RESULT FOCUSED

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And the **award** goes to...

By Anton Nieuwoudt

The Gartner Supply Chain Top 25 has become quite a highlight in my annual professional calendar. Okay, so maybe I'm a bit of a nerd when it comes to research, and sure things haven't really changes over the last five to seven years but it's still quite interesting to read what the key conclusions were from the results. I'm not giving it away, but you can turn to page 5 for the full list.

Here's my take-aways from the 2014 insights: 1) The customer should determine your what, when, how and why; 2) It is the responsibility of future supply chains to seamlessly integrate the digital and physical worlds of customers; and 3) Use your supply chain networks to create sustainable competitive advantage.

The annual SAPICS conference has also come and gone. Attending this year's event highlighted the importance of these types of events from a networking perspective. It was great meeting with old acquaintances and establishing new relationships. For me, one thing is certain. The local logistics industry is small, and we all have a responsibility to promote it and unlock the value in the organisations we are involved in.

What is however painstakingly obvious and concerning, is the limited attendance of key decision makers from the represented companies. Also the absence of organisations vitally dependent on leading supply chain thinking. To put it bluntly: Where were the Pick 'n Pays, the Edcons, the Toyotas, the BHP Billitons, the 3Ms, the P&Gs, the SASOLs? Have we as practitioners become so inwardly focussed that we've lost sight of the organisations we serve and what their needs are? Or does these companies not see the benefit of attending these types of conferences anymore? And if not, why? You can be the judge...

In this edition of RESULTFOCUSED, other than the Gartner Top 25, we look at research conducted by DHL highlighting key topics for innovation and major trends in logistics. We also look at the findings in a UN report on climate change, a more positive outlook by global rating agency Moody's on the global ocean shipping industry, the continued importance of an omni-channel strategy as well as how a selfless leadership style can promote inclusion in the workplace.

"Look for three things in a person - intelligence, energy and integrity. If they don't have the last one, don't bother with the first two." - Warren Buffet

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DHL - 2014 LOGISTICS TREND RADAR

By Dr. Nedialka Bubner, Dr. Nikolaus Bubner PD Dr. Ralf Helbig, and Martin Jeske (dhl.com, March 2014)

Introduction

Looking back at how the global economy has evolved and considering many fruitful discussions, it's now a good time to review the 2013 trend predictions for the logistics industry. Which drivers became prevalent? What trends have substantiated? Here are the trends that took center stage.

Hot topics in logistic innovation

Speeding up? No, it's about well-orchestrated moves - In the ongoing quest of the logistics industry to maximise speed and efficiency, a second driver emerged to increasingly impact operations: Flexibility to deliver the right answer to the right customer question. In 2013, decision-makers and opinion leaders agreed that the concept of a Logistics Supergrid and related topics such as Logistics-as-a-Service, Supply Chain on Demand, and Logistics Marketplaces had the potential to become business operating models of the future. The real-time adaptability of a Logistics Supergrid would enable flexible collaboration, modular service orchestration, and maximum efficiency at the same time. The admittedly transformational approach would keep logistics companies busy for several years to come, as they would have to step up efforts on standardised service modularisation and information management, enabling an orchestrated ad-hoc coupling and de-coupling of logistics partners.

Data is the new oil - Refine it - Speaking of information management, it turned out that the mastery of complex and extensive data sources was becoming a differentiating factor in the logistics industry. In 2013, market leaders were seen to build out advanced data manipulation capabilities such as predictive analytics and real-time event processing, and they started extracting insights from unstructured information. Big data had begun to make inroads into logistics services, turning large-scale data volumes into a unique asset capable of boosting efficiency in areas of the business. In the logistics industry, from predictive network and capacity planning, through risk evaluation, resilience planning, and real-time route optimisation, up to crowd-sourced pickup and delivery operations, big data was no longer just hype; "big data is the new logistics tool".

Living up to customer expectations - The continued success of electronic commerce gave rise in 2013 to increased customer expectations in terms of faster (up to same-day) and individually tailored delivery. This undisputable trend forced providers to explore alternatives to established delivery models. Crowd Sourcing approaches, such as DHL MyWays which was piloted in Sweden last year, seemed likely to soon become a complementary delivery channel in many global markets. While the progress in crowd-based delivery models drew little public attention, except as a means of speeding up delivery times, another development did create a lot of media noise: Unmanned Aerial Vehicles (UAVs). One example is the DHL Parcelcopter which was first tested in a use case delivering pharmaceutical goods to employees at the Post Tower in Bonn, Germany. Many other pilot initiatives are to be anticipated, including deliveries to remote areas.

Stop moving goods - Start printing - The impact of 3D Printing for the logistics industry was (and continues to be) a hotly debated topic. In 2013, there were at least two different tendencies to consider. For established industries such as the Automotive and Life Sciences industries, there were predictions that 3D printing would start to become a supplementary way to manufacture parts (e.g., in prototyping, testing and maintenance). This was likely to add new complexity to the supporting logistics as it would be necessary to smoothly integrate and orchestrate the logistics flows of traditionally manufactured parts and of parts produced by 3D printing. For all industries, new business models were expected to emerge (e.g., 3D-Fabs). This would create windows of opportunity for logistics providers to extend their value chain by integrating new 3D-production capabilities into their end-to-end logistics services.

