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A Life of Continuous Learning...

By Anton Nieuwoudt

In a world constantly changing, it is imperative that one see these changes as opportunities to learn new skills and un-learn skills not relevant to ones personal and professional advancement. This can be described as lifelong learning, or continuous learning.

On a personal level, continuous learning is about the constant expansion of skills and skill-sets through learning and increasing knowledge. As life changes the need to adapt both professionally and personally is as real as the changes themselves.

On a professional level, continuous learning is about further expanding our skill-set in response to a changing environment and new developments. This is very important because we are called to respond to changes daily.

The key to all this is the ongoing, voluntary and self-motivated pursuit of knowledge - in either a formal or informal learning environment.

Herein again, as referred to in the editorial piece of the January 2015 edition of ***RESULT****FOCUSED*, lies the very important ability for one to foresee and adapt to change. In other words, the more one learns, the more adaptable one can be to change and the better prepared for an uncertain future.

I recently read in an article that there are three basic ways one can constantly develop one's skills and prepare for the next stages in one's career: 1) Be great at your job - If you want to get ahead, first be great at what you do. In other words continuously strive for excellence and never settle for mediocrity. Fully understand the expectations and search for feedback on your performance; 2) Continuously learn new skills - Find ways to expand your knowledge on those specific topic which will improve your productivity and performance. Never use ignorance as an excuse to not becoming the best you that you can be; and 3) Develop leadership skills - Leadership is everyone's business and is not only reserved for bosses. After all, as Peter Drucker once said, "Only three things happen naturally in organisations: friction, confusion, and under-performance. Everything else requires leadership." Leaders solve problems. Leaders make things happen. Leaders inspire others to be their best. Anyone can do that. One just needs to learn leadership skills and take action on them.

I challenge you to search for and take advantage of every learning opportunity on a continuous basis.

In this edition of ***RESULT****FOCUSED* we look at, among others, McDonald's and the challenges of a modern supply chain, what Clem Sunter foresee for 2015, how BASF approaches filling supply chain knowledge gaps, Apple's investment in solar energy, and how Emotional Intelligence (EI) is not just for drama queens. *RF*

"The greatest enemy of knowledge is not ignorance, it is the illusion of knowledge" - Steven Hawking

MCDONALD'S AND THE CHALLENGES OF A MODERN SUPPLY CHAIN

By Steve New
(hbr.org, February 2015)

Recently, McDonald's, the world's iconic largest food service provider, has been (forgive the cliché) through the grinder. Poor performance has led to the departure of its CEO and plenty of critical attention in the business pages. Part of this story relates to the provenance, or origins, of its products: Chains that provide more upmarket "fast casual" dining such as Panera, Chipotle, and Shake Shack have brands that speak of freshness, health, and trustworthy sourcing.

In 2010, I wrote an HBR article predicting increased interest in supply-chain transparency: firms needed to develop strategies for knowing and explaining where stuff comes from. Since then the idea of product provenance has steadily crept up the corporate agenda and is now a compulsory issue for boards and governments. In the UK, for example, legislation is in progress that would build on the California Supply Chain Transparency Act, potentially applying to wider range of firms. Across Europe, the 2013 horsemeat scandal generated widespread panic about contaminated meat. In a wide range of industries — electronics, software, toys, aerospace — provenance is increasingly a critical concern.

McDonald's woes offers three lessons for others about supply-chain transparency.

Transparency needs a long game; reputational problems don't mend fast. Few firms have faced such reputational challenges as McDonald's. In the 1990s, an ill-judged legal case, the McLibel trial, saw the corporation acting against a tiny environmental group in one of the longest civil cases in UK history, with terrible reputational consequences. The movies Super Size Me and Fast Food Nation cemented the view that the corporation was complicit in promoting bad health, bad environmental practice, and food that was just, well, disgusting.

Faced with these challenges, McDonald's has not been idle. It has taken on its critics and made substantial changes to both its practices and its communication. Indeed, in the UK, the official government review of the horsemeat scandal, the Elliot Review, singles out the McDonald's supply chain for praise. In the United States, a series of documentary-style promo films with celebrity presenter Grant Imahara have tried to give customers a clear and unvarnished account of sourcing and production processes. You may still not like the firm or its products, but you can't deny it has made serious efforts.

The trouble is bad reputations aren't lost that easily. A generation of cynical middle-class customers have already decided that McDonald's is a tarnished brand. Supply-chain transparency is that kind of challenge: It's rarely the top thing on consumers' minds, but it is an issue that sticks in the imagination. And when newer, less tarnished players like Chipotle arrive, consumers can tacitly exercise the prejudices and cross the street. The lesson for other firms: If you have problems in your supply chain, don't let the critics get there first.

Global operations need consistent global standards. Despite the great strides that McDonald's has made in some markets, its progress and practices have not been uniform. Last year McDonalds — and other major food companies — were plunged into a food safety scandal in China. This is a case of your defense being as strong as your weakest point. Bad headlines about foreign operations tell consumers, "This company still can't be trusted." And such bad news doesn't just reduce the impact of your good work elsewhere; it means that its credibility is fundamentally undermined. So firms need to be cautioned: Supply-chain transparency initiatives are not a normal program to be rolled out region by region.

