

The IT Straightjacket



Graham Mawdsley

“Don't be afraid to consider bespoke functionality if you believe that it is critical to the success of your business”

Many businesses are now installing their 2nd or 3rd Warehouse Management or Operating Systems but too many speak of the painful lessons learnt from earlier implementations.

With standard packages seldom offering the degree of fit with the business requirement, sought by the user, many senior and non-technical managers will recall experiences of implementing systems that they had attempted to tailor themselves. Often, these contained large elements of 'bespoke' functionality – and many of them failed to some degree upon implementation, were difficult to support, problematic and expensive to upgrade.

The legendary number of problematic implementations has prompted a trend to play safe, stick to the tried and tested product and work within the 'standard package'.

These simplistic 'vanilla' solutions can result in considerable upheavals in the way a company structures the

business to an extent that contradicts the company culture, alienates existing customers and seriously jeopardises optimum efficiency.


At what point do we compromise too much of what we believe is the best operating practice for our business? Does the ghost of past traumatic experiences loom too large in the mind of Senior Managers when determining future systems strategy, and are we now creating a straightjacket for our businesses in the search for that safe progression to a new logistics system?

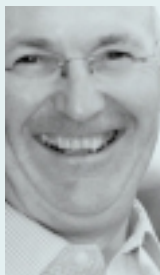
The challenge to software houses now is to demonstrate to us that they can design and support the systems solutions that will drive our often highly dynamic and evolving Supply Chains. The straightjacket has to come off!

But if this is the challenge that we lay down to software providers, what can your business do to ensure that it is met?

■ Understand and document your existing business and

transaction processes.

- When told that certain functionality is supported by the standard package, demand evidence!
- Don't be afraid to consider bespoke functionality if you believe that it is critical to the success of your business.
- If you do wish to avoid bespoke functionality, but can't accept the 'vanilla' package, why not consider 'bolting on' additional specialist functionality to cover the gap?
- Be aware of how the vendor intends to support your unique version and how bespoke functionality will affect your ability to adopt future releases – and at what cost!
- The size of your business could be a determining factor in your selection of a software package. If you are a small enterprise and wish to influence the functionality of future releases, or be assured of attentive support, consider choosing a smaller vendor. 



FUTURE SCOPE

EDITORIAL BY RICK BALLARD


The lure of Far Eastern economies is becoming too much it seems for some UK manufacturing firms. The promise of inexpensive labour costs, low interest rates and raw material costs are all too attractive to miss out on. But what of the UK? Will this shift to a Far East empire see the demise of the UK manufacturer?

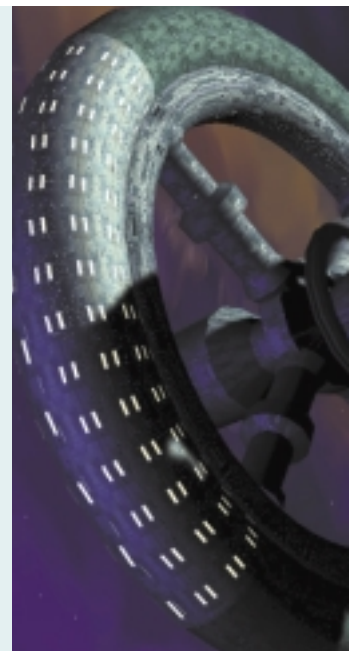
Surprisingly manufacturing in the USA makes a lower contribution to GDP than here, rating 16%, where as the UK achieves 19% and France

20%. Germany has the highest GDP of 22%, currently seen as a disadvantage, with a higher reliance on manufacturing. Though these

figures are alarming, we have perhaps become a nation of 'thinkers' as opposed to 'doers'.

One example of this is Dyson and the move of its vacuum cleaner production to Asia, where many suppliers are based and where production is more cost effective. Yet research and development still remains in the UK where considerable focus is being given to new technologies.

