

RESULTFOCUSED

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FOCUSSED EXCELLENCE

By Anton Nieuwoudt

It is impossible to claim that anyone is perfect. But, that's exactly the point. Excellence is not about being perfect, it's about doing your absolute best at what ever task is at hand. Or as Edwin Bliss once said "The pursuit of excellence is gratifying and healthy; the pursuit of of perfection is frustrating, neurotic, and a terrible waste of time". Or, as an ex-colleague of mine used to say "There are nothing as useless as doing well that what never should have been done in the first place"

According to an article in the Harvard Business Review, sometimes we continue with doing the things that adds very little value with excellence and do not attempt to do what is difficult, because we are anxious about the fact that it might be very messy and running the risk of doing it poorly. To address this the approach should be to first take a hard look at yourself and identify the forces that escalate your anxieties and cause you to turn to unproductive behaviors for relief. Then you must adopt counterintuitive practices that give you the courage to step out of your comfort zone.

In the article, Thomas J. DeLong, highlights four steps to get

past self imposed limitations and unlocking excellence.

Firstly, put the past behind you - No doubt you've had negative experiences when it comes to taking on new challenges. Research shows that most of us tend to make irrational comparisons between a past bad experience and a current situation. But painful memories don't have to remain obstacles to change. Almost without exception, overwhelming feelings of inadequacy are in our own minds. Our personal disasters are but tiny specks when it comes to other people's reality.

Secondly, use your support network - High achievers are, as a rule, very independent and don't like to think they need a lot of help. Even those who have been lucky enough to have good mentors think they've won them by being excellent contributors. Challenge yourself to develop a support network and then regularly ask individuals to give you honest feedback, on what you should stop doing, what you should start doing, and what you should continue doing.

Thirdly, become vulnerable - Practice acknowledging uncertainty or confessing mistakes with people

who are close to you or about projects that aren't central to your professional identity. Admit to small failures. Most likely, your colleagues and acquaintances are also high achievers who hold back from sharing their concerns. When you take the bold step of being vulnerable, you send a powerful message to those around you that invites them to do the same.

Finally, focus on the long term. Major goals can withstand interim setbacks. When you are looking at the big picture, you often give yourself more latitude to make a few missteps. Long-term success requires some willingness to commit to necessary short-term risks. High achievers often let their fear of failure stop them from taking those chances. Doing the right thing poorly is painful for high achievers. It's much more satisfying to do something well, even if it's not the best use of your time.

Moving your A-game to a new level or in a new direction take time and patience, but it's a necessary step on the road to doing the right thing with excellence.

"Excellence is not an act but a habit" – Aristotle



TOYOTA, OTHER MAJOR JAPANESE FIRMS HIT BY QUAKE DAMAGE, SUPPLY DISRUPTIONS

By Naomi Tajitsu and Makiko Yamazaki
(reuters.com, April 2016)

Toyota Motor Corp, the world's biggest-selling automaker, said on Sunday it would suspend much of its production at plants across Japan this week after earthquakes in the country's south led to a shortage of parts, while some other manufacturers extended stoppages due to damage to factories.

The earthquakes on Thursday and Saturday, which killed at least 41 people, reflected the vulnerability of Japanese companies to supply chain disruptions caused by natural disasters, and also highlighted the "just in time" philosophy pioneered by Toyota and followed by many others.

Companies had made efforts to address these problems after a 2011 earthquake and tsunami, which led to a nuclear disaster and nearly 20,000 deaths, badly dented output. The way that companies deal with the impact of the latest quakes will likely show how robust these changes have been.

Honda Motor Co. said it would keep production suspended at its motorcycle plant near the quake-hit city of Kumamoto in southern Japan through Friday, though Nissan Motor Co. said it would resume operations at its plants north of the epicenter from Monday.

Electronics giant Sony Corp said production would remain halted at its image sensor plant in Kumamoto, as the electronics giant assessed structural and equipment damage. But the company said it had resumed full operations at its plants in nearby Nagasaki and Oita which also produce the sensors - used in smartphone cameras, including Apple Inc's iPhone.