Sometimes transparency has paradoxical consequences. Let's return to those videos with Grant Imahara. "Look," they declare, "it's real wholesome meat!" Imahara holds up great chunks of flesh from the conveyor as if to say, "Appetising!" But even hard-core carnivores like me blanch queasily at this amount of dead animal. OK, you've convinced me there is no pink slime, but you've reminded me that this whole process is kind of horrific. That's one of the curses of transparency of provenance: I might now approve of your food-safety practices, but you've just reminded me of things that, deep down, I don't want to know. This is a paradox that firms in a wide range of industries will inevitably need to grapple with. (Question: What does an unethical shirt factory look like to a naïve consumer? Answer: Appalling. Question: What does an ethical shirt factory look like? Answer: In truth, still pretty appalling.)

It may be that McDonald's future lies in yet further reinvention of the brand. The Corner, one of its experiments, is a "McCafé" that looks and feels nothing like a McDonald's restaurant. But even then, the provenance agenda is not going away: The new CEO (who holds an honorary visiting position at Oxford's Saïd Business School, where I teach) will need to tough out the current problems and stick to the mission of ever-greater openness. *RF*

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BREAKING **FUTURES** 2015

By Clem Sunter
(news24.com, January 2015)

Every year, Chantell Ilbury and I look at the trends and sudden game-changing events which could be the subject of breaking news during the next 12 months. As co-authors of The Mind of a Fox, we believe that scanning the environment around you is essential to plotting your future strategy. Here is our list of breaking futures for 2015:

The religious flag: At the end of September last year, I wrote a column saying that the religious flag is shaping the immediate future of the world more than any other political, economic or social flag. The subsequent shootings in Sydney and Paris, though very different in nature, illustrate how difficult it is for the countries concerned to handle this type of threat, given how dispersed it is. How many suspects can you monitor closely at the same time within the resources available to the state? How much are you prepared to compromise the basic principles of freedom and justice on which your society exists to pre-empt further strikes? How do you stop polarisation of your citizens into extreme and opposing movements which undermine the level of social harmony critical for quality of life and economic success? How do you prevent new technologies like drones being used for evil purposes? How do you win the hearts and minds of young people so that they do not kill for a cause or religious belief? All these questions are going to be asked by the media against a backdrop of increasing probability of further events.

The new arms race: The annexation of Crimea by Mr Putin has overnight changed the prospects for Europe for the worse for the remainder of this decade, if not longer. Economic sanctions and the drop in the oil price have combined to put the Russian economy into a free fall situation along with the collapse of the rouble. Meanwhile, Congress in America is now controlled by the Republicans who have always been more hawkish towards the Russians than the Democrats. So you have a recipe for increasing confrontation between the two nuclear-armed nations which could signal the return of the Cold War in earnest and- in the worst case scenario- the possibility of a hot war with all the consequences involved. In the last week, America is already accusing Russia of breaking one of the disarmament treaties by developing a new cruise missile that can fly under the radar of existing anti-missile systems. Russia's submarine capability has also been significantly enhanced in the last few years and its expanded fleet is literally popping up everywhere. Once again the arms race has started.

The two-speed global economy: Unlike an ageing Europe and Japan and a slowing China, there has been a remarkable resurgence in the American economy. An economic growth rate of 5% in the third quarter of 2014 and an unemployment rate down at 6% are very positive flags indicating that the world's largest economy is in a state of full recovery. However, the true test will only come when annual interest rates rise from their current level of virtually zero to something more in line with the historical norm. Then, and only then, will we know that the patient is really hale and hearty and not dependent on a drip labelled 'cheap money'. The breaking future is that we are moving into a two-speed economic world consisting of America and successful non-oil, emerging economies on the one hand and Europe, Japan, Russia and other oil producing nations on the other hand- with China and India somewhere in the middle. We call it our 'ultraviolet' scenario made up of 'U' countries stuck for whatever reason in the ongoing 'U' of hard times and 'V' countries experiencing the 'V' of a resilient comeback from the financial disaster of 2008. Identifying which nation is in which category and betting on those in the favourable one is the key to a sound investment strategy. We just have to accept that, despite globalisation, we live in a world of increasingly divided national prospects.

The changing world of work: The Economist ran a cover story a week back about workers now being on tap. We have been saying for years that the world of work has changed forever and we are never going back to the mass employment conditions of the last century. Technology has driven a shaft through many jobs, companies are cutting back on their permanent work-forces by sub-contracting all their non-core activities to others and we now have the concept of on-demand employment where you are hired for a specific time to do a specific job. Pop-up businesses which have a life measured in months rather than years are all the rage. The static world of Karl Marx in which a proletarian class works for the owners of capital has given way to a more dynamic, mixed model where a person can be an entrepreneur and worker at the same time. You are your own boss and if there is a boss, it is your customer! This has created unprecedented youth unemployment in many countries because schools and universities are still preparing their students for the market that prevailed fifty years ago. They have not woken up to the changing reality of business and the fact that technology has disrupted all of their cherished academic assumptions about of what you should be taught to be a success in life. Expect much more on this issue in the coming days and weeks.

