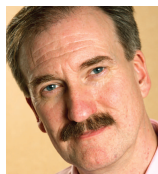


LOGISTICS

LEAN, MEAN SUPPLY CHAIN MACHINE



Unipart has adopted lean logistics as a key element in meeting the very different objectives of customers across a broad range of industries. **NICK ALLEN** talks 'lean' with eight senior executives from the company

Nick Allen: Is it possible to combine a lean supply chain with both agility and customer service?

Frank Burns: The perception in the market place is that lean logistics is about manufacturing. Our approach is to deliver what the customer requires and with lean logistics we are trying to use the same tools that manufacturers have successfully applied to be more flexible and responsive in the supply chain.

Maurice Daw: In my market – technology – customers such as BSKyB and Jessops are dealing with volume demands that can fluctuate a great deal. I don't think they want hugely automated, low-cost supply chains; they want greater efficiency to meet flexible customer demands.

Ian Smith: Clients certainly have different points of view. Two clients I have are sales driven entrepreneurs. Moving goods out of the warehouse front door to their customer's front door has to be 100 per cent efficient. I have another customer from manufacturing who thinks the supply chain is about mapping the whole value stream to provide better service levels.

Nick Allen: Technology is an important element in achieving visibility isn't it?

Mark Tonks: So far as technology is concerned we use MySAP for automotive clients. One of the things you must develop is a way of integrating systems rapidly. We use templates to quickly put customers on a new version of Red Prairie or whatever.

We are also looking at service oriented architecture (SOA) for our IT and where that may take us. As SOA comes on board it may allow us to be more flexible.

Maurice Daw: It is important to know what is changing. GPS allows you to measure the last mile very accurately. It is not necessarily taking cost out, but

it is certainly creating customer service opportunities. A lot of products offer route optimisation, but it is very difficult to do, although we are making progress.

Carl Powell: You get the best out of supply chain technology if you take a holistic view. In automotive we are looking at end-to-end systems which give us the best opportunity to improve performance. With other supply chains we can't dictate what technology is used end-to-end, because we are only responsible for part of them. So, we have to have two strategies: an end-to-end one and a component one.

Keith Robson: One thing I would say with new technology is that there is a trend to get very excited about it. In my view people, processes and services are equally important. For instance, RFID is a great way of getting data, but that is all, it doesn't guarantee an improvement in the supply chain.

Carl Powell: That's right. RFID is not the Holy Grail. The issue is what do you do with the information you have gathered. The question is: 'how are you going to change that data into something that is of value to the customer?' We are finding real value in using RFID to speed container traffic through ports for Jaguar. We have cut two or three days off the process in the UK and in New York by using tags to send manifest information at dockside security checks.

Nick Allen: You have a way of working designed to help make improvements called the Unipart Way. Just what is that exactly?

Paul Brooks: It is a philosophy of working that is based on how we understand the needs of the customer and uses tools and techniques that enable us to improve faster than the best available alternative to our existing and potential customers. It is an approach based on what our customers are

trying to achieve with their business processes.

Maurice Daw: It is a philosophy of working that involves everyone, not just those at a management level. We have guys at the coal face mapping things and trying to improve them. It is not just a McKinsey-driven set of tools and techniques.

Ian Smith: When I came to Unipart I had no knowledge of the company's tools and techniques. I set up an inbound operation that involved 36 people. Then I bought in a lean engineer. I thought I was a good operator, but this guy was something else. He spent two days watching and analysing what was going on and reduced the headcount from 36 to 27 people. Over the last 15 months a further 10 to 15 per cent of cost has been taken out and we are doing more business as a consequence.

Frank Burns: If you think back to before our industry became seasonal we struggled to cope with fluctuations of 10 to 15 per cent. Now volumes move 60 or 70 per cent and we take it in our stride.

Coming a long way

Maurice Daw: We have moved a long way. When I started, logistics was a cost, now the supply chain is a competitive advantage and a source of enduring customer satisfaction. Logistics is on most company's list of things that must be dealt with.

Nick Allen: In more enlightened organisations there is a supply chain director on the board. Will we see more board room representation in future?

Paul Brooks: Retailers are very focussed on the supply chain, especially end-to-end. Consumer goods manufacturers have been slower to change, due to service and cost pressures. Now they are changing to a customer service and collaboration role – I think we will see more board room representation.

Brian Marshall: We increasingly find the decision maker is the finance director or the managing director – but making decisions in the background. Authority has not been handed down the organisation to the supply chain director.

Nick Allen: How far are organisations farming out their sourcing?

Carl Powell: We are doing a lot of consulting on sourcing. For me outsourcing is about trust. We may be talking to a customer about extending our involvement to sourcing, but it is very difficult to expect a customer to do that in one jump.

Lean logistics, in the view of Unipart executives, is more than just a means of squeezing more cost out of the supply chain. It gives greater control.

MEET THE PANELISTS



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