Logistics Automation - Thanks Xbox and iPhone - Technological advancement in consumer electronics during 2013 positively impacted the feasibility of new logistics use cases. In intra-logistics, Augmented Reality promised to become a tangible technology with higher impact than previously predicted, often guiding and accelerating precise hands-free activities. As more and more wearable consumer devices arrived on the market, such as glasses, watches, and even intelligent fabrics, Augmented Reality applications in logistics became more likely to achieve a faster-than-expected return on investment. In 2013, the cost of advanced logistics automation was being driven down by the mass production of a wide range of Low-cost Sensor devices for consumer electronics. It was predicted that soon logistics providers would be using 3D-sensors for freight volume and object contour scanning, as successfully piloted by DHL Freight over the course of that year. Logistics providers were also predicted to start using low-cost sensor technology to control automated loading and unloading of trailers and for volume-based sorting and pricing. Additional capabilities such as motion, gesture, face, and voice recognition, as well as location and environmental monitoring, would one day be added into many logistics processes, creating substantial opportunity for process automation.

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Major megatrends

As well as the most discussed megatrends and drivers of recent years – such as demographic changes, urbanisation, consumerisation, and individualisation – more and more new drivers are beginning to impact logistics companies, particularly how they define strategy and operate business.

Regional empowerment - With ongoing globalisation, companies are continuing to expand their global footprint. But unlike the players in the first wave of globalisation, new entrants to the global marketplace focus more and more on empowering underdeveloped regions. Some of them, have developed dedicated roadmaps for each region, following the philosophy that in a globally connected world nobody cares if a company is a small business. 'The death of distance' means connectivity and low-cost transmission goods can be achieved without gatekeepers;

products sold by many small traders can be moved around the world efficiently. But for small businesses and individual consumers to join this global trade, it is also essential to develop innovative payment and settlement services, along with transparent legal rules and administrative procedures. All this would be possible with a logistics supergrid spanning the entire globe and integrating smoothly and flexibly all parties along the door-to-door delivery chain. To become a key enabler of this concept – in effect, a global empowerment culture – each logistics provider will have to overcome several challenges in some areas, such as country and currency borders, political incertitude, governmental restrictions, channel fragmentation, and poor logistics infrastructure. A supergrid logistics business model would enable ad-hoc set-up, configuration, and orchestration of smart business networks as necessary. And to close the gaps in, for example, remote areas or places with high population density and congested roads, this model could be enhanced with innovative pickup and delivery concepts such as unmanned aerial vehicles (UAVs) and crowd-sourced services.

Global uncertainty and volatility, supply chain complexity, and new sourcing strategies - Globally distributed supply chains mean more facilities, infrastructure, suppliers, and product variations, numerous and fragmented sales channels, and increasing regulatory and transportation security requirements. The complex webs of interactive relationships in a global economy inevitably generate long-lasting catastrophic disruptions. Companies doing business on an international scale must assume that disasters will occur, even if the probability of their occurrence is low. In a connected world, causality is not linear but net-like; even small risks can have unpredictable impact on the supply chain in remote areas and can cause long-lasting disruption. Global uncertainty and increasing volatility require flexible asset management, reduction of fixed costs, greater scalability, increased network elasticity, capacities, and capabilities, and development of smart business networks. Because of this, most global enterprises aim to bring sourcing and production facilities closer to customers; for example, they may switch from the low-cost production capabilities of outsourcing and offshoring back to more individual strategies such as intelligent sourcing and X-shoring. This changes what's required of logistics network organisation and supply management – more raw goods must be transported over long distances and finished products may have to be distributed via different channels or delivered individually to end consumers.

Circular economy and sustainability: from supply chains to supply circles - To address the challenges of climate change, higher global energy demands, material resource scarcity, and varying government regulations over the next decade, enterprises will be forced to develop a strategy integrating both business profitability and sustainability. As well as helping to reduce negative global environmental and economic impact, organisations can profit to an unprecedented degree by using the concept of a circular economy and by starting to think in circles instead of chains. In their book Resource Revolution3, Stefan Heck and Matt Rogers describe the conscious optimisation and utilisation of resources and assets as the "biggest business opportunity in a century". For the logistics industry, there is huge unexploited potential as, according to the World Economic Forum, only about 40 % of available load capacity is being effectively used today. The key enablers of circular logistics are local, regional, and global supergrids, bundled logistics flows, synchromodality, and network orchestration.

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Omni-channel business models - E-commerce has already changed the shopping habits of people around the world and brought with it new challenges for logistics providers. These include higher volumes but smaller orders to be picked, packed, placed, and delivered as well as larger quantities of returns, exchanges, and damaged goods. Logistics companies have been able to profit from this trend by expanding their business models and taking on new responsibility for services such as packaging, distribution,

tracking, fulfillment, setting-up online shops, multichannel management, inventory tracking, and technical support. Especially for small retailers, e-commerce offers an easy way to get access to the global marketplace, and even simultaneously through multiple channels. The crisis of brick-and-mortar retail will transform the appearance of city centers and suburban shopping malls. In future, there will be a split between the physical presentation of goods in traditional or digitalised stores in cities or outlet centers, and their storage and delivery. New, lean stores will not hold large quantities of stock of every product in every size and every color, but will focus more and more on providing customers with experiences such as look and feel, touch and smell, and – last but not least – the thrill and emotion of shopping without the annoying side effect of carrying bags home. The brick-and-mortar store will become just one of multiple commercial channels available to retail companies. It may not be the most profitable one but will be on an equal basis with outlets, e-commerce sites, social and mobile sites, catalogs, and other seasonal/single-use channels such as pop-up stores and flash sales. This will change the entire logistics portfolio serving the retail industry: Traditional distribution will be replaced by different networks serving the different channels. The challenge will be to fulfill these requirements with minimum effort and investment in new assets, and just by intelligently using standard networks and orchestrating established assets.