Immigration and the future of the European Union: The rising level of inequality in the world as the gap grows between the super-rich and the rest has caused widespread dissatisfaction with the politicians currently in power. They are perceived as being totally out of touch with your average middle-class or working class person who no longer has the kind of purposeful life and opportunities that his or her parents had. Indeed, the perception is gaining momentum that this is the first generation to have retrogressed in material terms because, for example, the price of property in London has escalated to a point that, even on its outermost fringes, it is unaffordable to normal buyers. Consequently, fringe political parties are having a ball. In Europe and the UK, those parties tend to be highly nationalistic, anti-immigration and highly suspicious of Brussels. The snap Greek election to be held shortly and the British General Election in May will provide an indication as to how strong the anti-establishment flag really is. I hazard a guess that you could see some surprising results. As for the European Union, one or two members may quit the club with unpaid debts. This, and the fear of the contagion spreading to big players like Spain and Italy, has caused the dive of the Euro against the US dollar.

We have been saying for years that the world of work has changed forever and we are never going back to the mass employment conditions of the last century. Technology has driven a shaft through many jobs, companies are cutting back on their permanent work-forces by sub-contracting all their non-core activities to others and we now have the concept of on-demand employment where you are hired for a specific time to do a specific job.

The grey flag: Another trend which is featuring more strongly in the media is that national health services are being overwhelmed by the numbers of elderly people. In the UK, there are now half a million people over 90 years old. Accident and emergency services are in a state of perpetual crisis as the beds are permanently occupied by indigent old people who cannot afford the bus or taxi ride home. They want to stay in a hospital bed until they die. This situation is only going to get worse as the demographic ageing process intensifies over the remainder of this century. The upside is that there are many more entrepreneurs seeking a second life in their seventies and eighties. The whole concept of pensions and retirement will need to be revised. It is worth noting that China faces a demographic cliff of note in the next 15 years as a result of the one-child policy it enacted in 1978. In other words, enjoy China's economic growth before the window closes and it one day becomes like Japan.

Clinton versus Bush: It is looking increasingly probable that the next presidential election in America may pit Hillary Clinton as the Democratic candidate against Jeb Bush as the Republican candidate. What a fight that would be, between a woman and a man from two of the leading political dynasties of our time. One wonders whether they will be honourable in not dragging up dirt on each other and fight a campaign based on ideas instead.

A fracking unbelievable drop in the oil price: Last year we said that the oil price could go below $80. It is now just above $50 and the reasons are simple: America is once again knocking on the door of being the world's largest oil producer on account of fracking which means it no longer has to import any barrels of the stuff; China is not the growth engine it used to be; and Saudi Arabia has pledged to maintain its production, if not increase it, to safeguard its export revenues. The good news is that petrol prices are falling at the pump, thereby reducing inflation. The bad news is that at these prices most of the new fracking projects in America and elsewhere are losing money hand over fist and we could witness the bursting of the fracking bubble. This could reverberate through bond and equity markets. We shall just have to wait and see.

The green light: The year will come to a momentous close with the next climate change summit in Paris in December. In stark contrast to the previous summits, this one may produce a concrete document with measurable outcomes and goals. The reason is the increasing frequency and intensity of extreme weather events in the world at large as well as record temperatures and droughts in certain countries. America has already signed a carbon emission treaty with China and, besides normalising relations with Cuba, President Obama will want to have progress on the climate change front in his legacy as well. Obviously, the question of opposition from Republicans in Congress will have to be figured into the equation but the fact remains that the arguments in favour of a green light on legislation to reduce carbon emissions is growing stronger by the day. There is no Planet B if the world turns into a microwave oven.

The economic crossroads in South Africa: We are at the most important moment in our history since 1994. With a national unemployment rate of 25% and a figure of more than 50% among young people, our economy is failing to provide anything like the proper degree of economic freedom to go with our political democracy. We can undo all the good of the last 20 years if we do not act now to rectify the imbalance. Bearing in mind the fourth piece of breaking news about the changing nature of work, the only way to create 5 million jobs by 2020 and 11 million jobs by 2030 is to open the floodgates of entrepreneurship in this country. We need at least one million new sustainable businesses to get anywhere close to these job figures. It is my fervent wish that the one item of breaking news we hear about in this country in 2015 is that the government has become the champion of small business and is intent on providing a platform to make it happen. I do not mind whether you call it citizen capitalism or creating a new generation of industrialists as long as the principle becomes the centrepiece of implementing the National Development Plan. For if it does not happen, the breaking news at the end of this year will be that we are nearer to being a failed state- in our own eyes and in the eyes of the rest of the world." ***RF***

5 WAYS TO FILL YOUR SUPPLY CHAIN KNOWLEDGE GAPS

By Bridget McCrea (supplychain247.com, February 2015)

As the world's largest chemical company, BASF's operations span 80 countries, six integrated production sites, and 390 other production facilities in Europe, Asia Pacific, Australia, Africa, and the Americas.

Domestically headquartered in Florham Park, N.J., the company faces some unique challenges when it comes to keeping its supply chain managers and employees around the globe well informed and up to speed with the latest knowledge and information.

