

E is for Excellence – Leadership in Logistics

- By Heather Cartwright, PMP, P.Log. as published in LQ Magazine Spring 2004

This is second article in the Leadership in Logistics series, based on the **L-E-A-D-E-R-S-H-I-P Plan** presented in the Winter 2003/04 issue of LQ magazine. With a key focus for this current issue on professional development and education, it seems appropriate to present some insights on **“E is for Excellence” and the professional skills and competencies Leaders in Logistics require.**



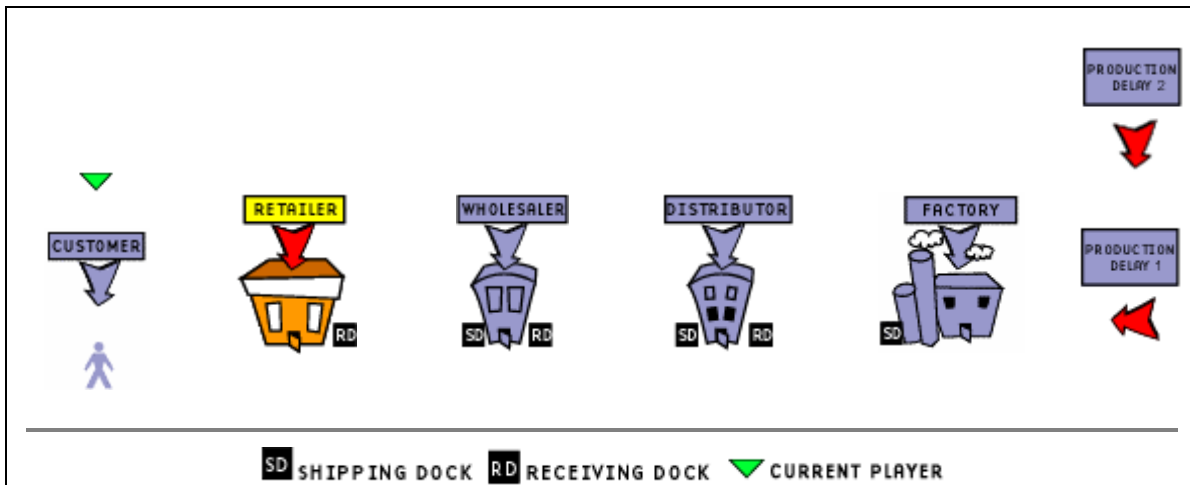
As we Logisticians move from **“the Backroom to the Boardroom”** to quote Victor Deyglio, President of The Logistics Institute, the development of competencies necessary to plan and implement strategic and operational linkages across business processes and functions is essential. An integrated perspective from the customer order through supply and fulfillment is needed to contribute to strategic planning, operations management and the execution of tactical plans that ultimately achieve overall business objectives.

Reflections of a Customer

As the Lead Facilitator and beer guzzling “Customer” for the Logistics Process Diagnostics Module offered through The Logistics Institute, I am consistently delighting with the progress of participants who participate in “The Beer Game” simulation, as part of the e-Learning module. The Supply Chain Simulation is loosely based on a board game developed at MIT Sloan School of Management. The Simulation represents a single dimensional supply chain dealing with consumer goods, such as beer. It consists of four “players” or company teams: Retailer, Wholesaler, Distributor and Factory.

Participants often start this process with a more limited perspective of a supply chain, and over the four week module, are able to develop and demonstrate they have achieved a more integrated perspective of the entire supply chain. Reflections and perspectives consistently change from **“Are we doing things right?”** to **“Are we doing the right things?”** as participants are offered an opportunity to view the spectrum of Supply Chain Logistics activities and outcomes, from both an individual and team member perspective.

The following diagram provides an overview of the “The Beer Game” simulation design. Within each of the warehouses, the real fun occurs as participants collaborate and strategize on how to keep the customer happily guzzling beer.



Leadership in Logistics Competencies

Let’s consider some of the core competencies Logisticians must be knowledgeable of to become Leaders in Logistics, categorized by three major business processes including; ***Fulfillment Management, Supply Management and Demand Management***. Of course, many organizations do not perform the entire spectrum of activities internally, however, these competencies at the very least, still need to be understood and potentially managed. There is interdependence among these processes which impacts on performance within an organization’s four walls even if other activities occur outside the organization.

The following section includes a comprehensive, but not exhaustive list of functional competencies required by Leaders in Logistics to effectively facilitate the movement of goods from source to destination across the Value Chain.

