

Module 4: Move It: Transportation and Logistics

As consumers, when we get to the store, we tend to be focused on products and their **prices**. Rarely do consumers think about where the item came from. Even if they do, they tend to think simply about the **point of origin** and the **final destination**. Perhaps, a more **perceptive** person might even think about the primary mode of **transport** used to **deliver** the product. Even that level of thought is very limited though. It would be like saying a person from New York got to Tempe Arizona by airplane. **Technically**, the airplane was the **primary mode of transportation** but did that person walk out their front door and jump into an airplane that then arrived outside this building?

Many of you who have traveled by airplane know the process is much more complicated. Think about everything **required** for you to travel by airplane. You'll **buy a ticket**, **pack your bags**, **get a ride** to the airport, **check your bags**, get through **airport security**, **board the plane** using that particular airline's boarding process, and finally, you're ready to fly.

But if you're scheduled for a **layover**, you'll have to sit in people warehousing. Then you'll be ready to **board** another airplane which will hopefully get you to your final destination. And even then you'll need to **shuffle** off the airplane, get your **luggage**, and find a ride to get you to your absolute final destination and that's only what you experienced.

Think of all the work done by airport and airline staff **at every level**. This allows us to understand why this **militaristic** term "logistics" is about so much more than transportation. Moving yourself from one city to another is difficult enough but at least you're there to **make decisions**, ask questions and know the **full details** of the trip as they happen. Products traveling the world don't have the **ability** to make changes or ask questions which means that the **planning** and **preparation aspects** of logistics are even more crucial to consider for supply chain managers.

Logistics executives must make decisions related to **packaging**, **containerization**, **documentation**, **insurance**, **storage**, and **importing** and **exporting regulations**. Ultimately though, transportation is very important because the transportation mode of choice will likely **dictate** how a supply chain manager will **draw up** a complete **logistical plan**. Still, the world is so big and each item is so different that even for experienced executives, logistics can be **intimidating**. So daunting is logistics that an **industry of cargo travel agents** called **freight forwarders** are available to **guide** you **through** all the complex details. No matter what the industry or destination, it's likely you can find a **specialist** that will **carefully** plan the delivery of your **cargo**.

Through supply chain management, we learn that every product or service has its own story. Think of the thousands of logistics stories that can be told through your grocery store. Think about every article of clothing you own and what they **encountered** in getting into your closet. Think about not just the **origin** of your car but the origin of **every part that went into your car**. So now, maybe next time you buy an **exotic fruit**, a **designer handbag**, or an important **vehicle**, you might take a moment to think about how modern logistics management has changed our lives and how it's **made that purchase possible**.

Module 5: Sell it & Service It: Retail Considerations

As consumers, do we buy our products at **manufacturing facilities**, at **distribution centers**, or off the **delivery truck**? No, typically we buy them at **retail stores**. Supply chains are supposed to **get the right product to the right place, at the right time** in the most **efficient manner** possible in an effort to **satisfy the customer**, which means supply chain management should not stop when the product leaves the manufacturer, the distribution center, or even when we **unload** it from the truck. Supply chain management requires that you get the product into the customer's hands. Stores may be **content** saying they **have a product in stock** but customers only care to know that the product they want is exactly where they would expect it to be, not on a **pallet**, not in the **back room**, not in the wrong place out on the floor. They want it **on the shelf**. Then again, just **having the right product on the right shelf at the right time** is not enough to create an **excellent retail experience** for your customer. That is exactly what retail stores are tasked with doing: manufacturing outstanding retail experiences.

What makes up an outstanding retail experience? An excellent mix of **competitively priced** products and services, a clean, **organized**, and **appealing** facility, excellent **customer service** from a friendly, well-informed, easy-to-find store employee, and fast and efficient waiting lines, **payment processes**, and **return processes**.

In total what we find is that retail stores, like manufacturing facilities, are concerned with issues related to **materials**, **operations**, and **logistics**. They need to consider issues like **capacity**, **productivity**, and **value**. In the competitive world of retail, they always need to be **consistently effective**, **efficient**, and **ready to adapt to whatever the market demands**. I know you're still thinking but who wants to work in retail? Each **big-box** American retail store typically sells between 500,000 and 1.5 million **dollars worth of products** each week and employs **in excess of** 100 employees at any given time. That's a huge responsibility to put in the hands of someone who doesn't understand basic supply chain **principles**. That's why big-box store managers earn **six-figure incomes**.