"As the company has expanded, that proposition has become exponentially more difficult," says Dirk Hopmann, BASF's vice president of supply chain strategy.

Establishing common supply chain nomenclature across BASF's operations, for example, and particularly in light of the firm's many recent acquisitions of other entities, has been especially challenging.

To address that situation, the global manufacturer puts its new and existing employees through APICS' certification process, starting with BASF's supply chain managers.

"We know that management is the key driver of supply chain knowledge and skill sets, so motivating everyone from the supply chain manager all the way up to our senior leadership to get certified is very important." says Hopmann. "We push the APICS courses out as pre-requisites for development in our supply chain division." In addition, he says supply chain sales professionals also use the course as a "key ingredient"" of their training programs.

Going a step further, Hopmann says BASF has also used the certification courses with its business partners, particularly for orchestrating sales and operation planning processes. "Our goal is to help everyone understand the broad, end-to-end process that we're handling here," says Hopmann, "and all of the nomenclature and definitions associating with marketing, sales, and supply chain."

To work toward that goal, BASF reinforces its training by recognising and celebrating employees that achieve certification. "A senior leader usually hands over the certificates to the students, who, in turn, feel very positive about the experience," says Hopmann.

In addition to the nomenclature knowledge gaps that it's trying to fill, Hopmann says BASF also wrestles with the notion that not everyone understands why they are doing what they're doing. "We want to make sure everyone is on the same page when we talk about order to cash, demand planning, and S&OP," says Hopmann, "whether the employees are working here in the U.S., in Brazil, or in India." And because getting face-to-face with remote employees isn't always feasible, he says offers for APICS' online coursework help.

"We like the first, basic training to happen live, but then continuous training takes place mostly online," says Hopmann, whose team utilises video-conferencing and Webex-type platforms to administer the training. The setup has proven especially beneficial over the last five years as BASF has expanded globally. "We have global processes, regulations, and supply to manage around the world now. Having a single source of knowledge and certification at our avail ensures that everyone is speaking to one another in the same supply chain language."

Tackling Supply Chain-Specific Challenges. As companies like BASF have come to realise, gaps in the supply chain talent pool are both prevalent and pervasive. Whether they are keeping current workers up to speed, introducing new supply chain professionals to the mix, or a little bit of both, today's organisations are taking the steps necessary to make sure there are no critical gaps in those workers' supply chain knowledge.

Panos Kouvelis, professor of operations and manufacturing management at Washington University in St. Louis' Olin Business School, says supply chain knowledge gaps present key challenges for many companies. The fact that the discipline itself is "fairly new" contributes to the challenge. "Companies have always had inventory analytics and material procurement professionals," Kouvelis points out. "And while a lot of people moved up through organisations via these positions, most of them don't have the required skills for supply chain management."

So what's So Different about Supply Chain Management? According to Kouvelis, it's a discipline that requires the individual to have cross-functional perspectives on operations, marketing, sales, and finance, among other components. "A supply chain manager has to be able to assess the entire organisational system," says Kouvelis, "and then effectively interact with suppliers, distributors, and end users to figure out how to best integrate information, materials, and finance." Here are five different ways that organisations are tackling that challenge and filling in the open gaps that exist within their supply chain talent pools:

1. Executive Supply Chain Education

It takes on different forms, all of them aimed at a similar goal: to bring existing employees and/or new graduates up to speed on the fine points of managing today's complex supply chain. According to Kouvelis, executive education is targeted mainly at younger candidates that already have graduate degrees in other fields (business, economics, engineering, or math, for example). "Most have strong analytical backgrounds and are now interested in studying supply chains," says Kouvelis, "and developing the skills needed to plan and manage such systems."

Executive education generally requires a 12- to 24 month time commitment, depending on the school and the course format. Portland State University in Portland, Ore., for example, offers a 2-year, parttime online Masters of Science in Global Supply Chain degree. Cliff Allen, the program's academic director, says the program covers all of the steps in the sourcing and logistics process – "from the product's initial concept to its end-of-life."

2. Supply Chain Certifications

Through the professional certification process, individuals gain knowledge, experience, and skills to perform a specific job. When the coursework is completed the student must earn a passing grade on an exam that is accredited by an association or organisation that oversees and upholds the standards for the industry in question. Course length varies according to the offering organisation and in most cases the instruction is either self directed or instructor-facilitated. Abe Eshkenazi, CEO at Chicago-based APICS, says certification helps companies fill in some of the newer gaps that are surfacing in supply chain knowledge, such as big data and analytics.

Establishing common supply chain nomenclature across BASF's operations, for example, and particularly in light of the firm's many recent acquisitions of other entities, has been especially challenging. To address that situation, the global manufacturer puts its new and existing employees through APICS' certification process, starting with BASF's supply chain managers.

He says companies want real-world experience in such areas, yet the typical college education doesn't necessarily address these newer points. "In many cases, a certification program can help differentiate the individual in the marketplace," says Eshkenazi. Tom Derry, CEO of the Institute for Supply Management (ISM) in Tempe, Ariz., says certification helps address a broad range of supply chain skillset gaps for everyone from entry-level employees to department heads. "Through the certification process, companies can effectively identify the skills that are lacking and then hone their training around closing those gaps," says Derry, who sees general business acumen and analytics as two areas that companies want to see their supply chain managers handle better. "Employees need a broader understanding of their businesses beyond just the mastery of technical foundations," says Derry, "and then relate their individual value to the company's overall strategy and success."

