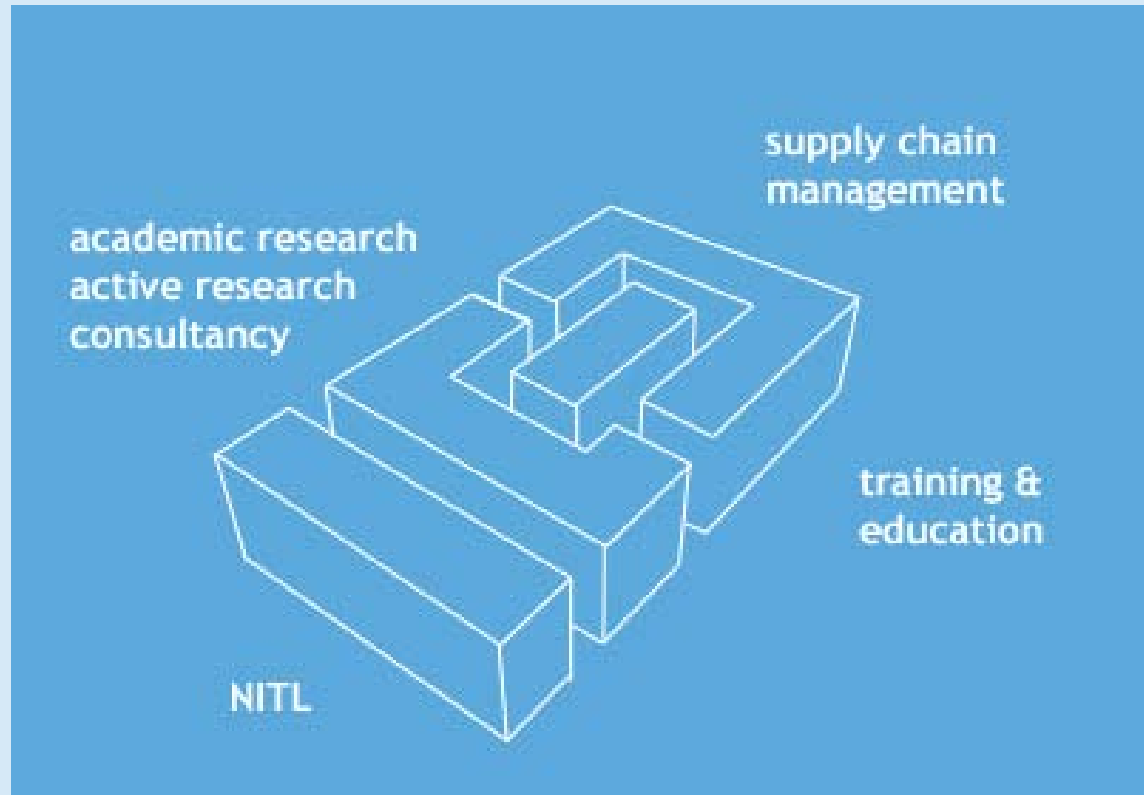


# Aims of NITL

*NITL's objectives are to:*

- Raise the profile of Supply Chain Management
- Increase the pool of professionals in Supply Chain Management
- Provide a strategic resource of expertise and knowledge

