

MaterialIssues

The Newsletter of The Logistics Business

Happy New Decade!

After all the excitement of the new Millennium, the end of its first decade (yes it really was ten years ago) is providing a stark contrast. Recession, global warming, rising fuel prices, wars in the Middle East, the list goes on. So what specific challenges are logisticians likely to face in the next ten years? Crystal ball gazing is a popular pastime and that's all any prediction can be but here are just a few possibilities.

Fuel costs

After all the furore of rising fuel prices we seem now to have got used to them and they are here to stay. As logisticians we will be expected to lead the way in re-designing supply chains to reduce the need to move materials, products and people as much as we do today. The good news is that as we reduce fuel costs, at the same time we reduce carbon emissions.

The environmental agenda

Twelve months ago this was one of the hottest topics of Supply Chain debate. The recession inevitably brought other issues to the fore but it has not gone away and in the next decade reducing the carbon and other environmental impacts of the decisions we make will become increasingly important. There are certain to be developments in second generation fuels (made from waste plant material rather than the food crops that have caused so many problems) and in third generation and beyond based on algae and other plant sources such as duckweed.

There is also certain to be significant development of battery technology to make electric vehicles more viable particularly if they can be charged from non-fossil fuelled power stations (nuclear, wind, solar, etc).

Buildings

Another important change towards the end of the next decade will be the requirement for all new buildings to be carbon neutral. It's still not entirely clear what the government means by this – a building that generates as much power as it consumes, a building whose embodied energy is recovered over the course of its life (this could be a tall order), a building located so that its workers can travel to it without emitting carbon (unlikely).

Chasing low cost production.

The last decade has seen a huge flow of manufacturing to the Far East but as the economies of China and elsewhere grow they will consume more of their own production and the cost differences will reduce. Even Middle Eastern countries are looking to increase their manufacturing capacity as oil reserves decline and they look for new sources of income. It is clear therefore

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that supply chains will look very different by the end of the next decade than they do today.

Regulation

The last decade has seen an unprecedented increase in the amount of regulation that business has to contend with but it seems likely that it will continue with Europe and the EU seeming to thrive on the continuous flow of new legislation. Areas we should be concerned about include extending the driver hour regulations to fork lift truck drivers and other similar occupations.

The Olympics

On a lighter note this will be the most public logistics challenge the UK faces in the next decade. Logisticians have already demonstrated great innovation in construction logistics as the infrastructure for the games is built – out of town consolidation centres, barge transport up the Thames. An even bigger challenge will be the movement of athletes and visitors. Will our transport infrastructure cope? We'll soon find out!



NHS Logistics Planning

The Logistics Business has recently seen a major expansion in its work for the NHS including a major supply chain project for NHS Blood and Transplant and projects with a number of NHS Primary Care Trusts (PCTs) to improve logistics operations for dealing with emergency planning such as the outbreak of H1N1 influenza, more commonly known as swine flu.

The Tooting Blood Centre in London is the largest in the UK and serves almost 50 hospitals in the South East of England, including all of London's major teaching and specialist hospitals. Blood distribution in this region is a complex matter with thousands of units of blood being collected, processed and delivered every week. Ever conscious of the need to control costs whilst ensuring that patient care is not compromised, the Tooting Centre had been paying special attention to the way it managed its blood stocks and its distribution network. Consultants from The Logistics Business met with and talked to senior managers from many of the hospital transfusion laboratories to learn about their requirements and to understand the complexities of blood management. The work included a full survey of

“ The recommendations received were clear and concise and have been widely accepted throughout NHSBT. I would have no hesitation in working with The Logistics Business again. ”

Teresa Allen
Assistant Director of Public & Customer Services

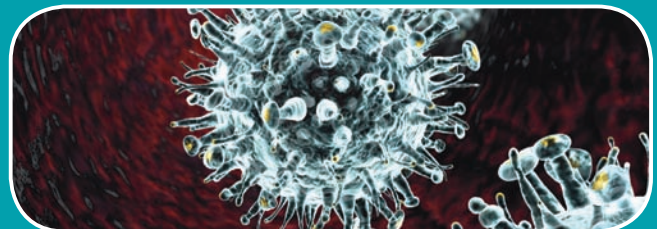
hospital staff as well as a detailed analysis of transport operations and stock management policies. The recommendations made by The Logistics Business included measures which would increase the effectiveness of the stocking and issue of blood and hence help to minimise costs. NHS Blood and Transplant were delighted with the output.



The Logistics of Swine Flu

Emergency planning teams at Islington and Westminster PCTs both used specialist consultants from The Logistics Business to review the logistical processes involved in the storage, handling and distribution of their supplies of anti-viral drugs, vaccines and personal protective equipment (PPE).

The PCTs have been required by the Department for Health to play a major part in getting consumables and protective equipment required for the Swine Flu vaccination programme distributed to hospitals and GP surgeries in their area. This is not a task that they normally have to undertake but in an emergency needs must. Clearly there was a lot riding on this very public event and both PCTs were keen to ensure that their logistics processes were sound and up to the task. The Logistics Business reviewed their distribution arrangements and came up with a set of proc-



esses that would ensure success. Each of the PCTs had established different methods to deal with their particular problems so The Logistics Business team had to take a flexible approach and determine how best to apply good logistics practice to the particular circumstances. Martin Machray, Islington PCT's Head of Communica-

tions and Engagement, was very impressed with the work, "The Logistics Business worked with the Emergency Planning Team to map our processes and helped find answers to questions that we hadn't even thought of. This prompted us to quantify the scale of the logistics requirement in terms of throughput quantities and volumes."