3. Peer-to-Peer Mentoring and Cross-Generational Collaboration

In some cases, enhancing supply chain knowledge is a task that can be handled within the organisation, where a goldmine of knowledge and hands-on experience lies within the existing workforce. "With the Baby Boomers heading into retirement, and with a high number of supply chain job positions to fill, we definitely need to be mentoring younger folks and driving leadership within supply chain positions," says Lisa Angell, department chair and instructor of supply chain management at Fox Valley Technical College in Appleton, Wis.

Angell says mentoring and cross-generational collaborations can help new employees gain the knowledge and skillsets they need to succeed in their positions while also assisting older workers with concepts and technology that they may not be familiar with. "Put Baby Boomers, Generation Xers, and Millennials together and not only will they understand one another better," says Angell, "but the process will also open everyone's eyes to new ways of doing things."

4. Cross Training and Job Rotation

Sometimes all of the education and certifications in the world can't replace the hands-on experience that supply chain professionals gain from cross training on different jobs. "It gives individuals different perspectives on the supply chain," says Eshkenazi. "If you truly expect someone to grasp all aspects of the supply chain and your organisation, then you must give them job rotation activities to participate in." A warehouse manager, for example, would benefit greatly from understanding how the procurement, production, and marketing departments operate, what are those departments' core goals, and what strategies they use to achieve those goals. "Go beyond finance and supply chain," says Eshkenazi, "and introduce your supply chain employees to all aspects of the organisation."

5. Partnering with Universities and Colleges

When developing coursework for its supply chain programs, Portland State University reaches out to area organisations to find out what skills and knowledge would help them operate more efficiently in today's business world. "We've built out our curriculum around those needs," says Allen, who advises shippers to use a similar approach to partnering with their own local universities and/or colleges. By working with a business school, for example, companies can help establish programs that fill real-world needs. "Today's higher-ed world is very competitive," says Allen, "and we're all looking for ways to better engage our local communities and organisations." *RF*

DON'T FORGET THE FINANCIAL SUPPLY CHAIN

By Susan Fourtané
(ebnonline.com, December 2014)

The financial aspect of the supply chain is an often-neglected topic when discussing supply chain management. It is left only to the financial department, and everyone else forgets that the whole organisation depends on it.

> Creating an integrated team combining the expertise and insights of finance and supply chain management is the beginning of dealing effectively with risk management through the application of financial optimisation tools and techniques.

The physical and financial aspects of the supply chain must be integrated to provide a really smooth supply chain management to manufacturers. Managing cash and capital is as important in the equation as managing partner relationships. Thinking of return on investment is important, but so is being careful not to become a cheap (read: low-quality) supply chain. Quality and efficiency must never be compromised.

The smart way to manage the financial supply chain is to get the best quality at the lower possible cost. This requires some specific ability in finance and, most of all, smart thinking and excellent decision making. Then the financial supply chain becomes the spine of a healthy and active organisation. It provides the cash needed to ensure everything from keeping lights on in factories and offices and paying employees on time to manufacturing and shipping products smoothly without delays or complications is properly achieved.

How to advance financial SCM. Here are some of the things that must be considered for advancing your organisation's financial supply chain management.
The financial department must work closely with the supply chain departments to assist in decision making, budgeting, and capital expenditure planning.

Commodity risk management plays an important role. Globalisation brings a rapid expansion in emerging markets. When this is combined with market speculation, it can raise commodity prices, putting individual companies at risk. Manufacturers believe commodity price risk is fundamental to a company's financial performance, but only a few companies manage commodity risk very effectively. Most companies adopt strategies such as procurement contracts and cost reduction to manage their risks. Once again, good communications with the financial department is crucial.

Creating an integrated team combining the expertise and insights of finance and supply chain management is the beginning of dealing effectively with risk management through the application of financial optimisation tools and techniques. At this point, supply chain management may want to revisit the organisation's enterprise resource planning (ERP) system and evaluate -- together with the financial department -- the possibility of an update, an upgrade, or choosing an integrated ERP system that is right for the organisation. The figure below (from Tutorialspoint) clearly illustrates the difference between a non-integrated ERP system and one in which the financial application works in harmony with the rest.

The financial department may consider the ROI of the investment in an integrated ERP system. However, the solution proves to be cost efficient in the long run. Most importantly, it advances the integration of the financial department with the rest of the organisation. All in all, it helps enhance productivity and produce a more efficient and agile supply chain. *RF*

UPS AND FEDEX ANNOUNCE FUEL SURCHARGE INCREASES

By Jeff Berman
(supplychain247.com, February 2014)

In spite of plummeting oil prices, parcel rates are up to their highest levels ever in 2015 as evidenced by parcel giants UPS and FedEx recently rolling out GRIs (general rate increases) that took effect earlier this year along with the changes to its dimensional pricing rates, fuel surcharges are also on the rise for the companies comprising this parcel duopoly.

