

# Theme: Barriers to supply chain integration



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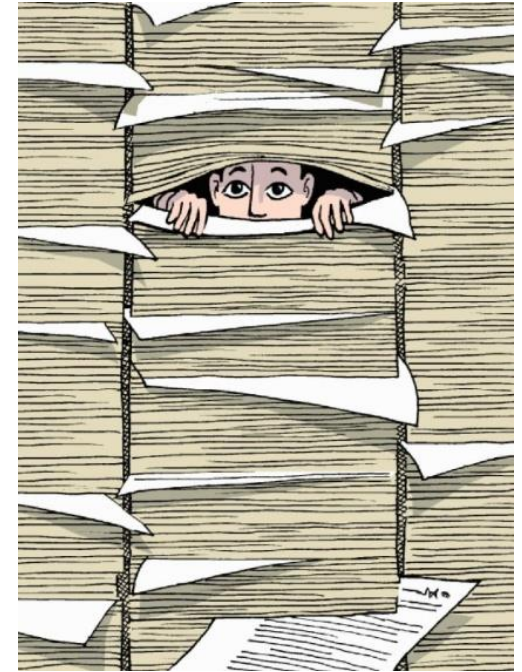
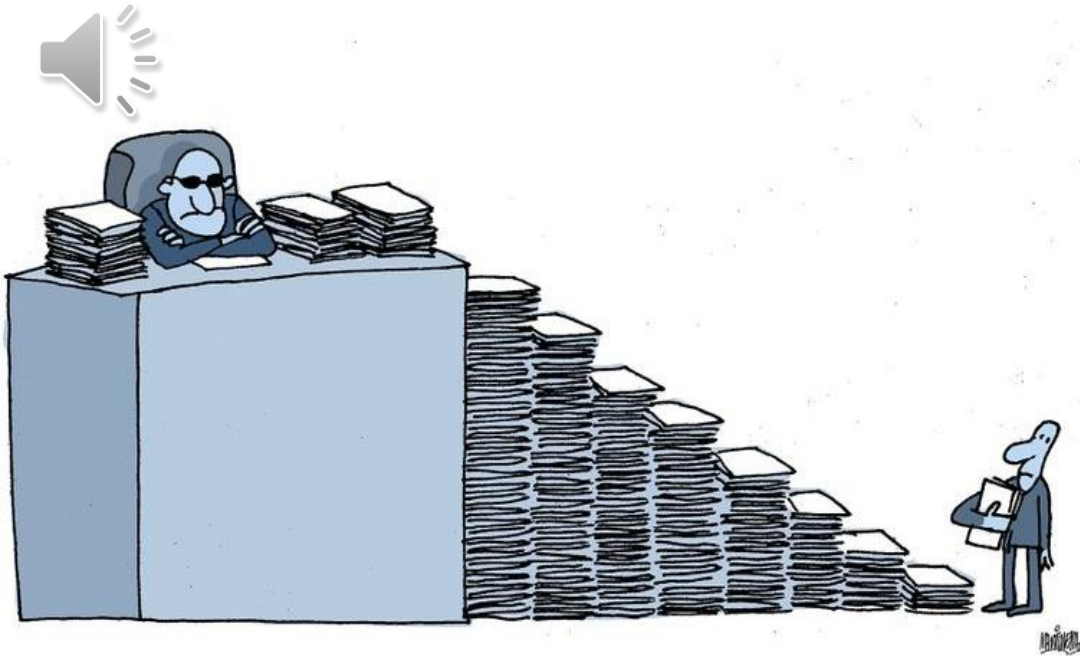
*Creating the logistics vision*

*The problems with conventional organisations*

*Developing the logistics organisation*

*Logistics as the vehicle for change*

*Benchmarking*



**Traditional organizations have grown heavy with layer upon layer of management and bureaucracy**



# Creating the logistics



How do we develop an organisation that is capable of delivering high-quality service on a consistent, ongoing basis?



**motherhood**



**mission statements**

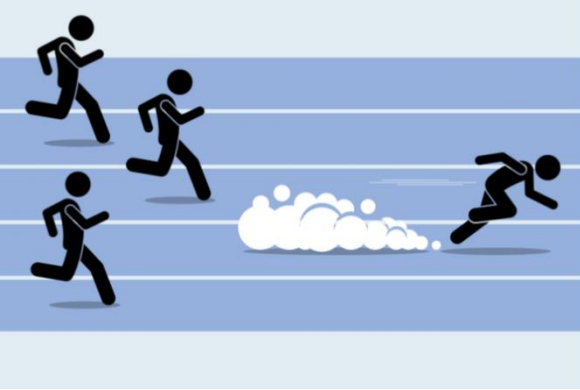


What is it that differentiates us from our competitors?



What activities do we excel in?