Also on Sunday, semiconductor manufacturer Renesas Electronics Corp confirmed it had sustained damage to some equipment at its plant in Kumamoto which produces microcontroller chips for automobiles. Having suspended operations following the first earthquake on Thursday, the chipmaker said it would assess damage

at the entire facility before deciding when to resume production.

Sticking to "LEAN" Production

Toyota said it would suspend operations in stages at most of its vehicle assembly plants across Japan for roughly a week beginning Monday as it was unable to source parts from some of its suppliers including affiliate Aisin Seiki.

Companies had made efforts to address these problems after a 2011 earthquake and tsunami, which led to a nuclear disaster and nearly 20,000 deaths, badly dented output. The way that companies deal with the impact of the latest quakes will likely show how robust these changes have been.

Earlier this year, Toyota offered limited details about what changes it made to its production system after the 2011 quake exposed the vulnerability of the "just in time" system, which allows companies to operate without big and costly inventories and instead receive small quantities of parts from suppliers only when needed.

Japanese supply analysts have said that other domestic suppliers have stuck to the core ideas of "lean" production, although they have made moves to make it more resilient to natural disasters.

Since 2011, Toyota, which spent weeks at the time identifying how its suppliers had been affected by the quake, and Nissan have both developed supply chain databases which offer a detailed view of their supplier base to identify how their supply chain may be disrupted during emergencies.

Aisin Seiki, whose plants in Kumamoto sustained damage from the quake, said it would make the parts produced in the quake-hit city in other facilities at home and abroad. The parts include sun roofs, door handles, semiconductors and other products. "If there's a part we make in Kumamoto which is identical to a part we make at the Aisin headquarters in Aichi (in central Japan) we'll shift production there," an Aisin spokesman said.

Aisin stressed that it had kept to the "just in time" system, and hadn't built up big inventories, but instead did have robust plans for shifting production elsewhere.

"As a Toyota-affiliated company, we don't hold significant inventory," the spokesman said. "So as a rule we wouldn't have been holding inventories to last, say, one week or a month."

Difficult Start To Year

The latest stoppage is Toyota's second in Japan this year, after production came to a halt for a week in February when a fire at an affiliate's steel plant resulted in a gap in supplies and drove the car company's global production down around 4 percent on an annualised basis in the first two months of 2016.

So far this year, domestic production has accounted for roughly 40 percent of Toyota's global output, with nearly half of all its vehicles produced in Japan exported overseas.

Renesas, which suffered significant damage at its semiconductor plants in northeastern Japan following the 2011 quake, leading to months of delays to the global supply chain for automakers, previously said it had not been stocking extra inventory for risk management purposes since that disaster.

However, it has begun to standardise more parts across various models to enable in house production at alternative plants during emergencies. **RF**



EUROPEAN LOGISTICS UNDER PRESSURE

By Dagmar Trepins
(scmr.com, April 2016)

The European freight transportation and logistics sector is under pressure. The flood of refugees and migrants into Europe continues to be a major international issue as we roll into 2016. In an attempt to limit the influx, and in order to increase security after the terrorist attacks, a number of European countries have decided to close their borders and re-impose temporary border controls.

The elimination of internal border controls among the 26 countries making up the Schengen Area was part of the fundamental agreement in 1995 to ensure free movement of people and goods within Europe. However, the partial suspension is leading to backups of trucks and long waiting times at border crossings—limiting the free flow of goods and making a significant impact on the transport and logistics industry.

Logistics Management will take a look at the extent to which Europe's transport and logistics industry have been affected by these developments, will examine how shippers and service providers are responding, and whether there will be a shift from road to air and sea cargo in an effort to overcome the bottlenecks.

Tighter border controls

In response to the rapidly increasing pressure of migrants and refugees coming into Europe in the last years, a number of countries have re-established border controls.

This applies to Scandinavian countries such as Denmark and Sweden, the border between Austria and Germany, and countries along the Balkan route leading from the Greek-Macedonian border. In doing so, they have temporarily suspended the provisions of the Schengen agreement.

The transport and logistics sector is now concerned that these temporary restrictions might usher in the return of Inner-European border checks—a move that could have serious consequences for the flow of goods and supply chain management.