These changes come at a time when oil and fuel prices continue steady declines.

FedEx Announcement: Fuel Surcharge

FedEx recently issued changes to the tables it uses to fuel surcharges for its FedEx Express, FedEx Ground, and FedEx Freight offerings that take effect today, February 2. These changes will result in:

- FedEx Express and International services rising by up to 4 percent with the fuel index for these respective products to change from 4.5 percent to 6.5 percent; and
- Ground products increasing by up to 3.5 percent

Shipware Systems Corp, a San Diego-based parcel consultancy, said at the time that this increase was rolled out that the fuel surcharge rate increase "should impact all FedEx shippers unless a specific fuel surcharge table is part of their contract."
And Jerry Hempstead, president of Orlando, Fla.-based Hempstead Consulting, wrote in a column for Parcel Magazine that unless shippers have in their contracts that the rules that apply at the time of signing will remain in effect during the life of the contract, then most likely [they] are going to experience an increased cost in your shipping in 2015 on top of the General rate increase, the accessorial increases and the changes to the dimensional rule for ground shipments.

UPS Announcement: Fuel Surcharge

As for UPS, Big Brown also issued an under the radar increase of its fuel surcharges for its UPS Air and International, and Ground products that also takes effect today.

Like Hempstead, Martinez stressed that as is the case with FedEx, with UPS shippers are agreeing with all terms and conditions in its service guide at the time of shipping, which is subject to change anytime without notice.

"Even customers under term contracts are impacted," Martinez explained. "99.9 percent of shippers do not have specific fuel surcharge tables written into their contracts."

UPS Ground fuel surcharges are pegged to increase between 0.25 percent and 0.50 percent based on fuel prices between $2.91 per gallon to $4.26 per gallon, and UPS Air and International fuel surcharges will rise up to 0.75 percent for fuel prices between $1.95 per gallon and $2.33 per gallon.

In spite of plummeting oil prices, parcel rates are up to their highest levels ever in 2015.

Martinez said that UPS is raising the fuel surcharges, "because they can," adding that "most shippers will never be aware they are paying more."

What's more, he pointed out that the higher fuel surcharges follow UPS's announced rate increase in late December, resulting with some service/weight/zone configurations to increase between 5-to-10 percent, while its changes in dimensional pricing for its Ground products to see average increases of 17 percent, according to a Wall Street Journal report.

As for how UPS and FedEx fuel surcharges match up on a comparison basis, Martinez said that UPS has had higher fuel surcharges since November 2012, and that it was "somewhat justifiable for FedEx to bring its surcharges in line with its primary competitor. But just as soon as FedEx made its announcement, UPS saw an opportunity to hike up their fuel surcharges as well." *RF*

APPLE SWINGS FOR THE SUSTAINABILITY FENCES WITH A $848 MILLION SOLAR DEAL

By Barbara Grady
(supplychain247.com, February 2014)

In October, Apple's Vice President of Environmental Initiatives Lisa Jackson told a GreenBiz audience that the Silicon Valley tech giant is "swinging for the fences" on sustainability and renewable power.
On Tuesday, Apple made good on Jackson's promise - and then some - by announcing the largest commercial purchase of solar power ever with an $848 million deal with First Solar to buy the electricity generated from a huge solar farm the equipment firm is building in California.

"We know at Apple that climate change is real, and our view is that the time for talk has passed and the time for action is now," Apple CEO Tim Cook told an investor audience at the Goldman Sachs Technology and Internet Conference in San Francisco. Adding that Apple already powers all of its data centers with renewable energy and is building a state-of-the-art green headquarters (albeit one removed from public transit) in Silicon Valley, he went on to describe the details of the plan.

"Just today we're announcing our biggest, boldest and most ambitious project ever, partnering with First Solar to build a solar farm, in Monterey County, not too far from here," he said. "It's 1300 acres. It's enough power for almost 60,000 California homes, and it's enough to provide renewable energy for all of our new campus," as well as all its other California offices, a large data center and the 52 Apple retail stores in the state.

Apple already owns the largest private solar facility in the country in North Carolina and is building another solar farm in Arizona. The company also has invested in wind, fuel cells and hydropower.

The tech company expects to draw 130 megawatts a year from the First Solar farm in Monterey, while another 150 megawatts will be sent to the grid of Pacific Gas & Electric, Northern California's utility. In all the farm covers 2,900 acres, First Solar said, and should be completed in 2016. Work is slated to begin in a few months.

Going Big

To hear the energy provider behind the massive new solar deal tell it, the entire 280-megawatt farm might not have happened without Apple's financial infusion.

"Apple's commitment was instrumental in making this project possible and will significantly increase the supply of solar power in California," said Joe Kishkill, First Solar's chief commercial officer, in a statement following Cook's announcement. "Over time, the renewable energy from California Flats will provide cost savings over alternative sources of energy as well as substantially lower environmental impact." Lest the investors at the Goldman Sachs conference get all worried about Apple spending big on trendy renewable energy, Cook spoke frankly about the cost-benefit dynamics of the deal.