Changing competitive landscape - Besides the traditional global companies and regional and local specialists, new players have entered the logistics and courier, express & parcel markets over the last few years. Most of them were 'career changers' with logistics services as a secondary business; some were crowd sourced. For first-and-last mile and customer-to-customer delivery, their dynamic, flexible services have established a real alternative to traditional business. For example, they enable taxis or private individuals to transport parcels on their daily routes (MyTaxi, mitpackgelegenheit.de). Typically, all these new market players seek out gaps between established services and customer expectation, or they make intelligent use of untapped capacity. Additionally, global retail providers like Amason and eBay are working on concepts for vertical integration and intending to establish their own end-to-end global logistics networks. For traditional providers, this means more competition, but it also offers an opportunity – they can use the capabilities and capacities of the new professional and non-professional service providers to crowd-source parts of their business cost efficiently and flexibly.

Crowd business models - Shareconomy which can be defined in essence as the societal shift from ownership to asset-sharing has been one of the most groundbreaking trends in the last few years, generating a huge variety of new business models using the crowd. This movement has impacted a wide variety of industries from hospitality to the automotive industry with carsharing platforms such as Drivenow or car2go, making established companies rethink the way they do business. The trend of sharing has not only reached businesses, but also private consumers. Collaborative consumption within peer groups is exploding which can be seen with successful startups such as Airbnb which rents private living space to travelers. In logistics, crowd sourcing has led to a great number of innovative last-mile delivery solutions. DHL has explored this trend and developed the MyWays solution which allows parcel recipients to have their parcel delivered to their doorstep when they want via the services of residents in their neighborhood. Additionally, by observing crowd funding platforms, companies can identify pioneering ideas and participate in their development and application at an early stage.

> **Physical processes and information flows no longer run on parallel tracks but interact with and navigate each other through the entire logistics lifecycle.**

Technology drivers for logistics innovation

From Internet of Things to Internet of Everything - The Internet of Things has reached a new stage of maturity and become the 'Internet of Everything'. It is now more than just sensors communicating with and being steered by a central hub; the things are starting to talk directly with each other and become more intelligent and autonomous. They are building swarms and organising themselves, dynamically responding to changes in their environment. Being integrated with existing infrastructure (such as electricity grids, health centers, etc.), they are enabling new connected-living experiences such as connected homes, cars, media, etc. In logistics and transportation, this offers a wide range of new applications, from tagged goods that already 'know' their entire lifecycle and can autonomously steer their way, to fridges generating supply orders for groceries when their content falls below a specified level. These capabilities are embedded in traditional infrastructure, and the separation between online and offline is vanishing. The web itself has become part of the infrastructure, with the same importance as the supply of electricity and water.

Open data, the age of context and Web 3.0 - Open data published by governments and private institutions, and a company's own data shared with partners, provide additional scope for big data applications, and enable entirely new developments in analytics and operations. According to the McKinsey Global Institute, data sharing and using open data in transportation can enable additional value of $720-$920 billion per annum. More and more open data is being published and integrated with traditional and new data sources into innovative big data-based analytics. This is likely to have highest impact on improving the efficiency of freight operations, enhancing capacity and asset utilisation, and adjusting and synchronising transport schedules in the context of, for example, synchromodal and other smart logistics networks. It will become increasingly important to identify open-data and data-sharing use cases, and integrate paths for their adoption into corporate data. Logistics companies can become frontrunners by creating industry-specific open-data ecosystems and by considering how to monetise the value of their own data as it becomes liquid and sharable. The semantic web or Web 3.0 was proclaimed by the World Wide Web Consortium (W3C) as a next evolutionary stage of the internet. While Web 2.0 connects people, Web 3.0 connects information by interpreting the context of the activity. For example, during a search request, it provides users with so-called 'miracles of little data' – data extracted on a personal basis from all the big data available in the digital world, as an individual response to an individual question. The 'semantification' of company data and open data yields great opportunities to enhance business value by enabling anticipatory and predictive operations, and much more. Web fragmentation and internet jurisdiction. The ubiquity of the internet and global connectivity have brought the people of the world closer together than any other development. However, today we are facing a new challenge. As the internet becomes a commodity, we are hearing more from experts and politicians who red-flag increasing web fragmentation and who insist on global web governance and internet jurisdiction. For the logistics industry, unpredictable cyber-attacks on supply chains and logistics infrastructure are likely to be disruptive and even devastating. The damage caused by cyber-attacks isn't merely virtual; it can also be physical – air or rail traffic control, GPS systems, track-and-trace systems, and real-time control applications can be strongly affected. Logistics companies, along with the global web community, have started to face up to this challenge by establishing regulations in terms of web security, privacy protection, and cryptography.