According to the German Association of Materials Management, Purchasing and Logistics (BME), sporadic controls—for example at the border of Germany and Austria—have so far caused only short delays. Small vans are affected most, since they are likely to be inspected as potential human trafficking vehicles.

“So far, forwarders and consignors are in control of the situation,” says Gunnar Gburek, head of the BME logistics section. “Talking to people in the branch, we have heard that short delays have already increased transport costs, but supply chains are able to handle them.”

Transportation times are always calculated to include a certain margin of safety to allow for fluctuations in traffic. However, Gburek is concerned that longer slowdowns may cause significantly rising costs, especially if they lead to missed connections or cause problems for truckers who have to conform to the regulations for driving times and rest breaks.

Thus, Gburek is demanding a clear separation between controls of passenger and freight traffic at the borders. The association says that truck cargo areas should be off-limits for controls—unless there are concrete grounds for suspicion. If the cargo was loaded and sealed by an [Authorised Economic Operator \(AEO\)](#), then Gburek and the BME contend that “just a quick look in the cab and at the driver's papers should be enough.” Breaking the seal leads to security issues as well as additional costs.

Frank Huster, managing director of the German Association of Freight Forwarders and Logistics (DSLVL), is also worried that additional border controls may have negative effects on the international supply and value chains. “Industry and commerce would then have to increase warehouse inventories or shift quickly to domestic suppliers, both involving higher costs,” adds Huster.

“Fortress Eurotunnel”

An extremely dramatic situation also occurred last summer in Calais, France, at the Channel Tunnel when hundreds of refugees and migrants tried to gain access to trucks and trains travelling to the UK. They boarded trucks, broke locks and slashed truck roofs.

Eurotunnel, the company that manages the Channel Tunnel between France and the UK, had to suspend its services after groups of refugees stormed the terminal and platforms in France—a massive setback for the tunnel operator as well as for freight transportation industry.

According to Violeta Bulc, EU transport Commissioner, around 106,000 trucks were disrupted in 2015 as a result of the refugee crisis, citing figures from a recently published Commission report. Supported by the British and French governments, Eurotunnel has launched a multi-million euro investment program in security since the crisis erupted last year in Calais.

Investments were made in 16-foot high fences topped with coils of razor wire, CCTV, additional security personnel and other measures. Eurotunnel says that its services have continued without disruption since October after security measures were implemented.

Despite the problems in 2015, Eurotunnel Group increased its revenues by 5% to €1.2 billion (\$1.3 billion) last year. The company

also announced a new record for its Truck Shuttle service with a total of 1,483,741 trucks transported last year—the highest level ever achieved.

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The Channel Tunnel is an important gateway for Jan de Rijk Logistics, a pan-European logistics service provider, as its trucks make 20,000 crossings a year. However, Jan de Rijk Logistics lost cargo revenues in 2015 due to delays in their traffic between the UK and mainland Europe. According to Sebastian Scholte, CEO of Jan de Rijk, the company had to charge its customers for the extra wait times to cover at least some of the additional costs. However, he emphasises the need for outstanding service, especially in times of crises. “The strict security measures, procedures, and state of the art material of our company luckily prevented any disruption,” he says. “During these months, we also had a special operations team in place to monitor the situation constantly.”

Taking to the air

Border closures and bottlenecks in Europe have made the delivery of cargo by road more volatile, especially for time-critical goods. Therefore, specialised logistics providers, such as UK-based Priority Freight, have noted an increasing demand for emergency logistics solutions and airfreight transport during the last months.

Priority Freight saw a 300% increase in airfreight bookings in 2015, at least in part as a response to the delays caused by the chaotic situation in Calais last summer. "The need to consolidate shipments from several key component suppliers increased large aircraft charters by 600% in July alone," says Paul Williams, logistics director at Priority Freight. "While airfreight might cost more, ultimately keeping goods moving saves manufacturers money."

In which direction will Europe move? All that is certain is that Europe will continue to change in 2016. Will it turn into a fenced-in fortress with closed borders over a longer period of time?