So it seems, all is not lost and in order to look ahead, a look to the past could put things in perspective. People thought that we would starve when food production started falling from 95% of GDP in the UK in the late 1700's. Well it's now 2% and we're all a lot healthier! 



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Material Issues

DELIVERING SUCCESSFUL SUPPLY CHAIN SOLUTIONS

The **LOGISTICS**
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Going the Distance with the Food Miles Diet

When you tuck in to Christmas dinner at your favourite restaurant and they tell you, "we've been to the ends of the earth for you," the truth is they probably have – and on average Christmas dinners in the UK this year will have travelled over 25,000 miles to reach your plate.

The menu probably reads: Turkey – 300 miles (Norwich if you're lucky, but perhaps Canada at 6,000 miles); carrots – South Africa (6,500 miles); parsnips – Australia (9,000 miles); Sparkling wine – California (9,000 miles) and Christmas pudding (imported from Germany 1,000 miles). Total : 31,500 miles.

This is the new language of Food Miles and it's being spoken by supply chain planners around the country who are increasingly concerned about Britain's diminishing ability to put home grown produce on our plates.

At The Logistics Business Food Miles is very much on our lips

because the cost of moving food into and around the country is continuing to increase. For example, from 1978 to 1999 Food Miles have increased by 50% and it is estimated that some 40% of all road freight is for food – by far the biggest single sector. The top grocery retailers, sometimes seen as the major culprits are now looking at local sourcing.

WHY ARE FOOD MILES INCREASING?

- Increased sourcing of food from around the world.
- Specialisation and centralisation of food processing along with an increase in the amount of processing.
- Single source purchasing by major supermarkets.
- Transport is still relatively cheap compared to some of the other supply chain costs.

WHAT CAN LOGISTICIANS DO?

We're not about to suggest that we all start digging for Britain or that drinking orange juice is destroying the planet but there are some possible initiatives. These include:

- Further research – just how many Food Miles are we really talking about?
- Getting the national retailers to Buy Local and re-engineering the food processing industry to return to a more local, distributed model.
- Higher operating costs and organisation complexity may

be an issue – but new systems and methods of working with these suppliers are needed.

- Analysing the real cost of importing produce. It is also likely that Government will need to play a part – for example by sponsoring research and helping to build public awareness of the issues.

ADVANTAGES

Apart from reducing food miles other benefits could include lower transport costs, shorter, faster-reacting supply chains, increased shelf life and the opportunity to sell products that don't travel well. Furthermore there is growing consumer demand for locally sourced produce and Retailers need to respond.

The cost of Food Miles is a serious issue that is already having a profound influence on our basic UK economy and quite literally, what food we're able to put on our plate. The UK is long overdue for a Food Miles diet, filled with wholesome economic nourishment, served with a generous portion of local supply and a much leaner side order of supply chain management. The Logistics Business is confident that we can go the distance. 

For further information contact Simon Tomlinson at The Logistics Business by telephoning 0121 333 6303 or email simon.tomlinson@logistics.co.uk



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FAST FOOD


McDonald's Restaurants at the Top of the Logistics League with Construction Time Down by 75%

FAST CONSTRUCTION



traditionally only been pioneered in retail and manufacturing. There is a great opportunity here for the construction industry to benefit from best practice."

There are however encouraging signs that recognition is growing within the sector: "We have started to get more and more enquiries from construction firms. The supply and delivery of materials to site is at last being recognised as an area that can bring significant sustainable benefits.

"Good logistics means getting the right product to the right place at the right time as efficiently as possible and it is about to become a skill that construction companies have to acquire in order to stay competitive within the market place." 

The Egan Report focussing on the construction industry has identified five key areas for improvement, one of which is effective supply chain management. This Government backed initiative has prompted premier consultancy The Logistics Business to provide suggested improvements to the already advanced practices of McDonald's restaurants.

Having seen on site construction time fall by as much as 75%, in part through the use of pre-fabricated buildings, McDonald's are already recognised as leading the field of construction logistics.