"Quite frankly we're doing this because it's right to do, but you may also be interested to know that it's good financially to do it..." - Tim Cook, CEO Apple.

"Quite frankly we're doing this because it's right to do, but you may also be interested to know that it's good financially to do it," Cook told the crowd at Goldman Sachs, according to a transcript. Apple's stock soared $2.30 a share or nearly 2 percent to $122 after Cook's speech, although he covered many other subjects too, such as the anticipated Apple Watch.

"We expect to have a very significant savings because we have a fixed price for the renewable energy, and there's quite a difference between that price and the price of brown energy," Cook continued.

That, according to First Solar, is the assurance other companies need to hear.

"Apple is leading the way in addressing climate change by showing how large companies can serve their operations with 100 percent clean, renewable energy," Kishkill said.

Indeed Apple's $848 million investment gives a boost not only to renewable energy, but to solar farms, which have had a mixed reputation after the environmental problems caused by the world's largest solar farm, the Ivanpah project in Southern California.

The more aggressive move into solar also throws a gauntlet to other big companies to move faster into renewables.

In recent months, Google, Amazon, Salesforce, Facebook and others have committed to going 100 percent renewable in their data centers in the future. Those future scenarios range from a date to eventually. Amazon has committed to switching its Web Services business to renewables. That would be significant, since Amazon Web Services powers Netflix, Pinterest, Spotify, Airbnb and other heavy traffic web sites. But Amazon hasn't said when.

Greenpeace also has given mediocre grades to many other tech companies for how they power their data centers. ***RF***

CLOSING THE LOOP ON RECYCLING - AND MAKING MONEY IN THE PROCESS

In 2012, Ron Gonen was serving as deputy commissioner of sanitation in the administration of New York City Mayor Michael Bloomberg. Shortly before he was to leave that post, he got a call from Rob Kaplan, director of sustainable products with Wal-Mart Stores, Inc. Kaplan asked him for suggestions on how to go about mining a "major opportunity."

Walmart was turning the spotlight on its product-sustainability portfolio, with an eye toward making better use of recycled content for plastic packaging, Kaplan says. Despite a growing awareness among companies of the need for greener supply chains, recycling rates had remained stagnant for the previous 15 years.

In April of 2013, Walmart brought together a group of 30 recycling, consumer-products and supply-chain experts. Held in New York City, the meeting was co-hosted by Goldman Sachs. The question that was posed: How can Walmart boost both the supply of, and demand for, recycled materials? In the process, it should be able to reduce the cost of collection and reuse.

One of the key themes to emerge from the summit was a lack of access to capital at the municipal level for building recycling infrastructures. In theory, says Kaplan, cities ought to be able to turn their waste-management operations into profit centers. But they were lacking the resources to proceed.

With the backing of Walmart and money from manufacturers, recyclers, other retailers and consumer goods companies, Kaplan and Gonen co-founded the Closed Loop Fund. Additional charter members included Procter & Gamble, The Coca-Cola Co., PepsiCo, Johnson & Johnson,Unilever and Keurig Green Mountain.

The group vowed to invest $100m over the coming five years in the development of recycling infrastructures and services nationwide. The money would be offered to qualifying municipalities in the form of mostly zero-interest loans, to be repaid through savings derived from the sale of recyclable material, and the reduced dependence on landfills. (The term "closed-loop" refers to the financing aspect of the initiative, which is expected to yield profits that are plowed back into future projects. But it also describes the physical flow of recyclable materials in the chain.)

Walmart already knew that the idea was feasible. Historically, says Kaplan, it has spent half a billion dollars annually on waste management. (In 2010, it set a corporate goal of eliminating 20 million metric tons of greenhouse gas emissions from its global supply chain within five years.) What was once a cost center for the retailer is now yielding profits of some $200m a year.

At the outset, Walmart's effort was driven by a desire to increase its reuse of plastics. As it began engaging cities about their waste-management efforts, however, it saw the need to optimise the recycling of all types of materials. According to Gonen, about half the recycling stream consists of some type of paper or cardboard. Aluminum and other metals are also potentially valuable components for reuse.

Plastics and glass are more problematic. Bottles made out of high-density polyethylene(HDPE) and polyethylene terephthalate (PET) are promising targets, but their value can ebb and flow depending on the market, says Gonen. And recycled glass yields the lowest return of all.

The benefits to be derived from a large-scale recycling operation can be huge, saving cities hundreds of millions of dollars a year. Yet the cost of a modern facility can run between $15m and $50m up front. And it needs to be handling a critical mass of materials in order to become economically viable.

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"Nobody builds a facility in an area where there isn't more than enough material to fill it," says Gonen. "The issue that cities run into is a lack of adequate collection infrastructure."

Gonen isn't aware of a previous example of "impact investing" that has been applied to recycling or environmental initiatives. Under the plan, money from corporate participants will be supplemented by contributions from the federal government, states and local communities, possibly tripling the amount of available funding. So a project in a given city might involve $3m from the Closed Loop Fund, $2m from the government and $5m from the local entity. Municipalities would pay no interest on the loans, while private companies would be charged "modest" interest rates, Gonen says.