Second-screen revolution and holistic human-machine experience - Social networks have become indispensable for both business and society, bringing the world closer together. Today, digital natives are beyond being 'always on'; now they tend to be 'on' via several channels in parallel. The latest technologies have been designed to enable cross-usage, delivering integrated, and interactive experiences. In public, we are surrounded by screens providing information and enabling interactive co-creation, since these screens are able to react to our individual interests and condition to deliver exactly the content we need. Electroluminescent films and other new technologies make it possible to transform almost every surface into a display. Today, abstract concepts, ideas, and data become more and more sensual and seamlessly integrated into the physical world. Augmented reality allows more than merely hands-free operation. Physical processes can be visualised and simulated in a near-real-life virtual environment allowing the actors to haptically experience their role in the process and bring it to perfection before implementing it in real life. All data and information can be perceived with all senses, embedded in the correct context of the situation. And people involved in the operational process can respond with all senses – voice, gesture and even eye movement. Physical processes and information flows no longer run on parallel tracks but interact with and navigate each other through the entire logistics lifecycle. This makes the world of logistics more flexible, responsive, precise, and efficient.
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GARTNER'S RANKINGS OF ITS 2014 SUPPLY CHAIN TOP 25

By Gartner
(supplychain247.com, 23 May 2014)

Gartner, Inc. has released the findings from its 10th annual Supply Chain Top 25. A primary goal of the Supply Chain Top 25 research initiative is to raise awareness of the supply chain discipline and how it impacts the business.

"2014 marks the 10th year of our annual Supply Chain Top 25 ranking," said Stan Aronow, research vice president at Gartner. "As we reach this milestone, we have several longtime leaders with new lessons to share and a number of more recent entrants from the high-tech, consumer product and industrial sectors in the Top 25."

The top five-ranked organisations in 2014 include four that topped the list last year — Apple, McDonald's, Amazon and Unilever — plus another familiar leader, P&G. Two new companies joined the Top 25 this year with Seagate Technology (No. 20) appearing for the first time and Kimberly-Clark (No. 21) re-emerging after a year's hiatus.

Apple took the No. 1 slot again, its seventh year running, continuing to outpace everyone else by a wide margin on the composite of financial and opinion measures used. McDonald's landed at No. 2 for the second year in a row, followed by Amazon.com in the third spot.

Gartner analysts highlighted three standout trends for supply chain leaders in 2014:

Understanding and Supporting the Fully Contextualised Customer - An enduring trait of leading companies is that customer needs and behaviors serve as the starting point for go-to-market and operational support strategies. The best of them present simple, elegant solutions to their customers, driven by conscious supply chain orchestration behind the curtain. Their center-led cultures enable consistently high-quality customer experiences tailored, where important, to local tastes. Supply chain leaders are expanding this demand-driven concept in terms of how they relate to their customers. It is about understanding customers in a deeper way

and blending seamlessly into their daily routines. Ultimately, a deeper understanding of customers in their local environments is helping supply chain leaders capture more revenue for their businesses and improve operational effectiveness.

A Convergence of Digital and Physical Supply Chains Delivering Total Customer Solutions - Leading companies have moved past selling only discrete products or services to their customers and are now focused on delivering solutions. Regardless of industry, these companies want their customers to be loyal subscribers to their solutions. Several of the leading consumer product companies on this year's list are offering e-commerce subscriptions for their products, in partnership with retailers, to create a seamless multichannel experience. This approach offers convenience and privacy to end customers that would normally buy these products in a physical store and might switch to another consumer brand during any given store shopping visit.

The more progressive industrial companies have suggested order replenishment systems with their dealer networks, based on a superior ability of the manufacturer to forecast demand for their dealer. Some have gone further and are now acting as virtual consultants to their customers' planning organisations. They recognise that helping improve customers' internal capabilities is part of a total solution, making them more competitive suppliers.

"Another significant aspect of the total customer solutions we see deployed by leaders relates to the remote management of aftermarket services, leveraging Internet connectivity," said Debra Hofman, research vice president at Gartner. "The Internet of Things allows for monitoring of performance across the value chain; in the field at customer sites, but also to collect and analyse the big data generated as part of upstream manufacturing and logistics flows. This additional connectivity has also elevated the importance of supply chain security to prevent theft, counterfeiting and other forms of fraud. One thing is clear — future supply chains must seamlessly integrate the digital and physical worlds of customers to be competitive."

> **Apple took the No. 1 slot again...its seventh year running.**

1. Apple
2. McDonald's
3. amazon
4. Unilever
5. P&G
6. SAMSUNG
7. CISCO
8. intel
9. COLGATE-PALMOLIVE
10. Coca-Cola
11. INDITEX
12. NIKE
13. H&M
14. Walmart
15. pepsi
16. lenovo
17. STARBUCKS COFFEE
18. 3M
19. QUALCOMM
20. Seagate
21. Kimberly-Clark
22. Johnson & Johnson
23. CATERPILLAR
24. Cummins
25. Nestlé

Supply Chain as Trusted and Integrated Partner - Growth is a top priority for the C-suite in 2014, with 63 percent of senior executives picking growth as a top imperative in Gartner's 2014 CEO Survey. Leading supply chains are enabling this growth both organically and through successful M&A integration. At the same time, supply chain leaders are emerging as trusted and integrated partners to business groups. Their focus on profitable growth often leads to smarter, more conscious decision making, saving business groups from spiraling out of control in the drive to maximise revenue.