Still don't want to work in retail? Fine, hospitals, airlines, banks, hotels, restaurants, **auto dealers**, what do they have in common? They sell products and services **directly to** customers which means they aren't that different from retail stores. They could all **benefit from** executives that understand capacity, productivity, value, **quality management**, **materials management**, **operations**, and **logistics**. They're no different from any other good organization on earth are they they could all use the help of supply chain managers.

Module 6: Supply Chain Integration

Up until today, we've been looking at supply chain management as a series of **individual operational functions** and **decisions**. Buy it, make it, move it, sell it, serviced it. You've had the luxury of studying each in a vacuum but supply chains

are in fact chains. Chains in the sense that these individual functions are **interconnected** and **interdependent**. This is the key difference between how most corporations viewed operations 30-plus years ago and how successful modern corporations have adopted a more **integrated supply chain approach**.

Integrated. That means companies need to **pull** their **employees** and business **partners** out of their **silos** and have them develop a **cohesive** team with a **shared set of goals** and **compatible philosophies**.

A professional football player and a world-class expert in yoga both can have similar values and desires strength, flexibility, knowledge, and a healthy diet but does this mean both will have similar workouts, diets, and muscular features? No, of course not, and as both age each will have to **adapt** their daily practices to **fit** the needs of their changing bodies, jobs, and lifestyles. Businesses are no different. They can all have similar **values** and **desires** but what works for one company may not work for another and what works for one company today may not work for them tomorrow. Modern businesses can't **thrive** by **copying** other companies or living **according to checklists**. They need to develop **philosophies** that will **guide** their **actions** in the ever-**evolving** world of business.

Developing a winning tradition requires that teams operate as **cooperative** and **integrated units**. Players on these teams must **trust** each other they must understand and **accept** their **individual roles**. They must **agree upon** individual and team **goals**. And they must **strive to** continuously improve and **stay ahead of competitors** who are aiming to **beat** them every single day. More than that, they need to understand the failure of one is a failure for all. Successful modern supply chains are no different: **common goals**, **trust**, **acceptance** and **understanding** of roles, and a **commitment to continuous improvement**. These are the keys to developing a **competitive modern integrated supply chain**.

In the old days, individual business **functions** were **tasked** with **specific** but **limited duties**. R&D was tasked with innovating. **Quality managers** had to **eliminate defects**. Operations needed to be **lean**. Logistics [needed to be] **responsive**. And depending on the company, one **department** or another was responsible for making a profit but today competitive companies have **knocked** down these **walls**. At every level and in every department, they have made each one of these goals everyone's **responsibility**. Being **lean**, **responsive**, **innovative**, and **profitable** while at the same time, **maintaining** a high level of quality, **integrated goals**, **integrated responsibilities**, and **integrated supply chain management**.

To be a successful modern supply chain manager, you need to be a **philosophical guru**, a **coach**, and a **relationship manager**. You need to understand the importance of **finance**, **accounting**, **marketing**, and **information technology** because materials, money, and information are the **lifeblood** of modern supply chains. That's why I think the most likely candidates to successfully **lead** modern organizations into the next generation of business are executives that understand how to design and manage **integrated supply chains at the global level**. Managers of **global integrated supply chains**, that's what businesses need, that's what the world needs that's what you need to become.

Module 7: Global Supply Chain Management

Organizations that manufacture products obviously rely on excellent suppliers, **effective**, and **efficient** logistic systems but there's no chance of creating a high-quality product without an excellent manufacturing facility. Manufacturing facilities are oftentimes the hearts of these types of organizations. Nonetheless, today we see many companies looking to **relocate** their manufacturing facilities to countries that offer **cheaper labor**, **tax incentives**, and a number of other **potential benefits**.

A lazy executive would see the basic **savings in cost** and immediately **jump at the opportunity to relocate manufacturing**, thinking that the company would become significantly more **profitable overnight**. This would be similar to you receiving the heart of a world-class marathoner in a **heart transplant** and then thinking you'd be ready to win an Olympic marathon the next day. The **trauma** to you during the transplant would **slow down** your entire body and it would require a longer period of time to **properly heal**, not to mention the fact that there will be a significant chance your body might **reject** the heart. And of course, just because you now have a very healthy heart doesn't mean that your **bones**, **muscles**, blood vessels, and other **vital organs** would be as healthy. In the end, your transplant significantly **taxed** the health of your body **in the short run** and there's no guarantee you'll see significant gains **in the long run**.