More money is on the way. The first fund is being capped at $150m. So far, according to Gonen, the project has met only with companies with revenues of $5bn and above. (The sole exception, it would appear, being Keurig Green Mountain, whose sales in 2013 were $4.36bn.) The initial level of contribution by each member is either $5m or $10m, depending on North American revenues. In the next funding phase, the group will reach out to companies with revenues in the $1bn-$2bn range, and is currently setting an "appropriate" investment level, Gonen says. The fund officially opened for business on October 15, 2014, but by that date had already amassed enough projects to keep it busy for the next two years. The first series of loans will be awarded in the first quarter of 2015, then on a quarterly basis thereafter. Applications will pass through a management team, an advisory board made up of the investing companies, and finally an independent investment committee with the power of approval.

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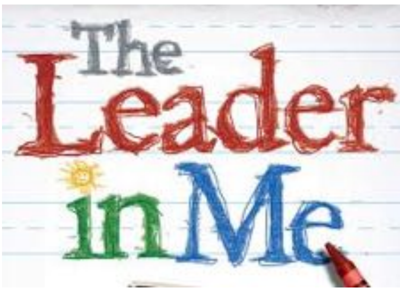
Gonen stresses the need for each project to generate an eventual financial return, to prove the initiative's viability and attract additional capital. In fact, candidates for loans must meet four key criteria. The project in question must be designed to yield payback within seven to 10 years. It must be accompanied by proper reporting mechanisms. It must be scalable, to serve as an example to other municipalities. And it must generate a significant amount of tonnage back into the supply chain.
The ultimate goal is to "see the fund fix this issue around recycling, bring this material back into the supply chain, and create a tremendous amount of economic value for cities and companies," says Gonen. He believes the closed-loop funding concept could also work in the transportation and healthcare sectors, "where companies in the industry have a vested financial interest in seeing environment or social problems solved." ***RF***



Emotional Intelligence
Is Not Just For Drama Queens

By Art van Bodengraven
(dcvelocity.com, January 2015)

It appears that the business press has rediscovered emotional intelligence. The topic went dormant following breakthough books a few years ago. Oh, well, as we so often see, in SCM what's old is new again.

Forbes published a piece a couple of weeks ago that clearly concluded that high emotional intelligence (EI) is the strongest predictor of job success, with 90% of top performers also high in EI. Further, the high EI crowd was said to, in a direct link, make more money, about $1,300 annually per every point increase in EI.

Curiously, just a week earlier, a research report concluded unequivocally that high EI individuals peaked out at high supervisory and mid-management positions, with declines in EI at successive steps up the organisational ladder. CEOs were reported to be the lowest EI ranks in hierarchies.

An anomaly? Hogwash? A dichotomy with an explanation? Who knows? Certainly not the deep thinkers with a bag full of preconceived notions out in search of data to support something that might get published, bringing fame, fortune, or fifteen minutes of notoriety.

The Forbes article correctly posits that EI is different from IQ. Great catch, Sherlock! It also notes that "personality", which I take to mean style and preference in the Myers-Briggs or Herrmann (or DiSC, or whatever models) is hardwired and separate from EI. Correctomundo on the hardwired, not so much on the separateness.

EI is, my opinion, closely related to the mix if hardwired style/preference components. We can learn to dial it up or down as needed and within limits; we can't independently learn and exercise it if it is not in the original hardwiring in the beginning. My best guess is that CEOs of given styles tend to gravitate toward those roles, and do not have the EI that one might hope. Additionally, results-driven boards and financial analysts tend to encourage and reward corporations for placing lower EI individuals in top slots.

Is there a price to pay in the long run? Of course there is, but we remain driven by the short-term in business today. I raise the issue because of the enormous need in supply chain management for high EI leaders and doers. We have an incredible span of roles and tyoes to deal with, internally and externally - perhaps more than in any other enterprise function.

EI is one more vital tool in the kit bag, and we are either born with it or not. Understanding what EI is, and what it is not, and getting comfortable in knowing the strengths and limitations of our individual preferences and those of others is critical to personal success and to enterprise performance in SCM. ***RF***

Emotional Intelligence is one more vital tool in the kit bag, and we are either born with it or not. Understanding what EI is, and what it is not, and getting comfortable in knowing the strengths and limitations of our individual preferences and those of others is critical to personal success and to enterprise performance in SCM.

Note - All credit goes to the particular author and/or publication of the articles shared in this publication.

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.

Leadership

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

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.

At DB Schenker, Anton 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.

Significance

Through our part-time lecturing commitments to the University of Johannesburg we continue to be actively involved in tertiary education and student mentoring programs to encourage excellence in up-and-coming supply chain professionals.

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 instrumental in the 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 continue to support a transportation consulting company with project management and subject matter advisory at a South African FMCG company. With this client we have since May 2014 also embarked on a journey to evaluate and redesign their Import-Export service provider landscape which has flowed into a full blown group level RFQ process for carrier and clearing services. Along with the client we were able to unlock an overall 15% saving in their annual freight spend and associated landside and finance charges.

At a Kwazulu-Natal based manufacturer of engineered wood products, we continue to provide subject matter support for various logistics cost saving and process efficiency improvement initiatives. *RF*

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

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

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