

KEYNOTE SPEECH



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The theme of this conference has five keywords. Three of them are difficult to understand and often understood only in their local context.

Logistics

The word Logistics has been around in military parlance long before it entered the civilian vocabulary, Its military connotation is clear and still carries the same meaning to refer to all aspects of support of the main function of the military in waging a battle or in war. This includes the movement, safe storage, handling and upkeep of both personnel and material. There were return logistics too in particular the handling of the damages in war and the wounded and their return to intended use in the shortest possible time. Its use in civilian affairs began in terms of a common usage to denote supporting or facilitating activity to achieve any primary activity. Today many people talk about the logistics of arranging events and in running day to day operations in institutions.

Supply Chains

Supply Chain Management is of more recent origin denoting the entire chain of events and activities that connect the production and consumption factors of a given product. In the current context any two such markets anywhere in the world can be connected through a series of physical movements facilitated by multi modal transport carriers connecting to a network of nodes and links where nodes are transport terminals where transfers occur between the different modes of transport. Links are represented by different transport modes with most links providing a vast array of competing choices. , The increasing choice of using different modes, different routes, nodes, etc leads to being able to design unique supply chain movements that will enable reduction of costs, reduction of time, reduction of carbon footprint or a combination of such intended objectives.

Integration of Logistics

Logistics require several key functions. In the first instance it requires integration between different partners and functional areas along the supply chain. A port integrates the two media of transport namely water and land. Thus there is the seaside and the land side in a port. The logistics of a port require the successful transfer of goods between these two spaces. In an airport it is between the media of land and air, a railway station is an interface between rail and road infrastructure. Logistics is therefore the arrangements that are in place for the smooth transfer of passengers and goods between the different vehicles sometimes across different modes and sometime within the same mode. At international gateways this transfer also requires regulatory formalities. In the case of passenger transport the logistics of a passenger terminal generally requires the facilitation of all features required to make their stay, short, comfortable and safe, whereas for goods transfer it requires the integration between many stakeholders in the supply chain until the product reach the customer safely, on time with the required quality

Value Adding Logistics

Efforts are made to make such terminals activity centres so that time spent can be productively used. In the case of passengers, the provision of Wi-Fi, shopping and recreational facilities are steps to bridge the time gaps. Such activities can be termed 'value adding'. It will add value to the passenger as well as the operator. In the case of goods transport, such transit points can be varied. Goods can move between modes at ports, airports, warehouses, distribution centres etc with minimal non-value added operations such as idle storage, waiting time. A shop or supermarket also then becomes a transit points. Value addition can be done at any of these points. For example, bulk transport from origin is more economical. Hence de-consolidation may take place at such intermediate points. Many manufacturing companies, especially in the PC industry use these logistics terminals as value added points. For example, PC giants such as DELL uses postponement strategy, where they complete their production process at their distributors location which is DHL, not only to reduce the lead time but also to minimize the total logistics cost and to provide a better customer service.

Application in Maritime Logistics

Hence in Maritime Logistics there should be a sound theoretical understanding of the integration between the media of water and land. Between the modes of ships and trucks of buses or trains as the case may be. It requires the understanding of more than one mode of transport and of the technologies and processes that can make such transfers efficient. It also requires an understanding of the process of consolidation and de-consolidation and value additions. The physical facilities to enable these activities together with the human resources skilled in managing these activities and the supporting analytical tools are the foundations for achieving efficiency and economy that is essential for developing any port or country as a maritime logistics hub.

Strategic

The second keyword I wish to talk about is the word strategic. A strategy refers to a plan with an end objective. Strategic partnerships are those that integrate different players- even competitors towards an end objective. This has led to the term Strategic alliances. Whereas when each commercial organization marches to its objective of customer satisfaction, it is self-evident that the quality of their offering will be the sum of total of the excellence of each player in its supply stream. Virtual perfection cannot be accomplished without cooperation. Cooperation is a synonym for partnerships. (Robert W Galvin, Chairman, Motorozal Inc.).

Cooperation

Traditionally organizations have viewed themselves as entities that exist independent from others and must compete with them in order to survive. However, such an approach is considered to be self-defeating if it leads to an unwillingness to co-operate in order to compete through SC cooperation, coordination and collaboration. This eventually leads to sub optimal operations which will result in entire industry performance being compromised where not just individual companies but entire industries, ports and even countries can lose out to competitors.

Sustainable Collaborative Partnerships

With the global markets wide open for any supply chain activity and extensive competition now a reality, the building of strategic and collaborative partnerships with customers and suppliers in supply chain wide is fundamental to achieving a competitive advantage. Relationship management and Strategic partnering and alliances are now considered as a core competency of a firm in order to achieve sustainable competitive advantage in any business. Through better strategic alliances or partnerships, benefits and cost savings are achieved to provide the competitive advantage.

Competition between Partnerships

Increasing the globalization of operations, requires a greater changes in the way the operations are managed and the intensification of competition have further elevated the importance of partnership and alliances to create more value and cost advantages in the current dynamic globalised context. The rules of competition has evolved over the time, where initially the competition was between individual companies, and then between supply chains. In the current environment, the competition is between the relationships exist along the supply chain, the better the collaboration and alliance, enhance the opportunity to become an order winner.

Systems Approach to Sustainable Logistics

Henry Ford once said that “Business must run at profit..... else it will die. But when anyone tries to run a business solely for profit,.... Then also the business must die, for it no longer has a reason for existence”. It requires the consideration of system thinking and the total cost concept with collaboration and partnerships. Most importantly logisticians need to understand that any strategy related to logistics management/supply chain management is a trade-off decision, as each and every logistics activity dependent on each other. For instance your inventory management strategy directly impact on your transport, warehousing and customer service strategies. The entire process of partnering with upstream suppliers and downstream customers must be optimized through an approach where the entire supply chain cost are identified and optimized for achieving the desired outputs at the optimum cost.

Conclusion

Increased globalization, product and consumption disbursement has shed more pressure on effective and efficient maritime logistics; mainly because it serves as the major linking logistics operation for any company involved in international trade. It is obvious that from a holistic view, all functions and organizations involved in supply chain operations, essentially become the deciding factor for international trade operations. Integration of ports not just for the transport movement, but in improved supply chain performance has a huge potential to make Sri Lanka the logistics hub in the South Asian region. However this needs to essentially consider the strategies to improve the performance in Maritime Logistics, and the creation of more value addition and increasing the overall competitiveness in the region. It is the high time to improve the resources and governance procedures to expertise the operations to increase the efficiency of Maritime Logistics as it is the bottom line for improving performance. Establishing resources and facilities to increase the value-added logistics services, better communication and information sharing as well as facilitating better intermodal transport services are the key to increase the competitiveness. This is now becoming vital as the supply chain length and the complexity has increased due to dynamics nature of globalized trade which increases the lead time. Shifting value added services to maritime ports has immensely promoted the need for value-added logistics operations as they increasingly integrated into transport and supply chain functions by integrating the logistics depending on cargo and customer requirements. Research shows that long-term strategic supply chain relationships and collaboration between logistics service providers and customers as a strategic choice than a transactional type of relationships.