CHEAPER

**#better**



CLOSER

FASTER

BETTER

**THE CLOSER**



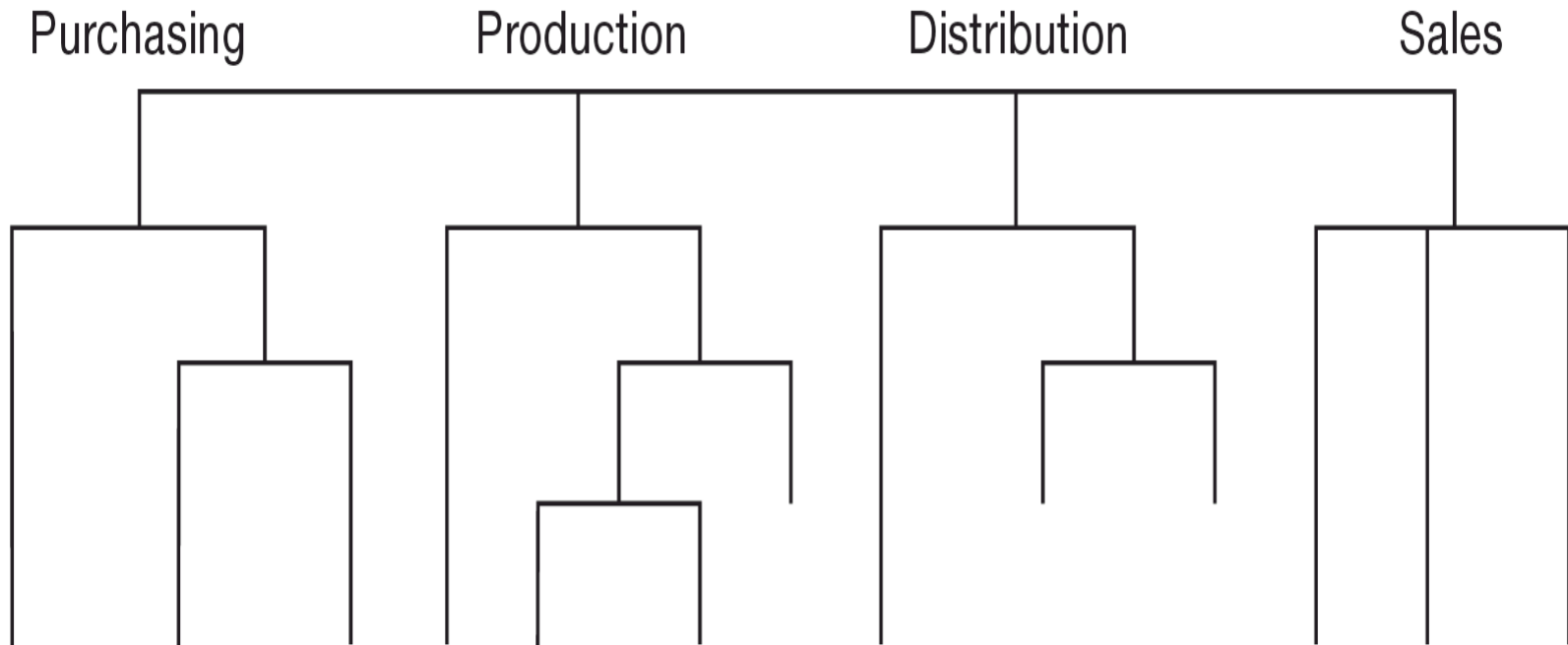
## The problems with conventional organisations



