GLOBAL LOGISTICS

New directions in supply chain management

6TH EDITION

EDITED BY DONALD WATERS





LONDON PHILADELPHIA NEW DELHI

xi

xxiii

Contents

Contributors

Preface

1	New directions in logistics Martin Christopher The emergence of the value-conscious customer 2; Logistics and supply chain management 3; Procurement 5; Manufacturing 5; Distribution 6; The new competitive framework: the four Rs 8; The organizational challenge 11; Summary 13; References 13	1
2	Best practices in logistics and supply chain management <i>Krzysztof Rutkowski</i> The essence of the phenomenon of best practices in business 14; Transferring best practices – one solution fits all? 16; The best practices – between the hammer of economic demands and the anvil of corporate social responsibility 19; Where do Central and Eastern Europe countries come from? From the world of worst practices! 23; Where are CEE countries going? The case of Poland 24; The best practices – the Holy Grail of contemporary business? 28; Notes 29; References 30	14
3	Trends and strategies in global logistics Frank Straube, Arnfried Nagel and Daniel Rief Introduction 31; Trend research 32; Megatrends 33; Conclusion and outlook 46; Notes 47; References 47	31

4 Incentives and the strategic management of suppliers Glyn Watson, Chris Lonsdale and Joe Sanderson Collaboration vs competition and the role of incentives in the exchange process 50; Incentivization and the question of make vs buy 57; Incentivization and the relationship management choice 60; Incentives and the role of contract 62; Incentives and the impact of internal politics 64; Conclusion 67; References 67

5 Time compression in the supply chain

69

Adrian Beesley

Time compression and competition 70; The time compression approach – competitive advantage 75; The time compression approach – cost advantage 76; The time compression approach – technology advantage 79; The time compression approach – customer focus 80; Benefits of time compression 82; Examples of the application of time compression 84; Time compression and the future 87; Conclusion 88; References 90

6 Building more agile supply chains

92

Remko van Hoek

Introduction 92; Operating circumstances requiring agility 94; The categorization for operating environments 98; Mitigating the minefield of pitfalls 100; Conclusion and reflections 107; References 107

7 Using marketing and services strategies for logistics customer service

108

David Grant

Introduction 108; Logistics customer service today 111; Elements of logistics customer service 113; Strategies for logistics customer service 115; An example from online retailing 118; Summary 120; References 121

8 People powering contemporary supply chains

123

John Gattorna

Opening comments 123; The people that drive contemporary supply chains 124; Dynamic alignment control 124; Finding the behavioural metric – key to unravelling the puzzle 126; Now the head of the dog is back in control 128; But the 'forces of darkness are lurking' 131; Supply-side alignment 137; Hybrid supply chains 138; Reverse logistics 138; Last word 141; Notes 142; References 142

9 Creating shareholder value through supply chain management 143 Heimo Loshichler and Farzad Mahmoodi

Introduction 143; Financial performance and its drivers 144; Linking supply chain management and financial performance 147; Framework to identify initiatives that create the most shareholder value 153; Difficulties in improving supply chain financial performance 159; Improving the financial performance across the supply chain 161; References 162

10 Outsourcing: the result of global supply chains?

164

Stephen Rinsler

Background 164; Definition 165; Reasons for outsourcing 165; How different is the public sector from the private sector with regard to outsourcing? 169; The pitfalls in outsourcing 170; Global supply chains and the outsourcing risks 173; Summary 177

11 Risk in the supply chain

178

Lars Stemmler

Introduction 178; Risk management and the supply chain – a new perception! 178; Objective and process of risk management 180; From an enterprise perspective to the supply chain perspective 182; Risk assessment and control along the supply chain 184; Implementation in practice 188; Conclusions 189; References 191

12 Supply chain vulnerability, risk and resilience

192

Helen Peck

Introduction 192; Supply chain vulnerability: an idea whose time had come 193; Supply chain risk management: a recipe for confusion 195; Risk: the great divide 197; Supply chain resilience: a holistic view 199; Supply chains and wicked problems 204; References 206

13 Information systems and information technologies for supply chain management

208

Xinping Shi and Simon Chan

Introduction 208; Functionality of IS/IT in SCM 209; Strategic issues of IS/IT in SCM 213; IS/IT adoption for SCM 216; IS/IT utilization in SCM 223; Summary 223; References 224

14	Improving management of supply chains by information
	technology

227

Heikki Holma and Jari Salo

Introduction 227; Coordination of supply chains with information technology 229; Conclusions 240; References 241