# NITL Structure and Activities

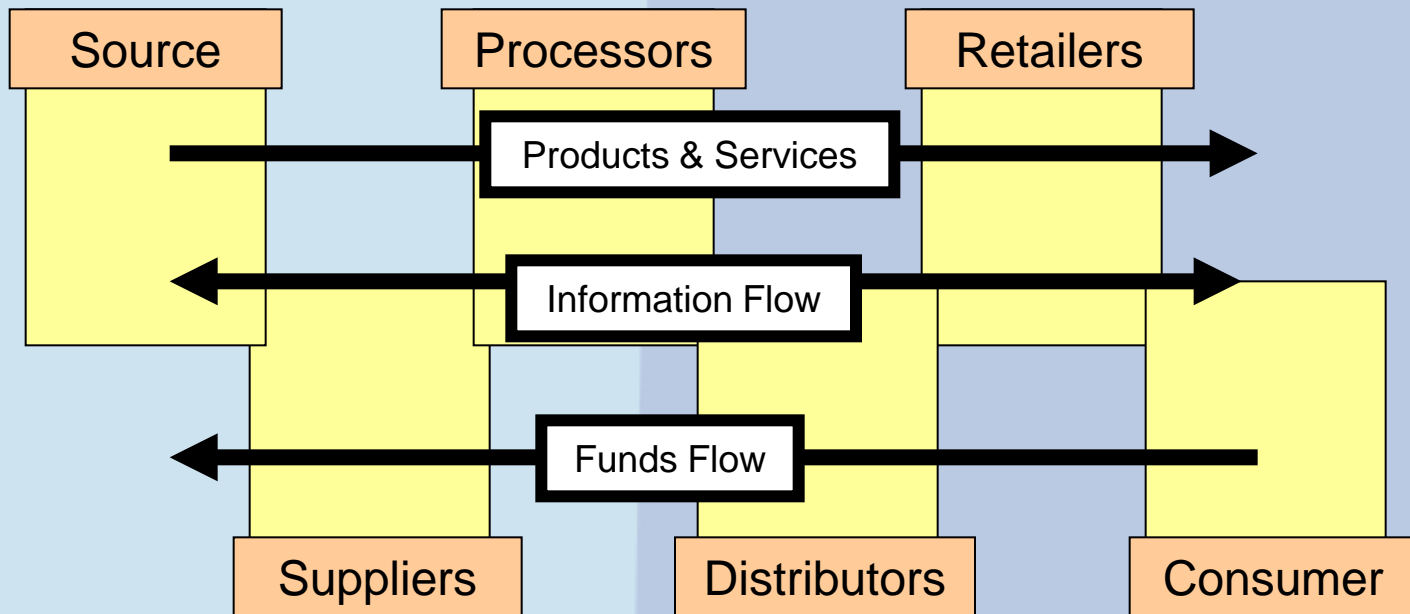


# Fundamental 1 - The Aims of Supply Chain Management

- 👉 Supply Chain Management aims to achieve competitive advantage through:
- 👉 *Enhanced Customer Service*
- 👉 *Optimised Costs and Investments*
- 👉 SCM provides the end customer with the right product at the right time, priced at the right level, in the right quantity and quality



# Fundamental 2 - Supply Chain Philosophy



A product reaches the final consumer through a chain of companies which will typically include suppliers, processors, distributors and retailers.

# The Weakest Link

- Without the right companies across the supply chain to work with, a company will never achieve true competitive advantage. In other words
- The supply chain is only as strong as its weakest link.

# What is Supply Chain Management?

A white circle with a thin black border containing the word 'Buy' in blue text.

Buy

A white circle with a thin black border containing the word 'Make' in blue text.

Make

A white circle with a thin black border containing the word 'Store' in blue text.

Store

A white circle with a thin black border containing the word 'Move' in blue text.

Move

A white circle with a thin black border containing the word 'Sell' in blue text.

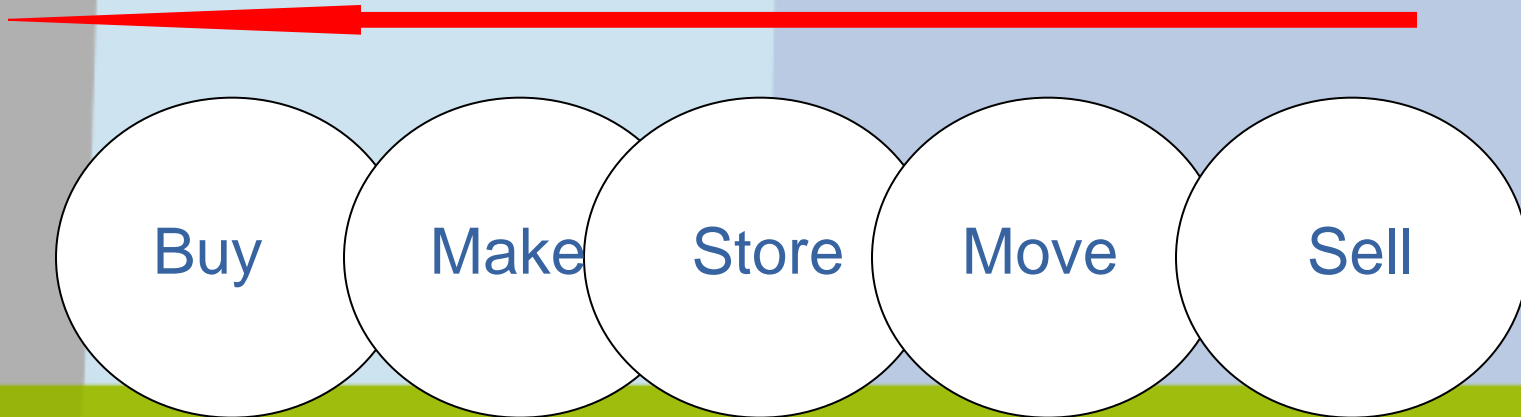
Sell

**Traditionally these functions are managed in isolation and often operate at cross purposes.**

# What is Supply Chain Management?

Supply chain management integrates these functions by holistically managing the information, material and financial flows.