# organizational barriers



## Figure 1 The functional organisation



# Inventory builds up at functional boundaries



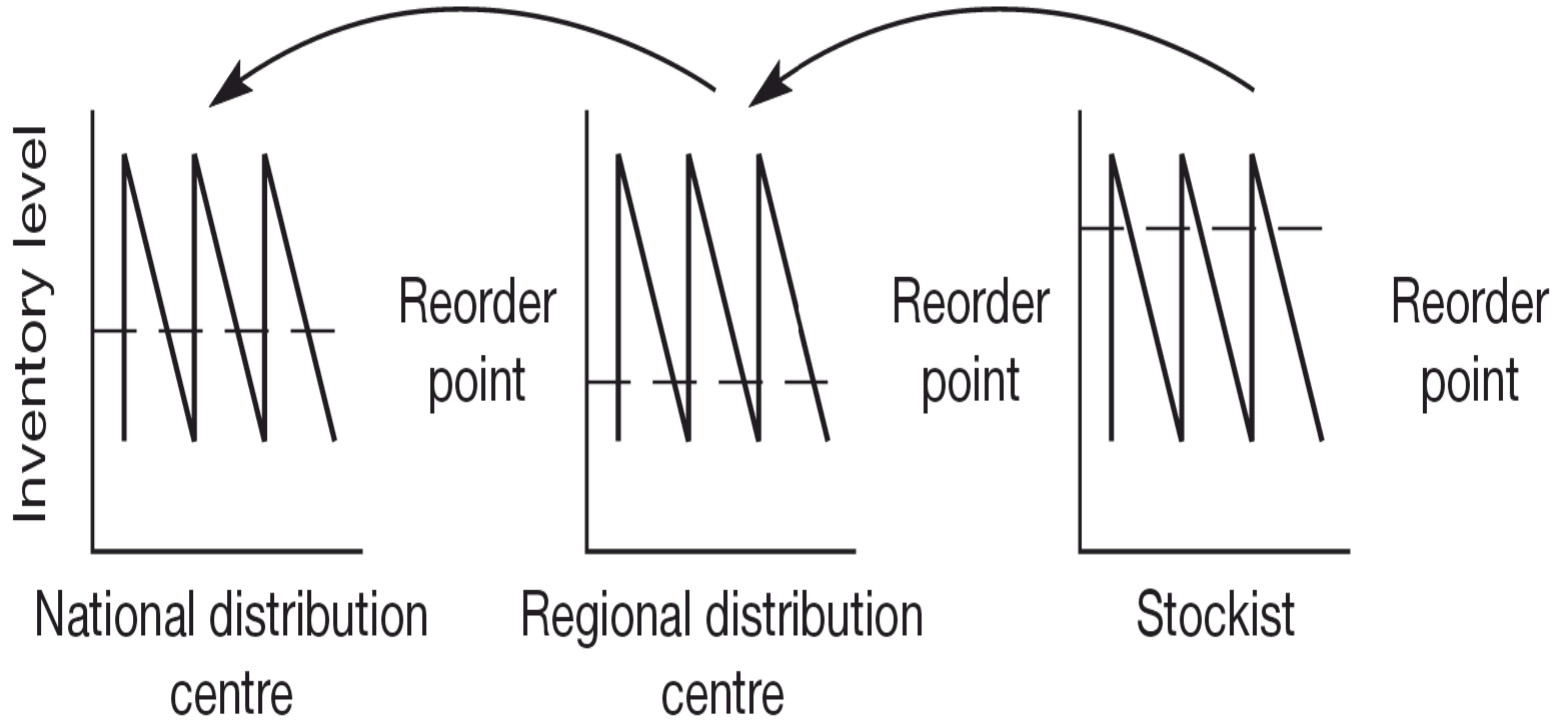
**optimization**



**visibility**



## Figure 2 Inventory hides demand



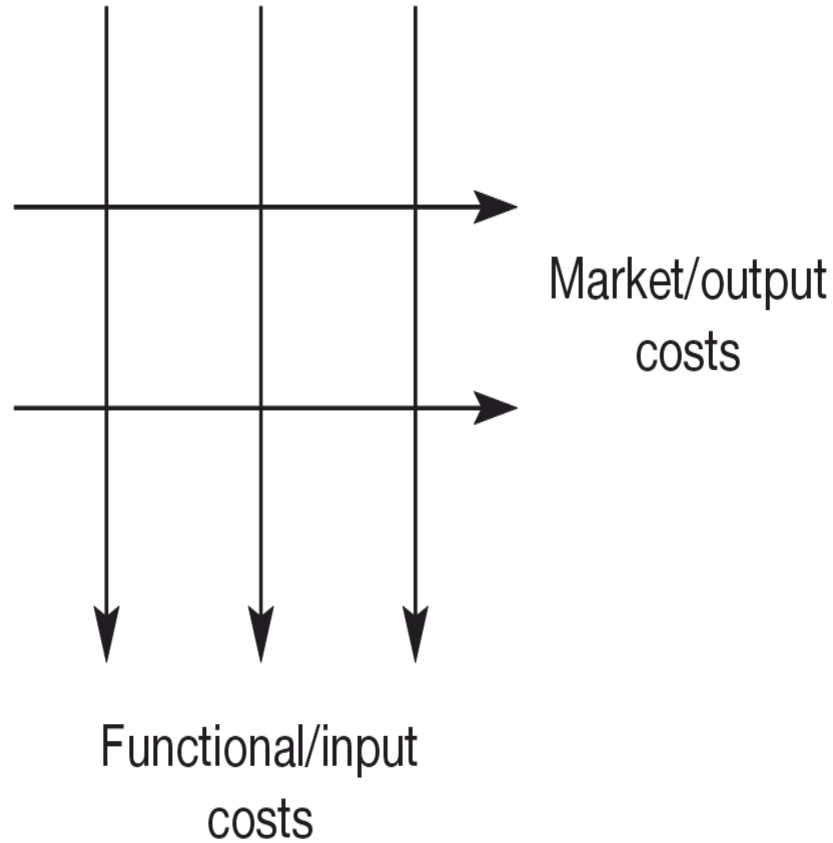
# Pipeline costs are not transparent

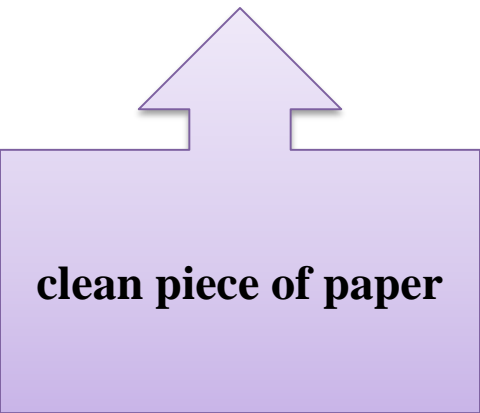


**throughput accounting activity-based costing**

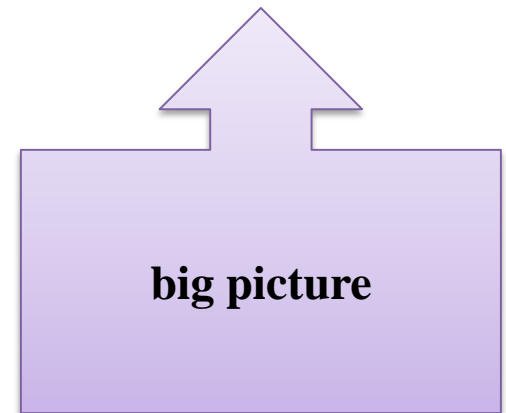