Fulfillment Management Competencies focus on facilitating the visibility, cost effective and timely movement on goods and information across the value chain:

Transportation

- Determining transportation load planning requirements;
- Recommending and evaluating transportation options, routes and delivery times;
- Assessing transportation needs, product packaging, consolidation options;
- Evaluating transportation costs and performance;
- Preparing documentation for shipments, classifying goods;
- Coordinating documentation, expediting, tracking and tracing of products;

- Verifying delivery and receipt of goods.

Warehousing

- Storing, maintaining and reconciling inventory;
- Verifying incoming and departing shipments;
- Determining space, layout, material handling, equipment, maintenance requirements;
- Preparing documentation for shipment;
- Coordinating, expediting and tracing of shipments;
- Picking orders, sorting, consolidating, deconsolidating and transferring goods;
- Selecting packaging, marking and labeling shipments;
- Packing and unpacking, loading and unloading goods;
- Implementing quality control checks;
- Determining surplus/damaged/obsolete material;
- Coordinating disposition of damaged/obsolete goods.

Supply Management Competencies focus on meeting customer service targets and profitability levels through cost effective supply and production planning of inventory:

Supply Planning

- Monitoring customer service fill rate targets and performance;
- Developing inventory strategies and analysis including ABC prioritization;
- Developing optimum inventory levels, safety stock policies, inventory turn requirements, stock rotation;
- Managing product introductions, discontinuations, obsolescence;
- Managing inventory requirements at optimal costs;
- Monitoring plant production capacity, lot sizes, lead times;
- Monitoring production planning to meet customer delivery requirements;
- Monitoring production performance and initiating corrective actions;
- Approving physical inventory adjustments and cycle counts;
- Co-ordinate lot controls and rework programs.

Factory Planning

- Coordinating operating plans with master production schedules;
- Recommending and negotiating production tradeoffs with factory planners to meet customer delivery and factory efficiency requirements;
- Analyzing product yields compared to factory production schedules;
- Monitoring production plans to meet customer delivery requirements;
- Monitoring and evaluating overall factory performance.

Financial Analysis

- Analyzing profitability and margin contribution for product lines;
- Reviewing and recommending changes to inventory levels;
- Analyzing inventory management carrying costs;
- Recommending changes to product lines to improve profitability;
- Analyzing standard costs and recommending product assortment changes.

Demand Management Competencies focus on demand generation and tracking activities in the area of marketing, sales and customer service:

Marketing

- General marketing strategies and plans;
- Product strategies and plans;
- Promotional strategies and plans;
- Pricing strategies and plans;
- Channel strategies and plans.

Sales

- Developing account business plans;
- Calling on specific accounts;
- Developing account specific sales forecasts;
- Developing collaborative sales targets;
- Developing collaborative sales forecasts.

Customer Service

- Monitoring and evaluating customer service performance;
- Coordinating customer orders and shipments;
- Expediting orders, enquiries, tracing;
- Providing product specifications and general information.

Demand Planning

- Coordinating marketing and sales forecast data;
- Coordinating and reviewing forecast adjustments;
- Coordinating product line introductions/discontinuations;
- Reviewing marketing plans, sales history and competitive data;
- Developing and applying forecasting models.

Excellence as a Continuous Improvement Process

Many Logisticians focus their careers on developing subject matter expertise and skills related to one or more of the above mentioned functional competencies. The challenge for organizations is to help employees develop effective leadership, cross-functional knowledge and skills, all the while managing resource constraints, deadlines and changing customer requirements. Organizations need to take advantage of opportunities to provide new employee development initiatives where additional skills and perspectives can be gained to further develop and build on current competencies and optimally contribute to organizational objectives.

There is one more critical 'layer' of competencies, particularly important to actually obtaining desired results. The competencies required to effectively contribute to continuous improvement initiatives require, in addition to the functional competencies discussed, additional **"Integration Management Competencies"** including the ability to effectively work as a team member and/or lead in a project environment, strong facilitation and communications skills, integrated thinking, information analysis and business systems analysis skills, all supported by strong desktop computer applications skills to enhance and complete a "Leader in Logistics" competency portfolio. In summary, it is critical to gain knowledge and experience across the spectrum of logistics functional competencies, while striving to achieve an integrated perspective, for individuals and organizations achieve excellence and Leadership in Logistics.

Heather Cartwright, PMP, P.Log. is the CEO of Logixsource Consulting Ltd, and provides management consulting services specializing in strategic operations and partnerships planning, as well as project management. Founded in 2001, Logixsource works with clients to develop and implement operations leadership capabilities to create sustainable growth, profitability and competitive advantage.