The company provided emergency logistics solutions to support several international vehicle manufacturers during the peak of the Calais strikes and the ongoing refugee and migrant crisis. This helped the provider sustain material flow during a busy period before their planned summer shutdown.

To keep manufacturing plants in the UK supplied with production material from the mainland, Priority Freight arranged specially chartered airlifts combined with its European trucking network. In one weekend, they transported more than 2000m³ of cargo by air. The shift to airfreight meant it was necessary to arrange flights—78 additional air charters—and also to organise cargo handling on the ground, as well. The company quickly set up cargo screening and supplied ground teams to manage and expedite handling at airports in the Czech Republic and Germany.

And while many logistics service providers have been able to offer solutions to the problems caused by the current situation, keeping goods moving and production running does involve added work and costs.

"This is an humanitarian disaster of historic proportions, the effect of which continues to be felt throughout Europe," adds Williams. "It's a costly issue in more ways than one, and the European supply chain is certainly not immune."

Looking to the rest of 2016, Williams says that without a long-term solution to the humanitarian emergency the European supply chain will continue to struggle. "However, savvy shippers and service providers will keep goods moving."

Deutsche Post DHL Group gives refugees a chance

The integration of refugees and migrants into society and the labor market is a huge challenge for Germany. Deutsche Post DHL Group has recognised this topic and had folded it into their corporate responsibility activities.

Looking at both the social challenges and the opportunities arising from the refugee crisis in Germany in 2015, Deutsche Post DHL Group launched a refugee aid initiative in collaboration with non-profit organisations such as Aktion Deutschland Hilft, SOS Children's Villages, Stiftung Lesen and Teach First Deutschland.

The initiative started last year with a focus on language acquisition and vocational training and education. Deutsche Post has also offered some 1,000 additional internships to refugees in Germany, which could later lead to future traineeships and employment. Along with training around 100 employees as refugee aid initiative coordinators, the logistics provider also supports and encourages up to 10,000 employees in Germany to get involved in local refugee aid activities.

"As a company with a strong presence both in Germany and throughout the world, we want to contribute to the integration of refugees jointly with our partners," says Frank Appel, Chairman of the Board of Management at Deutsche Post DHL Group. "In doing this, we also continue to support a long-established tradition of volunteering among our employees in cooperation with non-profit organisations."

The Group will allocate one million euros in the first year to fund programs designed to support the integration process. In view of many open jobs and an aging population in Germany, Appel regards this assistance not as a cost factor, "but as an investment in Germany's future, as well as a moral obligation."

Deutsche Post DHL Group is also supporting a joint action together with other well-known companies. Under the motto "we together," it actively supports and furthers the process of integrating refugees in Germany.

Light and shadow for European Ports

Europe's leading seaports—Rotterdam, Antwerp, and Hamburg—have had less reason to be concerned about the refugee crisis. However, the weakening economy in China and Russia gave the ports more than their share of headaches over the course 2015.

For example, Hamburg reported that its overall seaborne container throughput dropped 9.3% to a total volume of 8.8 million TEU in 2015, falling to third place among the European container ports. "In comparison with Antwerp and Rotterdam, we have a higher proportion of transshipment cargo," says Axel Mattern, a member of the Port of Hamburg marketing executive board. "This is one of the reasons why Hamburg is more seriously affected by weakness in China's foreign trade and Russia's economic problems."

Container trade with the United States increased slightly by around 1% to a total volume of 330,000 TEU in 2015. The United States is now ranked fifth in terms of container throughput in Hamburg, and with a trade volume of 173.2 billion euros is Germany's leading trade partner. More exports of automotive parts, machinery and chemical products to U.S. ports brought growing cargo volumes for Hamburg.

The Port of Rotterdam successfully started container handling at the new Maasvlakte 2 terminal area. With the opening of the new port area, Europe's leading port has doubled its container capacity. Overall container throughput fell by 0.5% to 12.2 million TEU last year. Container trade with the United States fell, too, while within Europe, transport to the Iberian Peninsula and Great Britain increased.

The strong British economy also played an important role in attracting roll-on/roll-off traffic via the North Sea. An additional factor was that the French port Calais suffered from strikes, refugee problems, and failures in the tunnel under the English Channel.