## Figure 3 Alternative cost concepts





**clean piece of paper**



**big picture**

**Functional boundaries impede process management**



Conventional organisations present many faces to the customer



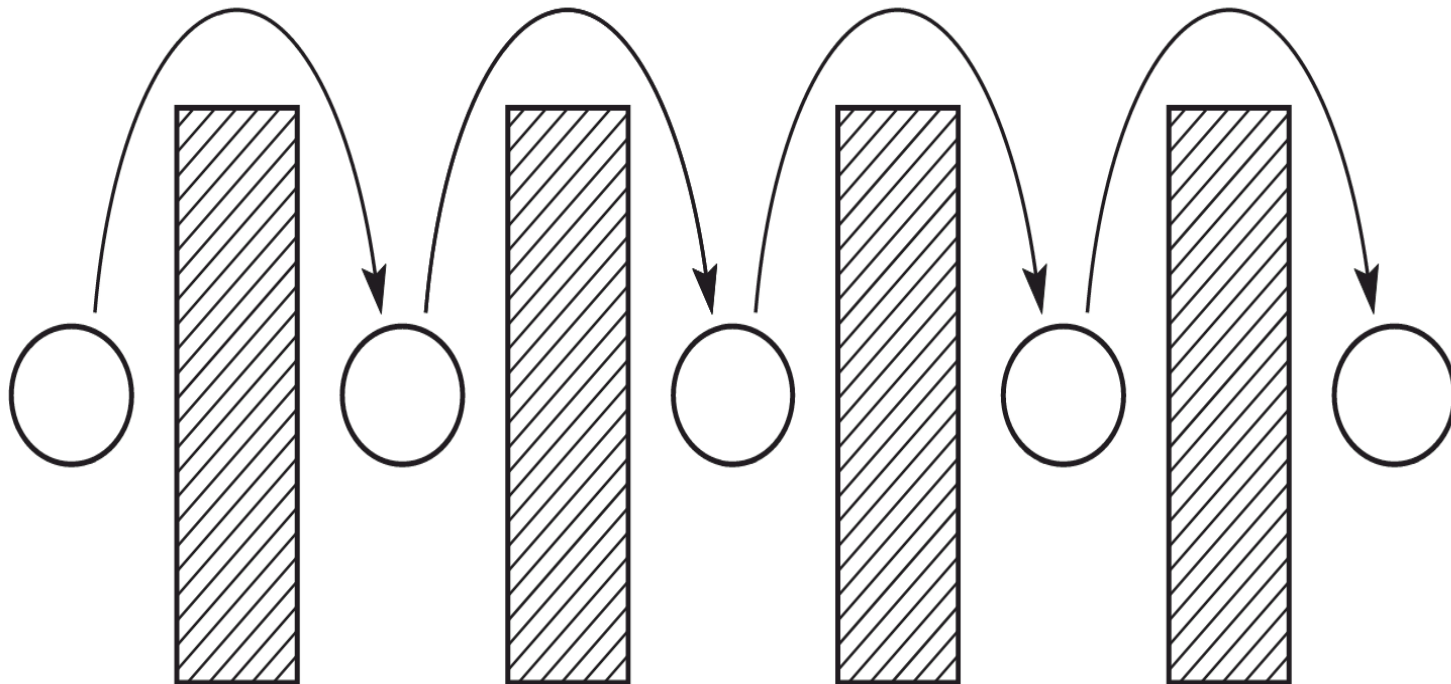
**thrown over the wall**





## Figure 4 Managing the order

Traditional sequential order processing system