Information and Money

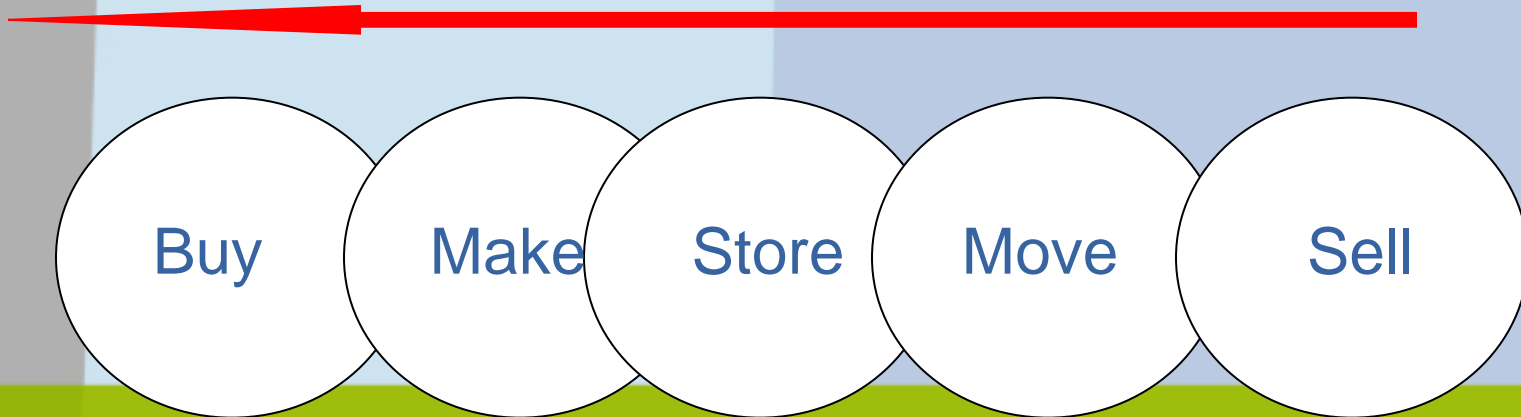


Information and Materials

# Fundamental 3 – Managing the Flows

Supply chain management integrates these functions by holistically managing the information, material and financial flows.

Information and Money



Information and Materials

# Fundamental 4 - Relationships

Re-assessment of internal and external customer/supplier relationships.

SCM is not a “zero-sum game” based on adversarial relationships

SCM is a “win-win” game based on partnership relationships?

# Why is SCM Important?

## MIT Study

- The application of SCM in US industry had the following effects
  - 50% reduction in inventory
  - 40% improvement in on-time deliveries
  - 27% reduction in order cycle times
  - nine fold reduction in out of stocks

# Importance of SCM to Ireland

- Potential operational benefits identified by MIT
- Transport only one, and not most important cost, therefore location not a significant disadvantage
- Relatively small companies can be a part of a global supply chain
- Can manage 'virtual' supply chains from Ireland



# Key Characteristics of Excellent SCM

- Integration of supply chain activities
- SCM a senior management function
- Identification and measurement of customer service
  - customer service 'sets the spec' for SC design
- Integration of supply chain information
- Establishment and measurement of supply chain KPI's

# SCM Capability of Irish Companies

(2001 – currently being re-assessed)

- **Surveyed 300 EI client companies**
- **Across all sectors, regions, size**
- **Mix of 'face to face' and telephone interviews**

# Key Findings

- Less than 20% have a formal logistics position and in less than 4% is it at Board Level
- Less than 50% measure customer service formally and those have very limited measurements
- Companies score low in relation to having the latest supply chain systems and having them integrated across the supply chain
- Few companies had clearly defined SCM KPI's

# NITL's Action Plan

- Create awareness of SCM
- Increase the pool of Supply Chain Management professionals
- Develop and provide SCM support tools

# Creating Awareness

- **Logistics Ireland Annual Conference**
- **Logistics Solutions magazine**
- **Technical Fact Sheets**
- **SCM Road Show**
- **NITL Website**

# Increasing the Pool of SCM Professionals – NITL *Learning*

Programme	Leading to
Foundation Certificate Programme	Post-Experience Certificate
SCM Development Programme	Post-Experience Cert/Diploma
Executive Masters Programme	M.Sc.
Fellowship Programme	M.Phil.
Research Studies	M.Phil./Ph.D.
In-house Learning	Certified Continuing Professional Development
Senior Executive Programme	
Short Courses	

**PLUS**

FAS Supply Chain Logistics National Traineeship  
DIT B.Sc. In Transport and Logistics

# Industrial Interface

- All learning programmes run in partnership with industry (*excellence with relevance*)
- Sectors represented include:

*Electronics*: HP, Dell, Intel, Flextronics, Apple

*Food and Drink*: Diageo, Coca-Cola, Glanbia, Tesco, Superquinn

*Pharmaceutical and Medical Devices*: Glaxo, Boston Scientific, Schering Plough, Uniphar, United Drug

*Logistics Service Providers*: IEC, ABX, Exel, Banta, Sercom

*Public Sector*: Health Agencies, Local Government, Defence Forces and Educational Institutes

# SCM Support Tools and Services

- **Support Tools**
  - Self Audit Packs
  - Benchmarking Clubs
  - Statistics and Indices
  - SCM Software Directory
  - SCM Services Directory
- **Knowledge Resources and Research**
- **Advice and Consultancy**



# Drivers of SCM Change

- Migration of manufacturing towards lower labour cost countries
- Raw material and customer market globalisation
- Outsourcing: creating “virtual” supply chains
- ICT developments: a key enabler of supply chain integration
- SCM moving up the value hierarchy: “2nd Generation SCM”

# Implications for Enterprise Strategy

- Management of virtual supply chains from Ireland
- Integrating NPI and supply chain design
- Optimising national distribution networks



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