However, in the quest for growth, many companies are finding the business models they were famous for dominating are now under attack from competition. Supply chain has a large part to play in enabling the business to compete for the future, concurrent with protecting existing business. The most advanced companies in Gartner's ranking are not afraid to rethink the design of their global supply networks if that is required for success. In some cases, this has led to increased vertical integration where leaders are getting into their customers and their suppliers businesses in an attempt to dominate value chains, redrawing the lines of competition in the process.

"Deeper contextual understanding of customers, leveraging digital business as part of broader customer solutions and supply chain leading balanced growth are this year's most common trends among supply chain leaders," said Mr. Aronow. "At its 10-year anniversary milestone, the Supply Chain Top 25 continues to offer a platform for debate, learning and helping the supply chain community push the envelope of innovation in its contributions to the global economy." - *RF*

CLIMATE CHANGE IMPACT TO BRING WAR, DRAMATIC SOCIAL CHANGE, NEW UN REPORT SAYS

By The Green Supply Chain Editorial Staff (thegreensupplychain.com, March 2014)

In what the GreenSupplyChain.com believes is a reaction to flat global temperatures over the past 16 years, a new report from the UN's Intergovernmental Panel on Climate Change (IPCC) will release a report at the end of the month that ups the ante on the potential impact of climate change, saying that wars, growing hunger and more are likely to occur if action is not soon taken.

The UK's The Independent newspaper received a draft copy of the report, and has summarised its details.

Rising temperatures "will place the world under enormous strain, forcing mass migration, especially in Asia, and increasing the risk of violent conflict," The Independent says in summarising the report.

The report predicts that climate change will reduce median crop yields by 2% per decade for the rest of the century , while demand for food will continue to rise. This will lead to an increase in malnutrition in children by about a fifth, the UN report predicts.

The UN report also forecasts that the warming climate will take its toll on human health, pushing up the number of intense heat waves and fires and increasing the risk from food and water-borne diseases.

Among the areas that will be significantly affected by global warming include the following, according to the UN report and The Independent summary:

Coastal systems and low-lying areas - The report predicts that by the end of the century "hundreds of millions of people will be affected by coastal flooding and displaced due to land loss". The majority affected will be in East Asia, Southeast Asia and South Asia. Rising sea levels mean coastal systems and low-lying areas will increasingly experience submergence, coastal flooding and coastal erosion.

Food security - Relatively low local temperature increases of 1degree Celsius or more above pre-industralised levels are projected to "negatively impact" yields of major crops such as wheat, rice and maise in tropical and temperate regions. The report forecasts that climate change will reduce median yields by up to 2% per decade for the rest of the century, against a backdrop of rising demand that is set to increase by 14% per decade until 2050.

The global economy - A global mean temperature increase of 2.5 degrees Celsius above pre-industrial levels may lead to global aggregate economic losses of between 0.2 and 2.0%, the report warns. Global GDP was $71.8 trillion in 2012, meaning a 2% reduction would wipe $1.4 trillion off the world's economic output that year.

Human health - Until mid-century, climate change will impact human health mainly by exacerbating problems that already exist, the report says. Climate change will lead to increases in ill-health in many regions, with examples including a greater likelihood of injury, disease and death due to more intense heat waves and fires; increased likelihood of under-nutrition; and increased risks from food and water-borne diseases. Without accelerated investment in planned adaptations, climate change by 2050 would increase the number of undernourished children under the age of five by 20-25 million globally, or by 17-22%, it says.

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Human security - Climate change over the 21st century will have a significant impact on forms of migration that compromise human security, the report states. For example, it indirectly increases the risks from violent conflict in the form of civil war, inter-group violence and violent protests by exacerbating well-established drivers of these conflicts such as poverty and economic shocks. Small-island states and other places highly vulnerable to sea-level rise face major challenges to their territorial integrity. Some "transboundary" impacts of climate change, such as changes in sea ice, shared water resources and migration of fish stocks have the potential to increase rivalry among states.

Freshwater resources - The draft of the report says "freshwater-related risks of climate change increase significantly with increasing greenhouse gas emissions." It finds that climate change will "reduce renewable surface water and groundwater resources significantly in most dry subtropical regions", exacerbating the competition for water. Terrestrial and freshwater species will also face an increased extinction risk under projected climate change during and beyond the 21st century.

Will this level of disaster really occur? That is the multi-trillion dollar question, but in our view this is more speculation than fact. We think that the global economy is more resilient than these predictions consider. - *RF*

MOODY'S REVISES GLOBAL OCEAN SHIPPING INDUSTRY OUTLOOK FROM NEGATIVE TO STABLE

By Moody's
(supplychainbrain.com, May 2014)

For the first time since 2001, Moody's has assigned a rating of "stable" to the global ocean cargo industry, but notes that the condition of world shipping remains delicate and a "negative" rating could return.

"The revision reflects our expectation that the global industry's aggregate EBITDA will rise by mid-single digits in percentage terms year-over-year in 2014, in line with our -5 percent to 10 percent growth range for a stable outlook," says Mariko Semetko, a Moody's assistant vice president and analyst. "And while overcapacity remains a concern, we believe industry conditions are at a trough and that the supply-demand gap will not worsen materially. In this environment, we expect the supply of vessels will exceed demand by

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no more than 2 percent, or that demand will exceed supply by up to 2 percent," added Semetko.