# Developing the logistics organisation

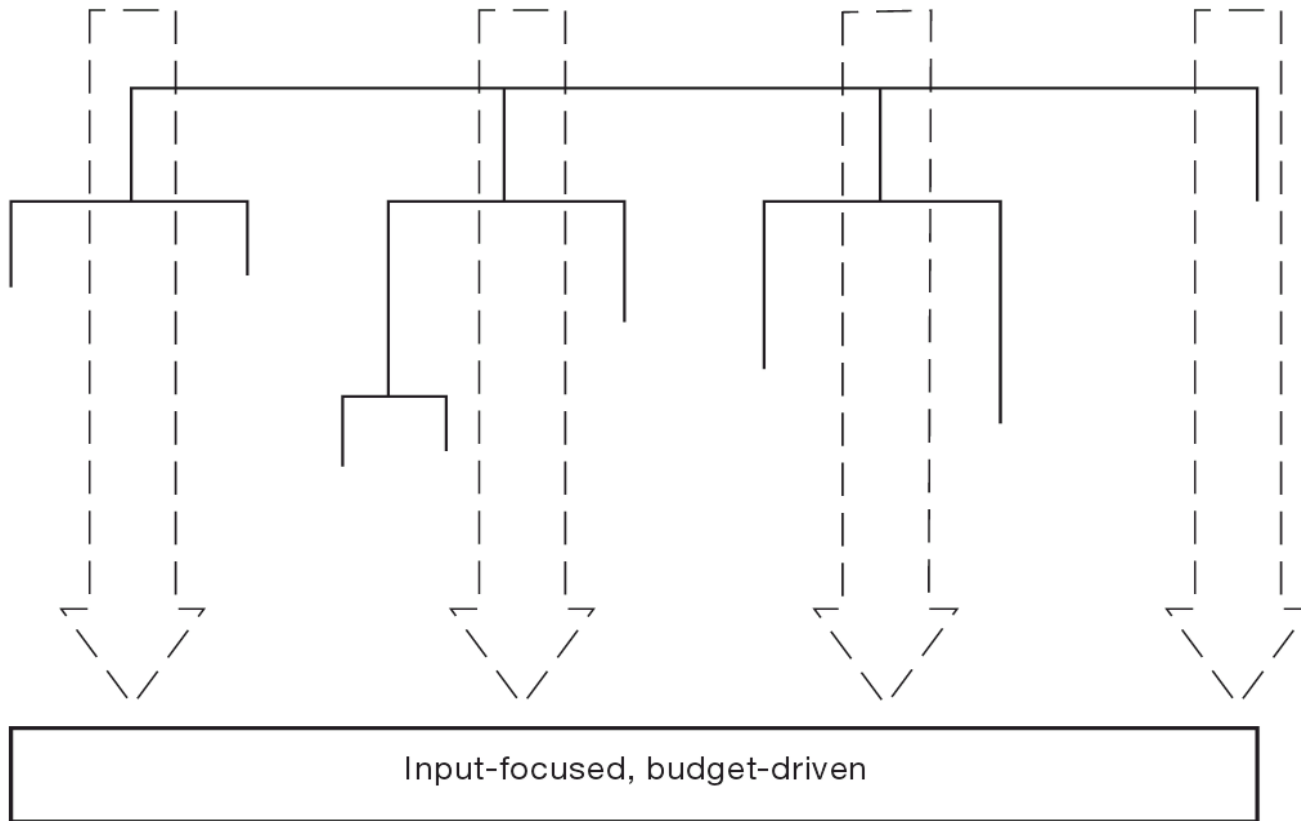
flattening



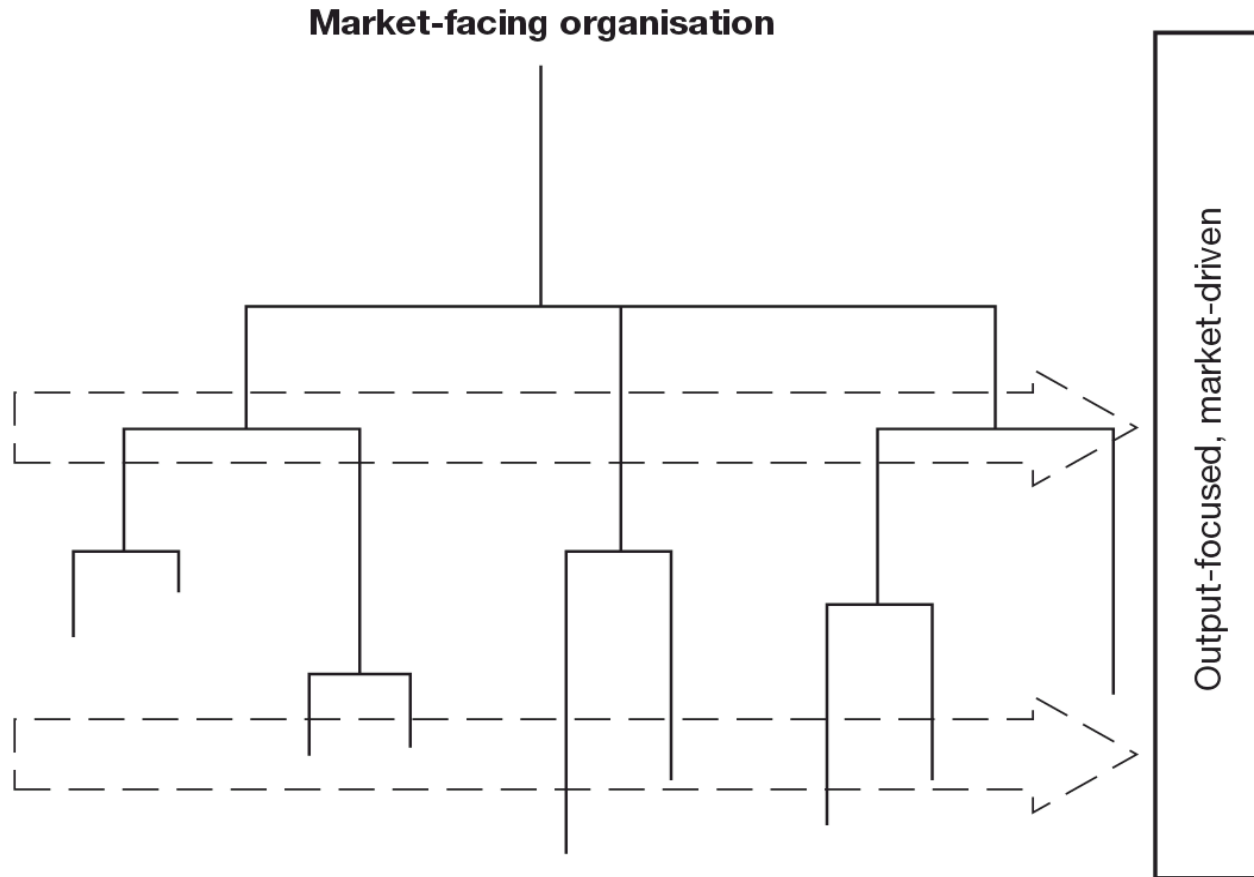
## Figure 5 Vertical organisations focus



Traditional, functional organisation



**Figure 6 Horizontal organisational focus**



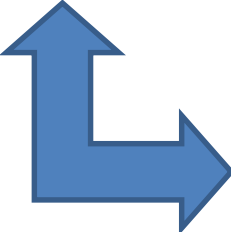


**Built upon multi-functional teams**

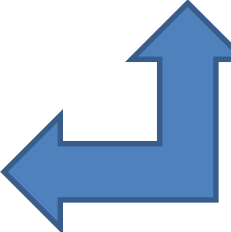
**Guided by performance metrics that are market-based**