The Port of Antwerp set a new record with a container volume of 9.6 million TEU in 2015, which was an increase of 7.5% compared to 2014. The new Deurganck dock now enables the port to handle more containers, and there are further plans to expand the container handling capacity from 2020 onward. The port authority in Antwerp is already making preparations for a new tidal dock with accompanying terminal capacity on the left bank of the river Scheldt.

The North American market is by far the most important overseas trading partner for the port of Antwerp. With large projects like TTIP and CETA coming up, the continuing growth in containerisation, and the opening of the expanded Panama Canal in 2016, the port believes that the U.S. and Canadian markets offer many opportunities for the future and require an even more focused approach.

Quo vadis Europe?

In which direction will Europe move? All that is certain is that Europe will continue to change in 2016. Will it turn into a fenced-in fortress with closed borders over a longer period of time?

That would certainly be a worst-case scenario for the freight transportation and logistics industry, which proved that it could handle crises actively and professionally in 2015. Ideally, European politics will be able to do the same. **RF**



A FLEET OF TRUCKS JUST DROVE THEMSELVES ACROSS EUROPE

By Joon Ian Wong
(qz.com, April 2016)

About a dozen trucks from major manufacturers like Volvo and Daimler just completed a week of largely autonomous driving across Europe, the first such major exercise on the continent.

The trucks set off from [their bases in three European countries](#) and completed their journeys in Rotterdam in the Netherlands today (Apr. 6). One set of trucks, made by the Volkswagen subsidiary Scania, traveled more than 2,000 km and crossed four borders to get there.

The trucks were taking part in the [European Truck Platooning Challenge](#), organised by the Dutch government as one of the big events for its 2016 presidency of the European Union. While self-driving cars from Google or Ford get most of the credit for capturing the public imagination, commercial uses for autonomous or nearly autonomous vehicles, like [tractors from John Deere](#), have been quietly putting the concept to work in a business setting.

When trucks autonomously follow one another, it's called "platooning." They're connected by wifi and can leave a much smaller gap between vehicles than when humans are at the wheel. Platooning can reduce fuel use by up to 15%, prevent human error from causing accidents, and reduce congestion, [according to a study](#) by research firm TNO. It also can reduce expenses. Two trucks clocking 100,000 miles annually can save €6,000 on fuel by platooning, compared to driving on cruise control, according to TNO.

That's why the Dutch set up the elaborate truck-driving event, to pull together everyone with a stake in getting self-driving trucks on the road. That includes transportation officials, truck makers, executives of companies with significant logistics needs (including Unilever and DHL), and academics and researchers.

"We now have huge energy in the network and the idea is that we will go to real-life cases. Companies like Unilever are planning to start these cases in 2017," says Dirk-Jan de Bruijn, the platooning challenge's program director.

If all goes to plan, self-driving trucks will

pick up goods from the port of Rotterdam and deliver them across Europe in a trial by Unilever and other companies.

But the convoys must first successfully navigate Europe's bureaucracies. Bruijn's next goal is to get everyone to sign off on a roadmap for the next five years. This would address the technical problems, such as the inability for trucks from different brands to platoon together (they all use different wifi systems); as well as regulatory problems, like requiring platooning trucks to meet different standards in each European country.

"The challenge is of course not an end point, but a starting point. It's a new kick-off," Bruijn said. **RF**



THE SUPPLY CHAIN TECHNOLOGY REVOLUTION?

By Felix Papier
(linkedin.com, April 2016)

Today, digital business is on everybody's mind. Many people think about marketing or information technology when they hear about digital, but few are aware that digital technologies are also about to fundamentally change the management and design of supply chains.

The objective of supply chain management is to have the products and services available to the customer at the right time, in the right quantity, and at the right cost. And the traditional way of making products and services available to the customer is set to be profoundly affected by new technologies.

There are three areas where digital technologies currently play a disruptive role: In the area of Business to Consumer (B2C) delivery models, of omni-channel retailing, and of industrial manufacturing (and logistics), through what is often referred to as Industry 4.0.