Moody's announced the revision in its latest report on the shipping sector titled "Change to Stable Outlook for Shipping Sector Reflects EBITDA Growth". The report further notes that cost reductions – including the effects of lower bunker prices, as well as the application of slower steaming speeds and efficiency savings – have driven the growth in EBITDA. At the same time, market conditions remain tepid, but are not deteriorating, with freight rates for the dry-bulk segment showing some improvement but those for the container segment remaining under pressure.

The sector is also saving on costs through postponing and canceling deliveries of new vessels, scrapping the oldest and most inefficient vessels, and idling vessels.

Moody's would consider changing the outlook back to negative if there are signs that the supply-demand gap is likely to widen such that supply exceeds demand by more than 2 percent or if the industry's aggregate EBITDA declines by more than 5 percent. Moody's will also consider changing the outlook to positive if the amount of vessel oversupply declines materially and if the industry's aggregate EBITDA growth exceeds 10 percent. - *RF*

OMNI-CHANNEL URGENCY - RETAIL AT THE CUSTOMER EXPERIENCE TIPPING POINT

By Nick Robinson
(www.supplychain247.com, April 2014)

An omni-channel strategy is really about developing the intelligence needed to most effectively take action – using the right resources at those critical moments to create remarkable, profitable consumer experiences.

This is today's retail reality:
- 79% of consumers spend at least 50% of total shopping time researching products online
- 82% of consumers will substitute

and switch brands due to an out-of-stock product
- 59% of consumers are willing to try a new brand to get better customer service

As you can see, there's a lot that can impact whether consumers have a good or bad experience: consistency and availability of information across offline and online channels, as well as supply-chain efficiency.

Every touchpoint is now a critical moment of truth for determining consumer loyalty and brand credibility. The epic explosion of digital platforms and shifting consumer preferences are why an omni-channel approach is now imperative for retailers.

An omni-channel strategy is really about developing the intelligence needed to most effectively take action – using the right resources at those critical moments to create remarkable, profitable consumer experiences. Obviously, there's a lot of information out there, so I wanted to share with you some tips for systematically implementing an omni-channel mentality to maximise awareness and optimise consumer engagement.

Accept Free Advice

Retail marketers have a pivotal role to play increasing revenue growth and reducing missed sales opportunities. With more than half of consumers willing to ditch an in-store purchase because of negative reviews from fellow shoppers, retailers need to listen and be ready to adjust marketing efforts based off feedback.

In a single day, some 500 million tweets are sent, 4.75 billion items are shared on Facebook, and 200 conversations in LinkedIn groups occur every minute. Consumers aren't holding back in sharing their experiences of products and services with friends – and that's a good thing! These insights are free and readily available.

Leading retailers use consumer intelligence to understand which promotions are working and which are not. Using these insights, retailers can make more informed decisions regarding their marketing mix and promotional calendars. In fact, by monitoring consumer chatter, retailers can adjust marketing and merchandising strategies to align with real-time product preferences.

Start small with monitoring efforts to quickly show internal teams the value of these insights. Retailers should pick three to four platforms where consumers talk about their products. Don't forget the brand's website in that list! I'd recommend assigning to each team member a platform that they can monitor for 10 to 15 minutes daily.

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Inject Insights Across Channels and Lines of Business

Let marketing be the team that leads the way to unparalleled business results.

It's fair to say manual monitoring of insights can only do so much. However, it should get different lines of business collaborating. To scale efforts, many retailers are looking to business intelligence (BI) or in-memory solutions to align operations and optimise the sharing of insights across the entire buyer journey.

> An omni-channel strategy is really about developing the intelligence needed to most effectively take action – using the right resources at those critical moments to create remarkable, profitable consumer experiences.

These solutions enable retailers to collect, centralise, and publish data across channels in real time. For retail marketers, this means aligned product information, branding, and messaging across all channels. But beyond that, it's transforming the entire organisation to align sales, customer service, supply chain, and planning and forecasting efforts to the needs of consumers.

With BI or in-memory technologies, all of these departments can anticipate consumer needs and identify trends. Visual dashboards and user-friendly data reporting make it possible for anyone to get involved with little training.

Here are just a few things that are possible:

- Share order-management information across channels to increase visibility throughout the entire order process, from the transaction through fulfillment
- Incorporate consumer data and insights into business operations plans, including supply, pricing, and promotions

Establish consumer-data-collection guidelines for all channels to enable a holistic, actionable view of consumers

This business-wide involvement in the consumer experience is the ultimate goal within an omni-channel strategy. Consumers will continue to change their preferences, so the more people involved in identifying those changes and improving the experience, the better. - *RF*

WALMART UNVEILS NEW CONCEPT TRUCK

**By Nick Robinson
(www.scdigest.com, April 2014)**

In late 2012, Walmart announced a prototype new truck it called Supercube, which it said could hold as much as 30% more volume than traditional trucks. (See Walmart Will Test Potentially Breakthrough New Supercube Truck in Canada with 30% more Capacity.)

Now the retail giant has unveiled something it calls its WAVE truck, which stands for Walmart Advanced Vehicle Experience.

It's a concept truck and trailer that previews the future of long-haul freight, and was designed by Walmart in partnership with Peterbilt, Great Dane Trailers, and Capstone Turbine.

The design of the cab is unusual to say the least, sitting on top of what some are saying looks like the back half of a Corvette.