**Flat and de-layered**

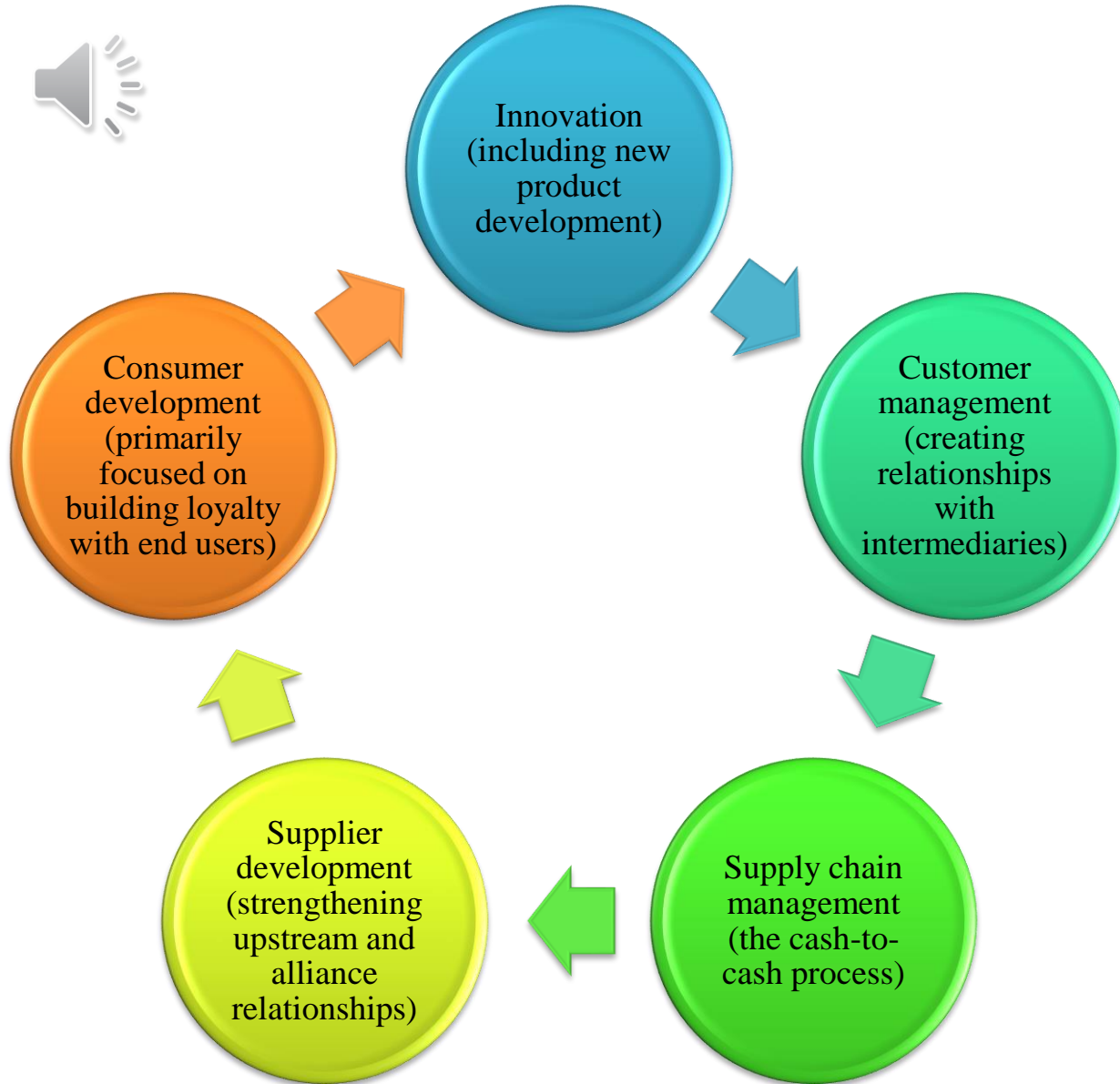
**Organised around processes**



**The horizontal organisation has a number of distinguishing characteristics. It is**

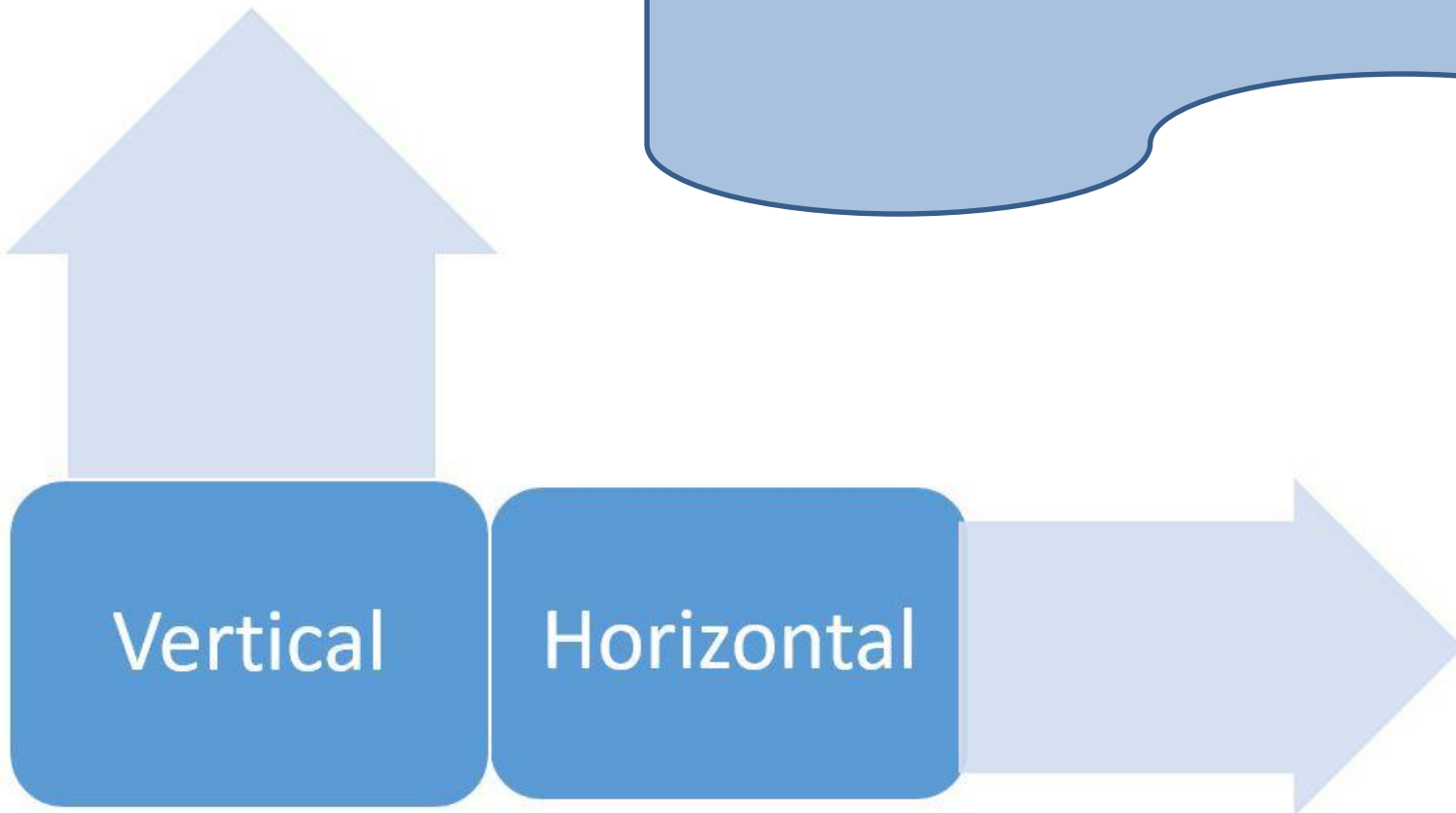


**In most organisations there will only be a limited number of core processes and the following are likely to be central to most businesses:**





**Making the change from the ‘vertical’ to the ‘horizontal’ poses many challenges and yet it is critical to the implementation of a market-driven logistics strategy.**



process architecture

single open-plan

converting an order into cash



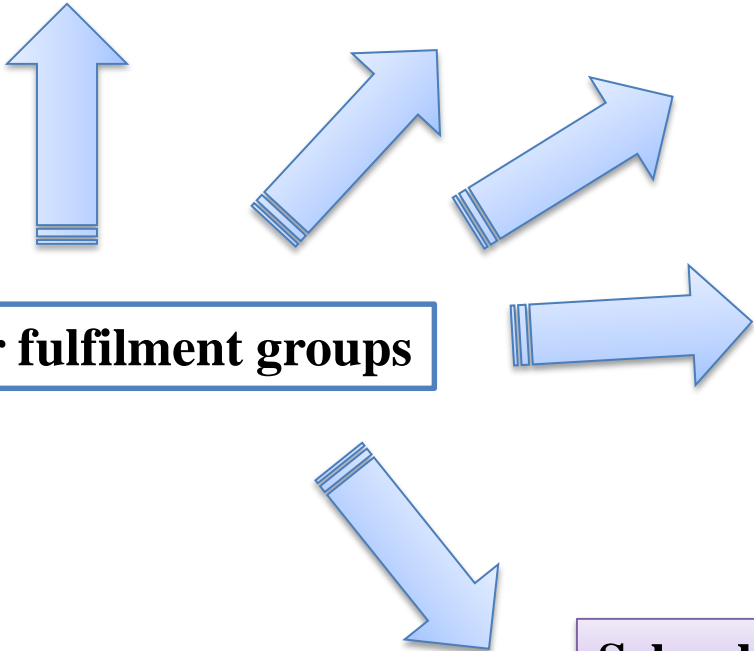
The effect that such groups can have is often dramatic

Order fulfilment groups

Schonberger

As markets, technologies and competitive forces change at ever increasing rates the imperative for organisational change becomes more pressing.

40 → 70 per cent





**Logistics as the  
vehicle for  
change**

**The trend  
towards  
globalisation of  
industry**

**globalization**

**discovery**

**core  
competencies**

**walls**





**Camp has identified a number of benefits that a company derives from benchmarking. These include the following:**



It enables the best practices from any industry to be creatively incorporated into the processes of the benchmarked function



It can provide stimulation and motivation to the professionals whose creativity is required to perform and implement benchmark findings