15 Delivering sustainability through supply chain management 245 Kirstie McIntyre

Background 245; Purchasing or procurement 247; Production or manufacturing 250; Distribution and warehousing 251; Use and maintenance 253; Dispose or reuse and recycle? 254; Managerial and financial sustainability 256; Conclusion 258; References 258

16 Performance measurement and management in the supply chain

261

Alan Braithwaite

Introduction 261; Keeping score – a basic management principle 262; The balanced scorecard – the standard for goal setting and measurement 263; Fundamental concepts of supply chain management and measurement 265; Mastering the complexity of supply chain and logistics performance management 267; The principle of input and output measures 269; Setting goals across the chain through service level agreements 270; The delivery, recovery and stewardship model 272; Defining specific metrics across the chain 274; Future directions in performance measurement 278; Conclusion 281; References 282

17 Optimizing the road freight transport system

284

Alan McKinnon

Introduction 284; Assessing the utilization of vehicle fleets 284; Factors constraining vehicle utilization 287; Measures to improve vehicle utilization 291; Conclusion 301; References 301

18 Retail logistics

305

John Fernie

The evolution of the logistics concept 305; Logistics and competitive strategy in retailing 309; Differences in logistics 'culture' in international markets 319; The internationalization of logistics practices 322; The future 324; References 327

19 Internet traders can increase profitability by reshaping their supply chains

331

Robert Duncan

Internet trading is forecast to account for a quarter of all purchases in 2006 331; Customer satisfaction is less than satisfactory 332; Integration of business processes has not always received enough attention 333; Moving away from traditional supply chains adds complexity but provides an opportunity for profit 333; How can internet traders take advantage of opportunities? 340; Opportunity waiting to be exploited 345; References 345

20 Time as a trade barrier

347

Hildegunn Nordås

Introduction 347; Time, logistics and trade – how are they related? 348; Econometric analysis 354; Policy implications and conclusions 358; Notes 361; References 362

21 Learning from humanitarian supply chains

365

Rolando Tomasini and Luk Van Wassenhove Introduction 365; Disasters are challenging learning settings 366; Humanitarians and their supply chains are different 368; Corporations moving in to help find they can also learn 370; The value of cross-sector learning 373; Lessons for companies 374; Notes 375

22 Global sourcing and supply

377

Alan Braithwaite

Background 377; Growth in global trade 378; Global sourcing as a way to change business strategy 381; Identifying and selecting sources 381; Commercial models 382; International logistics 383; Flow management 384; Organization design 385; Information technology 385; Operational excellence 386; Risk management 387; Critical success factors 387; Global sourcing – sustaining the trend 388; Reference 389

23 International road and rail freight transport activity

390

Jacques Leonardi, Allan Woodburn, Julian Allen and Michael Browne Introduction 390; Recent international trade activity and transport: economic factors and trends 391; Recent trends in international freight transport volumes by road and rail 394; International road freight transport: recent developments and challenges 396; Factors influencing recent trends in international rail freight transport 402; Concluding remarks 406; References 406

24	The changing supply of logistics services – a UK perspective	409
	Colin Bamford	

UK market trends 410; Market structure – continuing consolidation and globalization 413; The EU25 – new market opportunities and threats 416; Transport policy issues 418; Conclusions 418; References 419

25 Developments in Western European logistics strategies

420

Michael Browne, Julian Allen and Allan Woodburn Introduction 420; Changes in the demand for logistics services 421; Market structure of logistics service providers 426; Transportation in Europe 430; Opportunities and pressures for logistics providers in a new Europe 438; Concluding remarks 440; References 441

26 Logistics in China

443

James Wang

Introduction 443; The major areas of improvement 445; Challenges in developing modern logistics 451; Concluding remarks 457; References 457

27 Logistics strategies for Central and Eastern Europe

458

Grzegorz Augustyniak

Introduction 458; Conditions of economic development of CEE countries before 1990 460; Development of logistics in the period of transition and after joining the EU 463; Logistics strategies in CEE countries 472; Conclusions 474; References 476

28 North American logistics

477

Jean-Paul Rodrigue and Marcus Hesse

North American logistics: a regional realm 477; North American gateways 480; North American corridors and inland fright distribution 486; Inland logistics 490; Corporate logistics and its role in North American freight transportation – three cases 494; A freight and logistics policy framework 497; Conclusion 502; References 503

Index 505