That low profile, however, is key to making the Wave truck 20% more aerodynamic than a standard truck and trailer. The driver sits in the middle of the cab, rather than on the left side.

Also new is that the 53-foot trailer is made entirely of lower weight carbon fiber, with the company saying it is the first time that a 53-foot side piece has been built entirely from the material in one panel.

The approach reduces unloaded truck weight by some 4,000 pounds. That means either better mileage from the lower weight, or the ability to add more freight to a truck that otherwise would weigh out.

The trailer also has a convex shape in the front to further enhance the aerodynamics, as well as adding a small amount of additional cargo space.

The WAVE truck uses a turbine-powered, battery-electric hybrid drivetrain, and the combustion engine can run on diesel, natural gas or biodiesel.

"It may never make it to the road, but it will allow us to test new technologies and new approaches," says Walmart president and CEO Doug McMillon.

Even if the design as is doesn't stand, it certainly seems that WAVE could still point the way forward for the future of long-haul hauling.

"We've built 'technology trucks' with potentially game-changing technologies," said Elizabeth Fretheim, Walmart's director of logistics sustainability.

Walmart has not made any statements on the improvements in miles-per-gallon with the WAVE. It has generally not been thought that a full Class I tractor and trailer could be powered by an electric motor, so how this hybrid engine approach works in practice remains to be seen.

In 2005, Walmart promised to double the efficiency of its fleet, which contains 6,500 tractors, 55,000 trailers and 7,000 drivers, by 2015. Now, nearly 10 years later, the retailer claims it has "achieved an 84% improvement in fleet efficiency over its 2005 baseline."

Walmart has only just started formal testing on the WAVE prototype, and has no definite date for when it might be integrated into its fleet.

Have a look at the WAVE concept truck on YouTube: https://www.youtube.com/watch?v=NER9X4_gtYk- *RF*
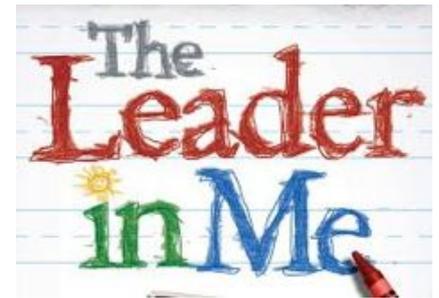
THE BEST LEADERS ARE HUMBLE LEADERS

**By Jeanine Prime and Elizabeth Salib
(blogs.hbr.org, 12 May 2014)**

In a global marketplace where problems are increasingly complex, no one person will ever have all the answers. That's why Google's SVP of People Operations, Lazlo Bock, says humility is one of the traits he's looking for in new hires. "Your end goal," explained Bock, "is what can we do together to problem-solve. I've contributed my piece, and then I step back." And it is not just humility in creating space for others to contribute, says Bock—it's "intellectual humility. Without humility, you are unable to learn."

A recent Catalyst study backs this up, showing that humility is one of four critical leadership factors for creating an environment where employees from different demographic backgrounds feel

included. In a survey of more than 1500 workers from Australia, China, Germany, India, Mexico, and the U.S., we found that when employees observed altruistic or selfless behavior in their managers — a style characterised by 1) acts of humility, such as learning from criticism and admitting mistakes); 2) empowering followers to learn and develop; 3) acts of courage, such as taking personal risks for the greater good; and 4) holding employees responsible for results — they were more likely to report feeling included in their work teams. This was true for both women and men.

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Employees who perceived altruistic behavior from their managers also reported being more innovative, suggesting new product ideas and ways of doing work better. Moreover, they were more likely to report engaging in team citizenship behavior, going beyond the call of duty, picking up the slack for an absent colleague — all indirect effects of feeling more included in their workgroups.

Our research was also able to isolate the combination of two separate, underlying sentiments that make employees feel included: uniqueness and belongingness. Employees feel unique when they are recognised for the distinct talents and skills they bring to their teams; they feel they belong when they share important commonalities with co-workers.

It's tricky for leaders to get this balance right, and emphasising uniqueness too much can diminish employees' sense of belonging. However, we found that altruism is one of the key attributes of leaders who can coax this balance out of their employees, almost across the board.

Nonetheless, our study raises one common, perhaps universal implication: To promote inclusion and reap its rewards, leaders should embrace a selfless leadership style. Here are some concrete ways to get started based on both our current research and our ongoing study of leadership

development practices at one company, Rockwell Automation:

Share your mistakes as teachable moments. When leaders showcase their own personal growth, they legitimise the growth and learning of others; by admitting to their own imperfections, they make it okay for others to be fallible, too. We also tend to connect with people who share their imperfections and foibles—they appear more "human," more like us. Particularly in diverse workgroups, displays of humility may help to remind group members of their common humanity and shared objectives.

Engage in dialogue, not debates. Another way to practice humility is to truly engage with different points of view. Too often leaders are focused on swaying others and "winning" arguments. When people debate in this way, they become so focused on proving the validity of their own views that they miss out on the opportunity to learn about other points of view. Inclusive leaders are humble enough to suspend their own agendas and beliefs In so doing, they not only enhance their own learning but they validate followers' unique perspectives.

Embrace uncertainty. Ambiguity and uncertainty are par for the course in today's business environment. So why not embrace them? When leaders humbly admit that they don't have all the answers, they create space for others to step forward and offer solutions. They also engender a sense of interdependence. Followers understand that the best bet is to rely on each other to work through complex, ill-defined problems.