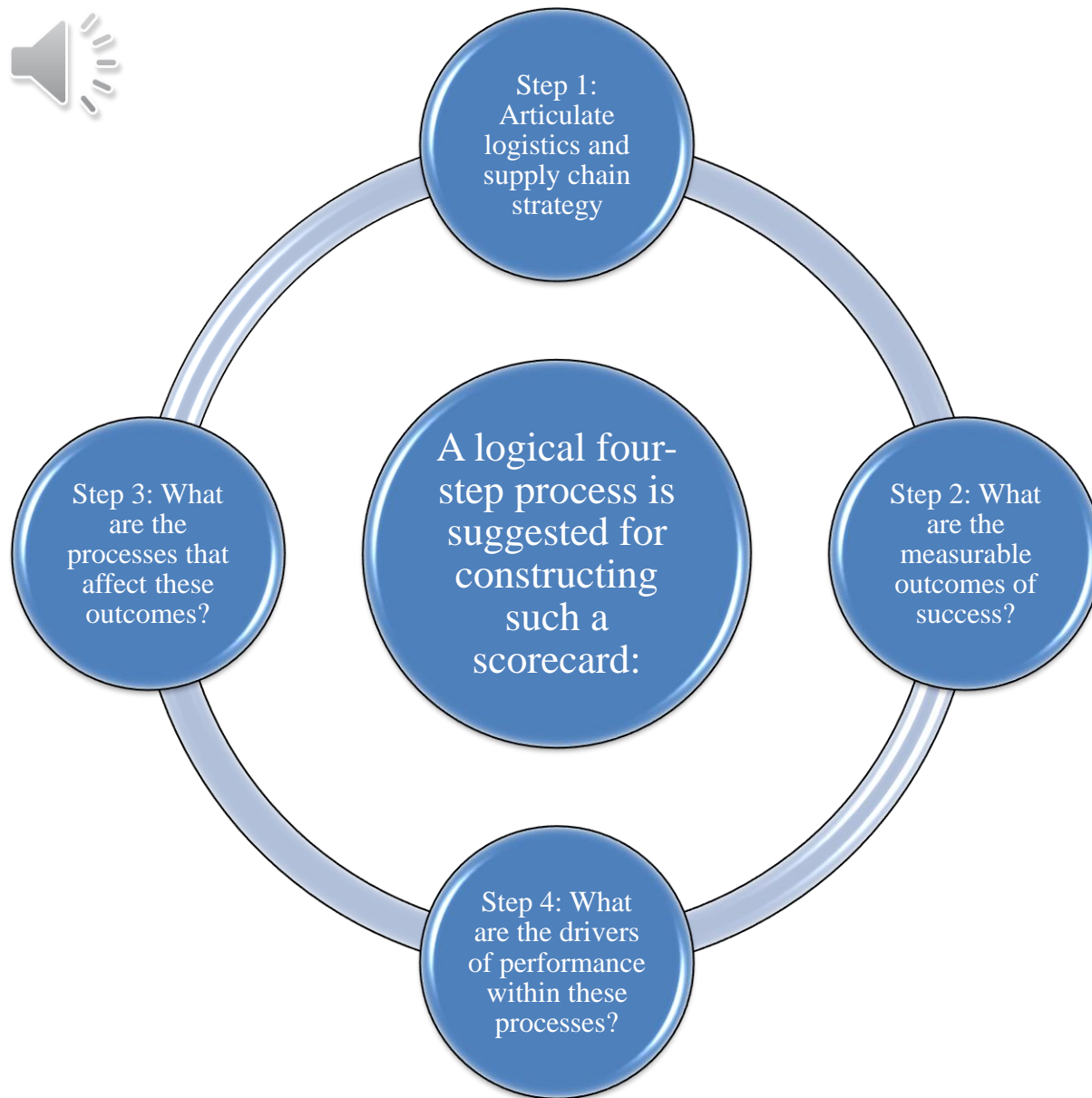


Benchmarking breaks down ingrained reluctance of operations to change. It has been found that people are more receptive to new ideas and their creative adoption when those ideas did not necessarily originate in their own industry



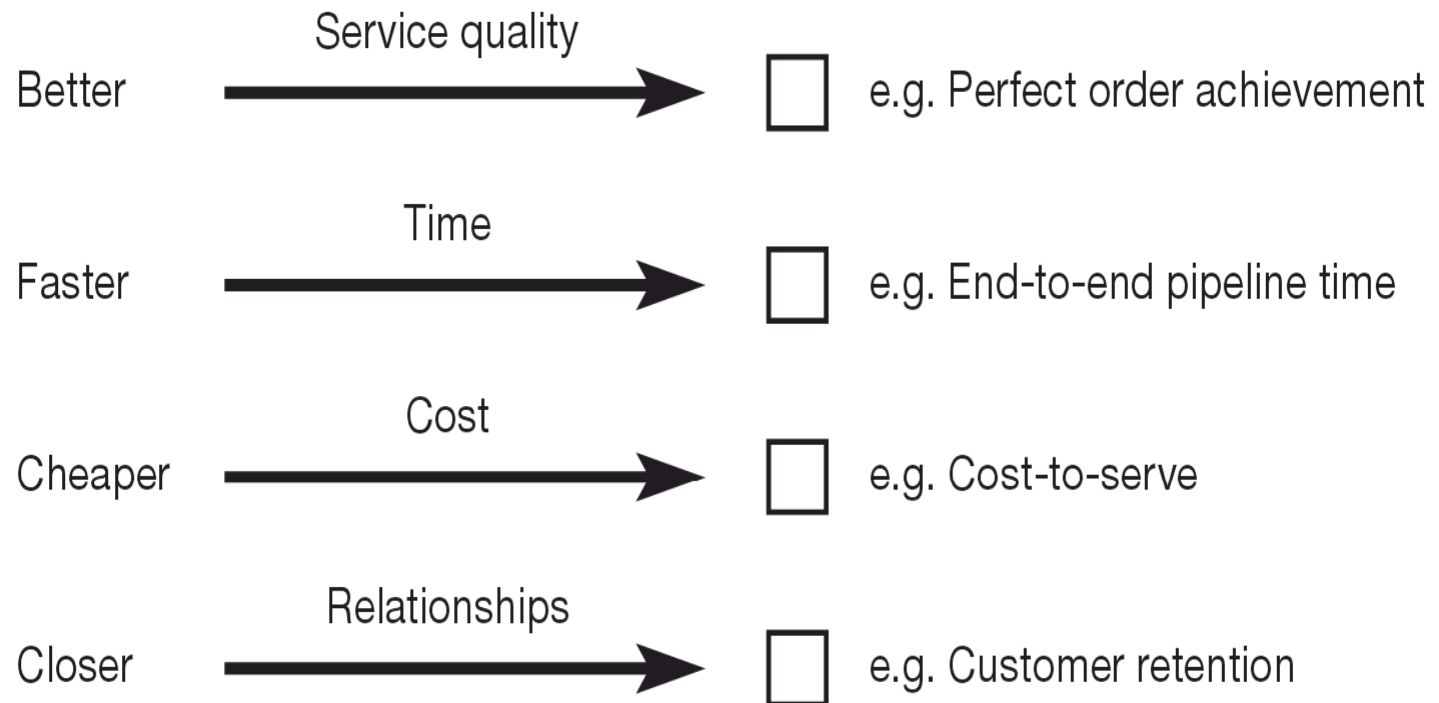
Benchmarking may also identify a technological breakthrough that would not have been recognised, and thus not applied, in one's own industry for some time to come.

# Identifying logistics performance indicators





## Figure 7 Creating the logistics scorecard



Thank you for your attention!