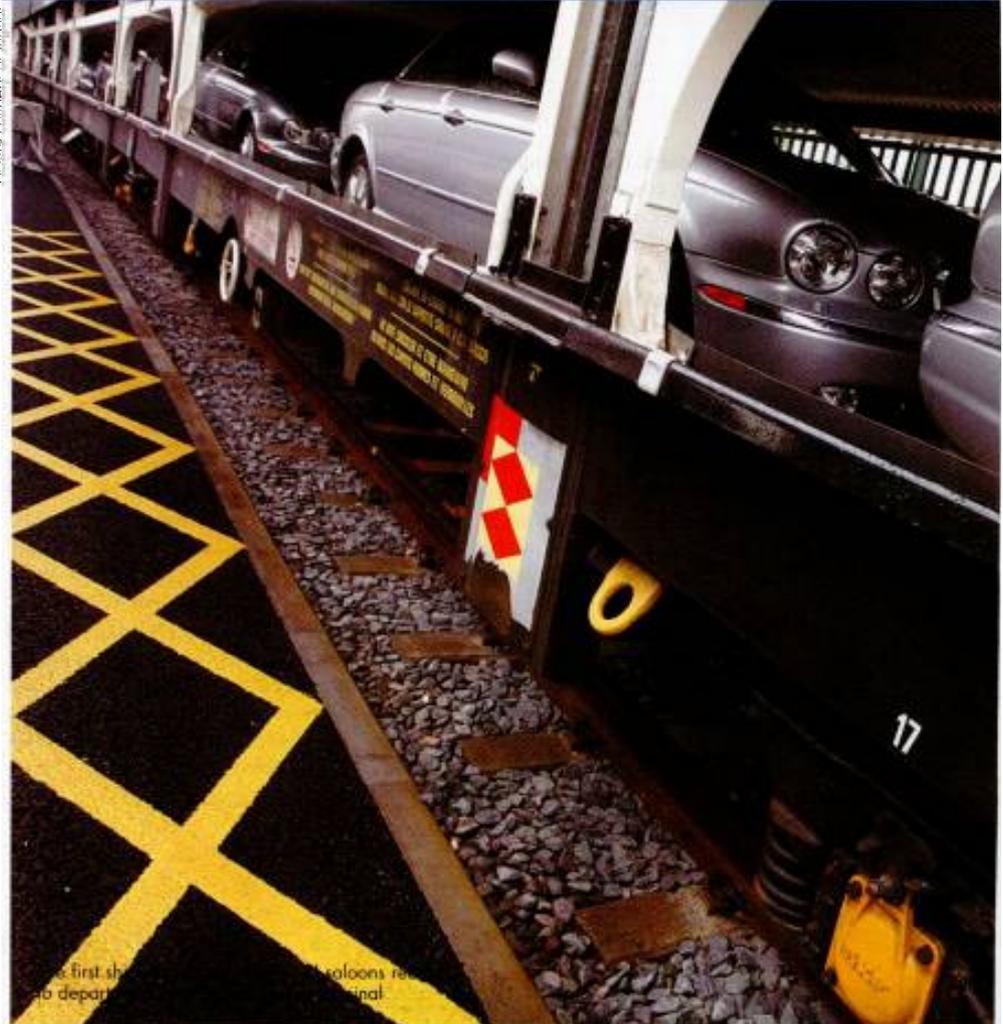




Picture courtesy of Jaguar



Humanising^{the} supply chain

Technology may be giving way to emotion in the hearts and minds of supply chain managers, writes Jayne Flannery

Few would question that the outlook for the manufacturing sector was more positive at the end of last year than it was at the outset. The release of last quarter figures for 2003 even saw a small clutch of manufacturers celebrating record order levels. For the majority though, neither cash nor confidence have been in abundant supply. From a supply chain management perspective, what has this meant?

“Within the prevailing economic climate, businesses over the last 12 months have tended to target

discrete parts of the supply chain, rather than the chain in its entirety,” said Pieter van den Broecke, director of solutions consulting for i2, an international supply chain solutions provider. “Market dynamics have led to a desire to see tangible benefits delivered within a clearly specified time frame.”

However, from a technical standpoint, he has observed a new level of maturity to supply chain management. “A key trend that we observed in 2003 was a growing desire to add a new dimension of intelligent decision making to supply chain plan-



Outlook 2004 - Logistics and supply chain



has been a strong drive towards quick fix, relatively low cost solutions. However, he also believes that the human dimension to effective supply chain management has come much more to the fore.

"We have witnessed a switch from IQ to EQ, that is to say a shift in emphasis from technical intelligence to emotional intelligence, leading to a more balanced approach," he commented. "Contemporary supply chain environments require a much higher degree of people skills. A supply chain director, for example, needs to cut across all the functions of the business to be effective. This takes a level of political skill and judgement. Technology is still very important, but to be technically brilliant is no longer enough. Other skills are needed."

The good news is that these skills can be developed with relative ease. The bad news is that logistics professionals are unused to being asked to exercise softer, more creative talents, particularly when they have been recruited on the strength of their IT credentials. Increasingly, it is not only within set corporate boundaries that people skills can be needed to achieve results. The ongoing migration of manufacturing functions towards low cost base economies and the transcending of corporate boundaries demands a different, more flexible approach towards supply chain management. Dr Wilding dislikes the term out-sourcing, which he sees as leading to the abnegation of responsibility. "If you are going to create a truly collaborative environment, it would be more accurate to talk about in-sourcing or bringing in the key skills you require. However you describe it, you still need to take ownership and responsibility."

ning management," he continued. "Memory resident technology is taking over from database driven applications. This makes it possible to close the loop between planning and execution in real-time and brings a new level of intelligence into the planning equation. Supply chain operating services software, for example, is a new technology and application layer that enables the analysis of execution data and translates it into actionable information through a supply chain event application. It is not just about seeing there is a problem in the supply chain, but how that can be addressed to best effect. Supply chain event management tools can create a work flow that navigates the planner directly into a planning production scheduling application, or what ever is needed to optimise the chain."

However, just as the verdict is mixed on the sector's recovery, others see different trends coming to the fore. Dr Richard Wilding works with the Centre for Logistics and Supply Chain Management attached to Cranfield School of Management. He agrees there

Alan Todd is purchasing manager with Ampy Automation, the UK's leading manufacturer of electricity meters. He agrees that as increasing numbers of businesses seek to manufacture offshore to remain competitive, new management challenges are raised. "Quality, price and flexibility are our determinants in selecting suppliers," he said. "Increasingly this means developing the capability to work in a different language, with a different production culture, different skill sets and across different time zones. It all means that much more effort must go into managing supplier relationships."

The automotive sector has traditionally been at the cutting edge of all manufacturing disciplines. I asked Mike Tickle, logistics engineering manager for Jaguar and Land Rover for his views on what the coming year holds. "We are planning a sharp acceleration in the number of inventory turns. Our new targets set out an objective to turn parts each day. This means we are looking for the ultimate ►