B2C Delivery Models

When Amazon revealed [Prime Air](#), a future delivery service of customer orders by drone, it attracted widespread attention from the public. Others are working on the same

technology. [DHL](#) runs a drone delivery service to the German island Juist. And start-up [QuiQui](#) is working on a service delivering medicine by drone directly to patients' homes.

Drones are only one of many innovations in the sphere of B2C delivery. [DHL](#), [Amazon](#), and [Audi](#) currently pilot a delivery service where parcels are delivered into the trunk of the customer's car. Audi provides tracking and access technology for its cars while DHL is in charge of the delivery.

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Even more innovation is expected from crowd delivery, which concerns the delivery of parcels by non-professionals. [Walmart](#) was probably one of the first when they announced their crowd delivery program under which customers in the store can gain shopping points by delivering online orders to neighbors on their way back home. Other players such as [RideShip](#) or [Myways](#) are offering crowd delivery, independent of any retailer, where anyone can sign up to deliver parcels.

One might argue that participative delivery services never reach the same level of quality than professional delivery companies such as La Poste or UPS. But crowdsourcing models have already successfully found its way into several other industries such as AirBnB in the hospitality industry or UberPop in urban transportation. And hybrid models may bridge the gap. The French startup [DelEasy](#) crowd-delivers shopping orders with semi-professional staff, thus combining the advantages of the sharing economy with those of professional delivery companies.

Omni-Channel Retail

While retailers have implemented multi-channel concepts in the last decade, these channels have not always been integrated. At many retailers, the e-commerce channel is separated from the brick-and-mortar business, and every channel has a separate supply chain.

In omni-channel retailing, all channels through which a retailer interacts with the consumer are integrated, be it internet, smart phone, or a physical store. IKEA shows the inventory level of its products in each store on its website. And the French sports retailer Decathlon allows its customers to buy products online that are available in a specific store. The order can be picked up by the customer or even be delivered directly from the store. Products that were bought online can be returned to any physical store and vice versa.

Omni-channel integration necessitates a new way of thinking for supply chain managers, who are used to consider inventory warehouse-by-warehouse with separate information systems. With omni-channel retailing, the network of stores becomes one integrated virtual warehouse and traditional logistics flows from warehouse to store are complemented with a multitude of micro flows from store to customer and back from the customer to the warehouse.

But omni-channel retailing and the tighter relationship with the consumer that comes with it also provide a basis for creative solutions to better match demand with supply. Grocery retailer [Chronodrive](#) offers its customers Izy, a small device attached to the fridge which records products that the customers intends to buy. The device recognises the voice command and adds the product to the online shopping list of the customer. This does not only allow Chronodrive to guide customers to more profitable products, it also allows for using these advance demand information to better predict customer purchases and to ship products to the right stores ahead of time.

Industry 4.0

Industry 4.0 concerns manufacturing and logistics and regroups a whole set of innovative technologies which are expected to propel traditional manufacturing to the digital area, such as 3D printing, the Internet of Things (IoT), industrial big data analytics, augmented reality, and robotics. The [German Government](#) estimates the business potential of Industry 4.0 for Germany alone at 20-30 billion Euros per year. Logistics services provider [Bechtle Logistik](#) uses augmented reality glasses from [Vuzix](#) to visually guide operators in the warehouse to the location where to pick up the next item and to directly scan the bar code of the item. [Rockwell Automation](#) offers a predictive maintenance system for the oil and gas industry, where smart and connected sensors transmit the operating status of each part of an oil rig to a control center which uses big data algorithms to predict equipment failures, saving millions of Euros of otherwise lost production. And shipping company [Maersk](#) pilots a project to equip its fleet of tankers with 3D printers to print replacements of broken engine parts – a process which otherwise requires the ship to interrupt its busy schedule, resulting in costly delays.

The potential applications of the above technologies are manifold. But the key question is how these technologies change

the way supply chains are designed and managed. In what respect are they truly disruptive, rather than just being an evolutionary way to further improve operational efficiency?