McDonald's project manager Jamie Barraclough confirms: "Originally on site time would have typically been 16 to 20

weeks, we have now dramatically reduced this to approximately five weeks. Procurement, deliveries to site,



on site logistics and construction are just some of the areas where significant improvements have been made."

Barraclough comments: "There are several areas we are looking at, including building

manufacture and furniture. We are constantly looking at better procurement, for instance,

Meister Controls supply us with a complete electrical package for each restaurant pre-cut to length, labelled and delivered to site when we need it. Benefits of this system are twofold – time on site has been greatly reduced and there is literally no materials wastage."

Rick Ballard, Director at The Logistics Business, now recognised as a major authority on logistics in the sector, believes that the rest of the construction industry could learn a thing or two from this Egan-style approach to supply chain management. Ballard comments: "McDonald's have adopted a forward thinking approach to logistics that has



Will the Real WMS Step Forward Please!



Les Beaumont

Many systems claim to be fully-fledged warehouse management systems, when in reality some are little more than stock control for a manual operation without the necessary functionality, control and speed.

For efficient work allocation a WMS will need to know what


equipment is doing and where it is. Poor systems can direct fork trucks to the other end of the warehouse for a job rather than give the driver one close to where they are.

Because automated warehouses need to have suitable controls to ensure that the

equipment performs to a specification it could be thought that this needs to be more sophisticated than in a relatively manual facility. But the opposite is true because in automated warehousing there is usually just one crane for each aisle. In a manual warehouse there may be more than one truck in an aisle, trucks maybe outside of the aisles altogether and in most situations there will be many trucks performing many different tasks.

Functionality needs careful checking because, for example, some systems do not include the concept of a pallet, while another WMS assumes a pick request is carried out as soon as it is issued – a very loose control in deed.

Inventory management tracks

the amount of stock and attributes such as batch codes, but the WMS' role is to manage the activities or physical events that use the stock. They should track where the stock is stored, and activities such as when and where it is moved and the picking of items for orders. However, by tracking these events it is also identifying what the trucks and people are doing, although it can only do this as tasks are confirmed, that is the start and/or finish points. In order to do all this effectively it must have sufficient functionality to control movement and be able to recognise the units used within the warehouse. A number of WMS solutions lack some of these essential functions. 

“With automation, you absolutely must have a real WMS – not a bogus one”

TOP COMPANIES HELP ECONOMY DRIVE

Sponsored by the Department for Transport's TransportEnergy best practice programme, a survey was held over 4th & 5th September monitoring vehicle usage within the non-food retail distribution sector. Managed by The Logistics Business for AEA Technology, 22 fleets, comprising over 1,800 vehicles, provided data for over 6,400 trip legs, travelling almost 750,000 kilometres.

Les Beaumont, Senior Consultant at The Logistics Business explains, "The primary aim of the project is to quantify and benchmark fuel usage and related vehicle utilisation for each of the fleets that took part. It will identify best practice and provide examples

to operators of how they can improve their performance.

Fuel consumption was measured across seven vehicle types, and vehicle utilisation was recorded by weight, cube and relevant unit load capacities. These figures are used together to calculate energy intensity – that is, millilitres of fuel consumed per tonne kilometre travelled.

This detailed data is being analysed to correlate the simple statistics against a variety of criteria, including use of air management technology, wheel rim sizes, journey type and age of vehicle.

In addition the activities of vehicles over the 48 hour period has been assessed hour by hour, against six

categories of use, to measure asset utilisation. As a result of this data some participants are already reviewing the size of their fleets."

Delays were monitored to understand the impact of congestion and other factors on journey times. However, it is difficult to draw significant conclusions in this area since some operators already include known congestion into their vehicle scheduling routines.

Analysis of the data is still underway, and the completed report will be available in January 2003 from the Helpline 0800 585794 so that all fleet operators can benefit from its conclusions and suggestions.