Role model being a "follower." Inclusive leaders empower others to lead. By reversing roles, leaders not only facilitate employees' development but they model the act of taking a different perspective, something that is so critical to working effectively in diverse teams.

At Rockwell Automation, a leading provider of manufacturing automation, control, and information solutions, practicing humility in these ways has been essential to promoting an inclusive culture — a culture Rockwell's leaders see as critical to leveraging the diversity of its global workforce.

One of the key strategies they've adopted to model this leadership style is the fishbowl — a method for facilitating dialogue. At a typical fishbowl gathering, a small group of employees and leaders sit in circle at the center of the room, while a larger group of employees are seated around the perimeter. Employees are encouraged to engage with each other and leaders on any topic and are invited into the innermost circle. In these unscripted conversations, held throughout the year in a variety of venues, leaders routinely demonstrate

humility —by admitting to employees that don't have all the answers and by sharing their own personal journeys of growth and development.

At one fishbowl session, shortly after the company introduced same-sex partner benefits in 2007, a devoutly religious employee expressed concerns about the new benefits policy — in front of hundreds of other employees. Rather than going on the defensive, a senior leader skillfully engaged that employee in dialogue, asking him questions and probing to understand his perspectives. By responding in this way, the leader validated the perspectives of that employee and others who shared his views. Other leaders shared their own dilemmas and approaches to holding firm to their own religious beliefs yet embracing the company's values of treating all employees fairly. Dialogues such as these have made a palpable difference at Rockwell Automation. Employees have higher confidence in their

> **A selfless leader should not be mistaken for a weak one. It takes tremendous courage to practice humility in the ways described. Yet regrettably, this sort of courage isn't always rewarded in organisations.**

leaders, are more engaged, and feel more included — despite their differences.

As the Rockwell example suggests, a selfless leader should not be mistaken for a weak one. It takes tremendous courage to practice humility in the ways described above. Yet regrettably, this sort of courage isn't always rewarded in organisations. Rather than selecting those who excel as self-promotion, as is often the case, more organisations would be wise to follow the lead of companies like Google, Rockwell Automation, and others that are re-imagining what effective leadership looks like. - *RF*

das [R]ESULTAT

integrity • independence • results

Result focused logistics and supply chain advisory services

By Anton Nieuwoudt / Niels Rudolph

dasRESULTAT is a results focused logistics and supply chain management advisory company with greater than 30 years combined experience in various functional areas of logistics and supply chain management across diverse industries.

Our primary objective is to support our clients to reduce operational costs and increase their service offering to their clients through optimising their supply chain, by offering a wide range of services based on our own practical experience.

dasRESULTAT stands under joint leadership of Anton Nieuwoudt and Niels Rudolph.

Leadership

Anton has close to 15 years experience in logistics- and supply chain management across various industries.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company, Anton was at Accenture where he was involved in various projects in the Retail, Mining, FMCG and Energy sectors. Here he was able to expand and apply his fulfillment, supply chain management, supplier management, project management and business consulting expertise.

Anton also worked at DB Schenker where he gained experience in integrated logistics management, spare parts logistics as well as inbound- and outbound logistics solution implementation.

Anton holds a Bachelors degree in Marketing from the Rand Afrikaans University and a Masters degree in Logistics Management from the University of Johannesburg.

Niels has more than 20 years experience in logistics- and supply chain management mainly within the 3PL industry.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company Niels founded ORAscm as a specialised logistics consultancy company. He also worked at DB Schenker and PriceWaterhouseCoopers in Germany as a project consultant.

Niels spent the largest part of his career at DB Schenker in various roles in Germany, Singapore, Malaysia and South Africa. During his last role at DB Schenker in South Africa, Niels was responsible for logistics development, reporting directly to the CEO. Here he applied and expanded his knowledge to develop logistics solutions across the local automotive, high-tech and retail industries.

Niels holds a Diplom Betriebswirt (BA) from Staatliche Berufsakademie, Mannheim (Germany).

Functional experience

Our functional experience include among others warehouse design & management, transportation management, inventory management, demand planning, supply planning, supply chain planning, supplier relationship management and project management.

Industry exposure

We have had exposure to industries such as retail, automotive, consumer goods and services, petrochemical, mining and defense aerospace.

Core offerings

Through our core offerings we can support our clients to achieve strategic, tactical and operational results. These offerings cover areas such as Strategic Supply Chain Planning, Fulfillment, Sourcing & Procurement, and Project Execution.

Credentials

Since founding the company in the fourth quarter of 2012 we've been involved in various engagements.

Our primary engagement in 2013 has been with a leading global third party logistics company. Here we've been tasked to support them in their turn-around of their contract logistics department, transportation management strategy and operating model design, Africa business development strategy, and procurement strategy development.

Secondary engagements during our first year of operations included a warehouse performance assessment at the Cape Town operations of a global apparel company, supporting a logistics service transition at a German automotive manufacturer, and providing warehouse implementation support for an agricultural equipment manufacturer.

We are currently supporting a transportation consulting company with project management and subject matter advisory at a South African FMCG company, and with a supply chain assessment at a Durban based manufacturer of engineered wood products. - *RF*

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dasRESULTAT is a result focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable solutions.

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