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Supply Chain Management Excellence: the Role of the National Institute for Transport and Logistics

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Supply Chain Management
Centre of Excellence

IDA Ireland/ABB Supply Chain Management Excellence: the role of NITL

**Edward Sweeney
Director of Learning
NITL, Dublin, Ireland**

Agenda

- **NITL: Origins**
- **What is SCM?**
- **World-Class SCM**
- **NITL: Activities**

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- ***NITL: Origins***
- **What is SCM?**
- **World-Class SCM**
- **NITL: Activities**

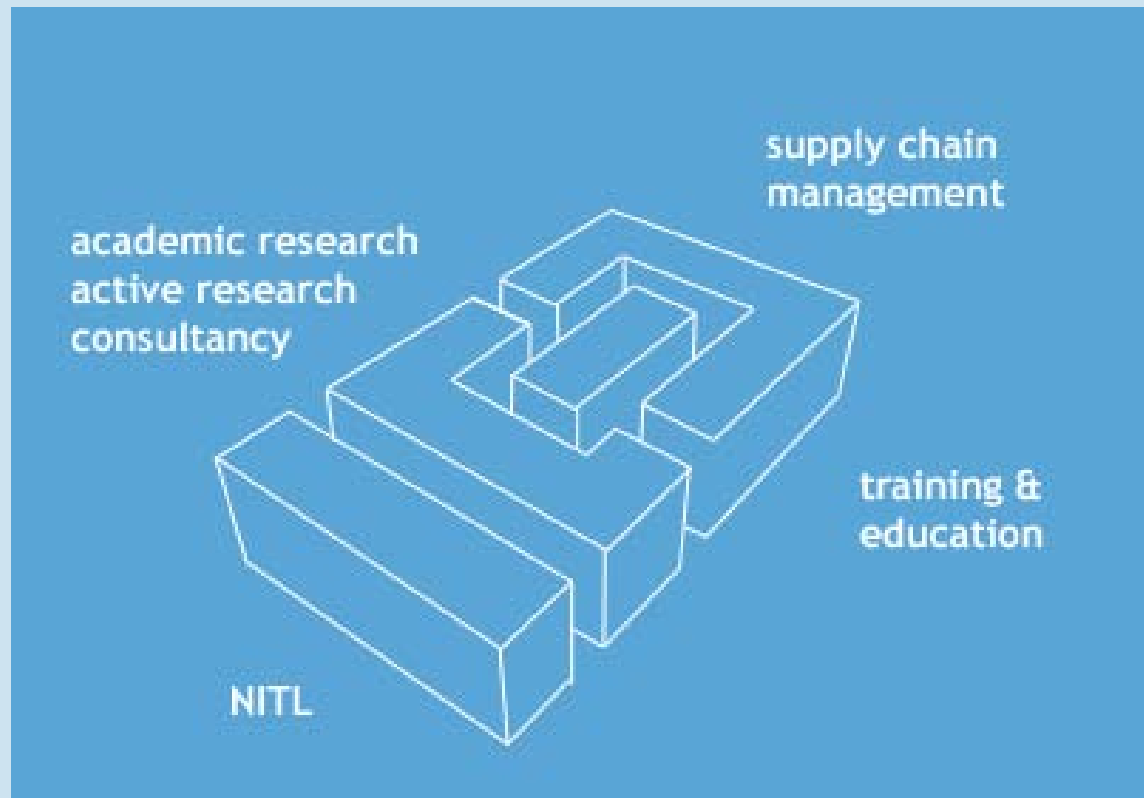
History of NITL

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

Mission Statement

NITL will support the achievement of competitive advantage in organisations in Ireland by creating a fundamental new resource for logistics and supply chain efficiency.