International Business Booms

Whilst some markets in the UK and Europe have slowed down as a result of the recession, the effect has not been as great in countries beyond Europe. Over the last 12 months the level of International activity for The Logistics Business has increased with projects in Japan, Russia, Poland, India and Brazil in addition to the usual European Projects.

Whilst many of these countries are not totally unaffected by the recession there are still some fast growing economies in developing nations and rapidly expanding businesses. As these companies' business levels are growing, so are the number of international markets they serve as well as their share of those markets. Also, as a result of the recession in the developed countries in the West, many markets have become more competitive creating opportunities for growth for manufacturers and service providers who have the infrastructure in place to offer quality goods and services at competitive prices. As the new economies become more sophisticated they are able to offer more services such as product customisation and new product development, which can be of great interest to Western customers.

Part of the work The Logistics Business is undertaking is to develop our clients' supply chains to serve the European markets. Starting with the reasons that European customers buy their products in these new markets, which could be quality, availability,



price etc. We have developed their supply chains taking into account, lead times, inventory levels, infrastructure and service levels required in each country and market. Work has included the identification of optimum shipping routes and ports, onward road and rail transport, numbers and types of facilities, down to the design, layout and technology used in each facility.

For many of these clients we see parallels to European supply chains perhaps 30 years ago with many small retailers purchasing through local wholesale markets and using small owner/operator type transport businesses running one or two small trucks. If the UK and Europe could have looked ahead 30 years to understand how the market would develop, a lot of time and cost would have been saved. The use of large distribution centres, the dominance of articulated road vehicles for bulk transport, the move to imported goods and the development of markets that offer a wide variety of products in self service stores or delivered to your door are just a few developments over this time.

Working with our International clients we are able to define the status of their domestic markets and draw parallels with European development taking account of economic growth and infrastructure within the country.

Whilst this article started discussing the status of the recession in the UK and Europe it can end with a positive aspect of this. As European currencies, including the pound, have dropped in value against many International currencies, the cost of using UK consultants on International projects is now reduced. As the more optimistic market forecasters are predicting, when there are changes in the markets it's a great time to identify and develop opportunities.

Other recent International projects include strategic studies to develop supply chains in emerging markets, benchmarking and optimisation of warehouses and transport including sea, road and rail and development of the infrastructure and facilities required for an overseas manufacturer to gain market share throughout Europe.



Charity Work

For many years the employees of The Logistics Business have been involved individually or as a team in raising money for charities. Some of these charities are close to the individual and others are chosen by the organisation running the event. During 2009 we have been busier than ever raising money. Here is a small overview of some of the wonderful events we have supported.

Shrewsbury Seven Bridges

The Shrewsbury Seven Bridges Road Race is an annual sporting event that takes runners on a unique course across seven bridges in the town. The 2009 race took place on Sunday 20 September. This year's events consisted of two parts; a 10km road race and a 1mile fun run around the Quarry, the town's public park. This year had a record number of 293 entries into the 10km road race and 55 fun runners. The Logistics Business and their families took part this year with the children having a go at the fun run.



Stratford Triathlon

There was real team work here as three of our employees entered the Triathlon relay. One swimming, one cycling and one running. They were certainly not the highest scoring team but they didn't exactly come last either. Money raised by the team went to Dyspraxia Foundation.

Rotary Club of Bournemouth East Cliff



On 11th April, several of our employees took part in the Rotary Club of Bournemouth East Cliff Quarter Marathon. The race commenced at Boscombe Pier and to our surprise this year's official poster showed two of our employees! The money raised went to the following charities; Jigsaw Appeal, Leonard Cheshire Disability, Bournemouth College Foundation and Salvation Army.

Eddystone charity pursuit

There are several employees of The Logistics Business (TLB) who have a healthy interest in things nautical, (particularly sailing boats) and every year we take part in The Eddystone Charity Pursuit. This is a unique sailing event run by the Royal Western Yacht Club of England (RWYC). It encompasses all types of yachts; 20 footers, ocean cruisers, out and out racers and everything in-between. From a start in

Plymouth Sound, out to the Hand Deeps Buoy (3 miles west of the Eddystone lighthouse) and back to the finish at the RWYC line - 26 miles in total - it is sailing's equivalent of a marathon! Team TLB, sailing a Dutch built Contest 36s raised money for the Dame Hannah Rogers School in Devon. This provides education, therapy, care and respite for children and young people with profound physical disabilities.



Future Scope



Editorial by
Simon Tomlinson

With global warming they say its hard to tell the seasons apart and the heat generated by the banking crisis and subsequent recession seems to have had a similar effect on the economy. Its official – we're getting green shoots in winter. Surprisingly you might think, unless you've already suffered some sort of calamity, now maybe the most dangerous period in this economic cycle. Over the last twelve months most organisations have prepared for the worst – stopped spending, put projects on hold and waited for Armageddon. For many though it hasn't happened. Sure its been tough but not as bad as many thought. The big question is what to do next.

Here's a four point plan:

1. Review all of the development projects that you've had on hold and see if any could be made more attractive by taking advantage of market conditions.
2. Start planning for the upturn and be ready to react fast. Now is not a good time to loose sales because you can't respond fast enough.
3. Improve your flexibility. The shape of your business may not be the same coming out of this recession; customers may change their buying patterns.
4. Keep a laser eye on your costs and on the prices you are quoting.

Competition over the coming months is going to be ferocious but the rewards will be there for those who are prepared to fight for it.

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