Like a transplant surgeon, a global supply chain manager has to understand the trauma associated with relocating **key facilities of vital operational importance**. Actually, a global supply chain manager is not only responsible for the transplant but also for **facilitating the healing process**. **Outsourcing** and **offshoring** projects aren't the only things that global supply chain managers are responsible for though. They're also tasked with **expanding operations** in an effort to **reach new markets**. Imagine trying to **extend** your operations by growing one of your arms and extra two feet in one week. Imagine the pain. Imagine the **fragile state** of that arm during and after growth. Imagine the amount of **nutrients** required to **facilitate** that abnormal growth.

Is the message that **outsourcing**, **offshoring**, and **global expansion** are bad things? Not at all. Successful companies like Toyota, Apple, Dell, Walmart, Nokia, and Procter & Gamble are all products of **world-class** global supply chains. The message is that these are not decisions that should be **taken lightly**. Building and **maintaining** a strong healthy body is difficult enough but when you start to **ponder drastic changes** to a healthy body, you require the **guidance** of an expert that understands the **intricate dynamics** of a complex organism. Global supply chain managers can provide that **guidance**. They not only **have expertise in** purchasing operations and logistics. They also have an understanding of **cultures**, **regulations**, **currencies**, **technology**, **infrastructure**, and **resource availability** at the global level. So don't put your company and your supply chain under the knife of an **amateur**. Make sure you have a team of world-class global supply chain managers to guide you in the **ultra-competitive** global economy.

Module 8: Socially Responsible Supply Chain Management

Let's face it, the number one reason companies exist is to **turn a profit**, to make money. Nonetheless, business people are now asked to be **well-versed** in **social responsibility** which might include **ethics**, **sustainability**, and **community interactions**. Because of specific **business-related incidents** in the last 20 years, you've now force-fed these issues in marketing, finance, accounting, and management classes. So much so that even the most **liberal-minded** business folks sometimes have to roll their eyes. So why is this an issue that I think supply chain managers more than anyone else need to study? Here's just a short list of some of the bad things companies have been known to do. **Hiring children**, **abusing employees**, **having those employees work** in dangerous or **unhealthy conditions**, **depleting the earth of its natural resources**, **manufacturing dangerous unhealthy**, and low-quality products, **polluting** the world through manufacturing and logistics, and also, through the products they manufacture, **negotiating unfair deals** with **small companies** or **poor communities**, **relocating operations** causing plants to **shut down** and communities to **crumble**.

Now we've already learned how supply chains are tasked with **controlling costs**, **eliminating waste**, and **generating revenue** by manufacturing and **distributing** products and services. Now we begin to realize that companies that seek to follow the path to **righteousness** must be led by global supply chain managers who are **well-versed in all aspects** of social responsibility. Beyond **eradicating** the world of **poor business practices**, global supply chain managers hold the keys to solving problems like **hunger** and **sickness** through the **effective** and **efficient** purchasing manufacturing, and **distribution** of food and **medicine** to those struck by **famine**, **disease**, and **natural disaster**. Hardcore capitalists like me are beginning to wonder when it became the role of business to save all the world's flowers and bunnies but how about. Through the use of **socially responsible** and **sustainable business practices**, companies are producing better products with **fewer materials** and **less energy** to a **larger base of customers** in the process of **avoiding bothersome environmental regulators**, yeah that makes me happy too but let's take it one step further. Companies that develop the most **advanced sustainable business practices** can use their **righteousness** as a **competitive weapon** by **lobbying** governments to **enact regulations**. Regulations that will **force industry competitors** to produce similar results, force them to **invest heavily in technologies** your company may have created, or else force them to **pay heavy fines**. Who would have thought doing good could have so many **potential advantages**?

What's the **catch**? In today's world of complex supply chains, it takes a **committed** organization with a truly **integrated** supply chain, a company that can **motivate** supply chain partners to change, a company willing to **redesign** successful products and services that may require **advanced materials**, modern **manufacturing techniques** and **technologies**, new **distribution models** and modern **packaging strategies**. So whether you love money, nature, people, or just great products and services, we can all agree supply chain managers are the key to a better world