NITL Structure / Activities






Agenda

- **NITL: Origins**
- ***What is SCM?***
- **World-Class SCM**
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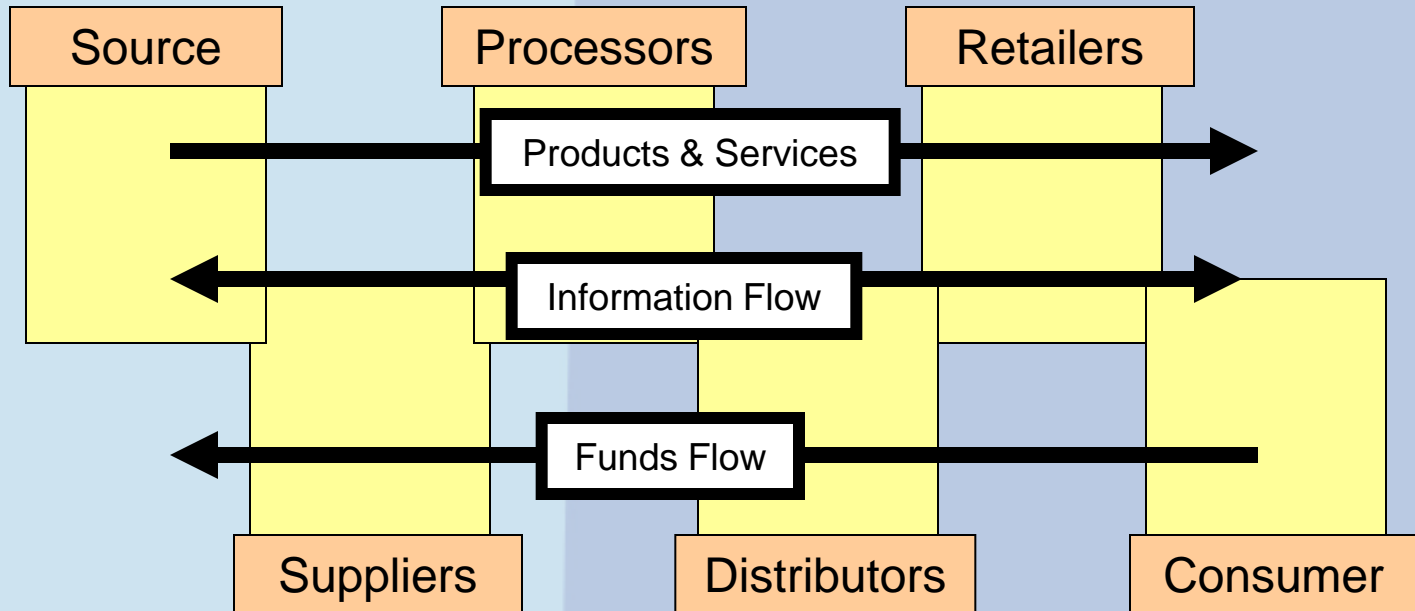
What is SCM?

- 👉 **SCM provides the end customer with the right product at the right time, priced at the right level, in the right quantity and quality**
- 👉 **SCM as a major source of competitive advantage**
- 👉 **NITL's Four Fundamentals of SCM**

Fundamental 1 - The Aims of Supply Chain Management

-  **Supply Chain Management aims to achieve competitive advantage through:**
-  ***Enhanced Customer Service***
-  ***Optimised Costs and Investments***

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.

