

Global Status & Trends in Logistics & Supply Chain Management

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Overview of Presentation

- **Definition of Supply Chain Management**
- Strategic Logistics Management
 - Logistics Management
 - Customer Service
 - Technology
 - Global Logistics
- **Future Trends & Developments in SCM**

Definition of SCM

Supply Chain Management encompasses the planning & management of all activities involved in sourcing & procurement, conversion & all Logistics Management activities. Importantly, it also includes coordination & collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers & customers. In essence, Supply Chain Management integrates supply & demand management within & across companies.

Boundaries & Relationships of SCM

SCM is an integrating function with primary responsibility for linking major business functions & business processes within & across companies into a cohesive & high-performing business model. It includes all of the Logistics Management activities noted above, as well as manufacturing operations & it drives coordination of processes & activities with & across marketing, sales, product design, finance & information technology.

Strategic Logistics Management

Logistics Management Issues— Tomorrow

- Some characteristics of the future environment of logistics
 - Better—faster—cheaper
 - Shrinking life cycles
 - More demanding customers
 - Agile competitors

Logistics Management Issues— Tomorrow

- **Enterprise-wide databases rather than separate databases for each business unit (cross-unit visibility of logistics information)**
- **More standardization utilizing cross-functional teams**
 - **Processes & best practices**
 - **SKU reductions**

Logistics Management Issues— Tomorrow

- **Training & education of logistics employees at all levels for participation in supply chain strategies & programs**
- Expanded reverse logistics/ product return strategies within & between companies

Logistics Management Issues— Tomorrow

- **Global trade disputes involving the US or other countries will create more uncertainty in exporting & importing as governments respond with restrictions, tariffs, fines &/or fees**
- Near-term, Line-haul improvements in ocean shipping will be negated by port congestion, security requirements & infrastructure constraints

Customer Service Issues— Tomorrow

- **Shorter product lifecycles with quick development, production & distribution**
- Flawless quality in product & service offerings

Customer Service Issues— Tomorrow

- **Consistent offerings throughout all regions of the world**
- Higher levels of mass customization
- **Customer service audits performed continuously**

Technology—Tomorrow

- **Increasing integration of warehouse management systems & other logistics solutions with supply chain systems**
- Reduction in the costs of RFID will speed implementation

Technology—Tomorrow

- Field-based wireless technology (handheld devices) will become more multifunctional
 - Combination cell phones, scanners & global positioning systems
 - Support changes to delivery schedules & vendor managed inventory programs

Technology—Tomorrow

- **Growth in intra-Asian trade requires that supply chain partners have communication & information systems that support seamless distribution systems (i.e., systems that are integrated & “talk to one another”)**

Technology—Tomorrow

- Global trade management solution applications will become more widespread, allowing importers & exporters to:
 - Screen trading partners against lists of prohibited parties & countries
 - Classify products for customs purposes
 - Produce trade & transportation documents
 - Calculate landed costs for planned or actual shipments

Global Logistics Issues— Tomorrow

- **Combining inbound & outbound transportation to/from a firm to take advantage of worldwide economies of scale**
- Further substituting information for assets such as inventory

Inventory is an asset only when it's on the balance sheet; everywhere else it's a liability

Global Logistics Issues— Tomorrow

- **Outsourcing will expand throughout Asia** (manufacturing, purchasing/procurement)
- Security issues will continue to be a major concern
- **Mega-container ships will come on line, although slowly**

Global Logistics Issues— Tomorrow

- **Improvements in forecasting, information & transportation will facilitate global sourcing**
- Risk assessment of market strategies will be more important (off-shore sourcing, port closures, trade disputes, security)

Future Trends & Developments in Supply Chain Management

Future Developments in SCM

- **Dependability & flexibility will become “givens” or basic requirements for competing, while innovation will be the differentiator**
- Continuing pressure to reduce overall supply chain costs

Future Developments in SCM

- **Reverse logistics will become a more important part of SCM as firms adopt life cycle & product stewardship perspectives**
- The entire supply chain will become more transparent because of new technology & rapid communication capabilities

Future Developments in SCM

- **Products & processes will become more complex, requiring higher quality systems, people & strategies**
- Supply chains will have more interchangeable parts, i.e., when conditions change, individual elements of the supply chain will be able to be replaced &/or modified easily & quickly

Future Developments in SCM

- **Security issues will continue to impact supply chain costs, reliability & performance**
- Automation of information & data retrieval will continue to replace "human intervention"

Future Developments in SCM

- **Producers or creators of products will adopt product stewardship models of SCM in greater numbers**
- Forecasting will become more accurate because shorter time horizons will be used as result of more rapid information availability

Future Developments in SCM

- **Increasing manufacture or assembly of products nearer to final customers**
- Compensation of managers will be tied more closely to activities & processes not under their direct control (making coordination & collaboration much more important)

A Concluding Thought

Speed will be the primary driver of supply chain design, development, implementation & evaluation. Customers, competitors & stakeholders will demand it!