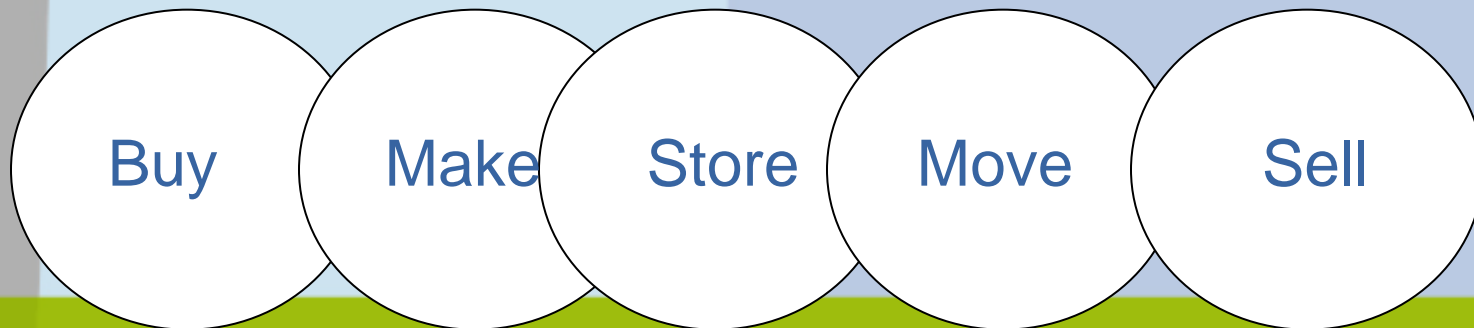
Sell

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

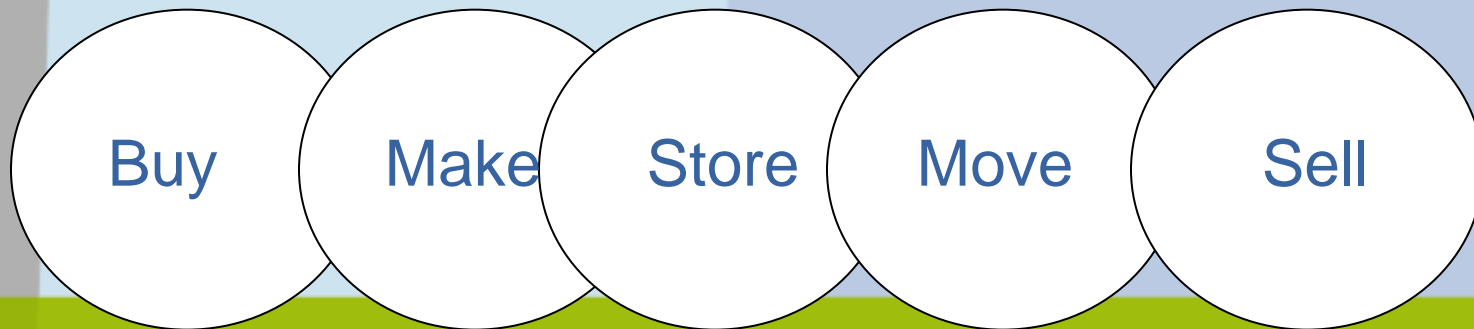


Information and Materials

Fundamental 3 - Management of 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?

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Why is SCM Important?

“Effective supply chain management can cut costs, improve service and enhance revenues and that’s just the beginning” Prof. P. Metz, MIT

MIT Survey: Implementation of ‘supply chain management’ in US resulted in:

50% reduction in inventory

40% improvement in on-time deliveries

27% reduction in order cycle time

Nine-fold reduction in out of stocks

Why is SCM Important?

“Supply chain management lies at the heart of the Dell Direct model and, therefore, at the heart of Dell’s business performance”

Michael Dell

Key Characteristics of Excellent SCM

- **Integration of supply chain activities**
 - sales forecasting; procurement; inbound transportation; production planning; inventory management; warehousing; outbound transport; customer service; sales order processing
- **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 in Ireland: importance

- Potential operational benefits (supply chain economics and customer service)
- Open economy (imports/exports proportion of GDP)
- 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

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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

PROGRAMME	LEADING TO:
Foundation Certificate Programme	Certificate
Executive Development Programme	Certificate/Diploma
B.Sc. in Logistics and Management	B.Sc.
Graduate Development Programme	M.Sc.
Fellowship Programme	M.Phil.
Research Programme	PGDip., M.Phil, Ph.D.
Customised Training	Certified Continuing Professional Development
Short Courses	

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**



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