I believe that digital technologies have the potential to change the way value is created in supply chains. Consider the example of 3D printing. This technology has already made its way into some niche markets, such as production of medical prostheses, airplane spare parts or personalised smart phone covers. In these segments, 3D printing can leverage its inherent strength to produce unique designs at zero setup cost. But to be truly disruptive, 3D printing has to leave its niche area and enter the mass market.

[Local Motors](#), a US-based start-up, has announced that it will print passenger cars in micro-factories in shopping centers by 2020 – in front of the customer and according to her specifications. The customer drives home with a fully functional car. If this becomes reality on a large scale, the disruptive force on traditional supply chain management will be enormous. In such a supply chain, there would be no more finished goods inventory to store and to transport. Traditional manufacturing locations such as China and Eastern Europe may lose their competitive advantage as production becomes a commodity; a standard 3D printing facility close to the consumer's home could print any product. Where is value created in such a supply chain? Maybe at the design stage rather than at the manufacturing stage.

At the moment, we can only speculate what will happen. But one thing is sure: The supply chain field has an exciting decade ahead. **RF**



EAST LONDON IN TALKS WITH VEHICLE MANUFACTURERS ON CAR ASSEMBLY PLANT

By Lizel Hill
(bdlive.co.za, April 2016)

South Africa is in talks with five vehicle manufacturers about a proposed new assembly plant in East London, a potential boost for an industry that is using

government incentives to attract investment from companies including Ford and BMW.

East London IDZ SOC, which operates an industrial park, is seeking to sign three producers within a year to assemble vehicles in a shared facility, Tembela Zweni, the state company's executive manager for zone development, said in an interview.

Mr Zweni says interest in the site from international companies has increased since SA announced last year that it will extend its incentive programme for the automotive sector, which encourages vehicle production in the country through tax breaks.

"Suddenly we are getting more interest from companies," Mr Zweni says. "They will save on start-up costs because we would have this huge facility."

Transport equipment was the third-largest category of South African exports by value in 2015, after mineral products and precious stones.

South Africa set up the East London industrial development zone (IDZ) in 2002 to boost investment and create jobs, with unemployment at about 25%.

The vehicle production threshold for benefiting from government incentives has been lowered to 10,000 units a year from 50,000 and support for the industry will be extended beyond 2020, the Department of Trade and Industry said in November. BMW, Ford and Volkswagen have announced R13bn of investment in South Africa in the past eight months.

While the industry expects domestic new vehicle sales to slump in 2016 for the third consecutive year, demand will probably increase from next year, the National Association of Automobile Manufacturers of SA (Naamsa) said in March.

Transport equipment was the third-largest category of South African exports by value in 2015, after mineral products and precious stones, according to the South African Revenue Service (SARS). Exports of vehicles climbed 21% in 2015 from a year earlier, Naamsa said.

While about 60% of the companies in the IDZ are in the automotive industry, mostly supplying parts and services to the nearby Daimler plant, the zone is attracting other investment, such as renewable energy, Mr Zweni says. A new wind farm may be operational in a year and there are plans for a solar-equipment production facility, he says. **RF**



PRECISELY WRONG ALL THE TIME – THE REAL STORY BEHIND THE BULLWHIP EFFECT

By Chad Smith
(primeadvantage.com, April 2016)

Most folks that deal with material requirements planning (MRP) systems on a daily basis know that something is and has been VERY wrong for many years. But do we really understand what the real issue is and just how devastating the problem becomes for supply chain management in general?

First, let's understand the devastating effect grappled with by most supply chains managers. It is called the "Bullwhip Effect." The Bullwhip Effect is a systematic and bi-directional breakdown of both relevant information and relevant material flow. The word "relevant" is extremely important to understand. When information (or data) and materials are irrelevant we get wrong signals and do not have the right things at the right time.

Most folks that deal with material requirements planning (MRP) systems on a daily basis know that something is and has been VERY wrong for many years - MRP makes everything dependent

So what does relevant mean? To be relevant, both the information and materials must synchronise the assets of a business to what the market really wants; no more, no less. Having relevant information is certainly a pre-requisite to having the right materials. While massive amounts of data and materials ARE moving within companies and supply

chains, the problem comes in the fact that the minority of that information and materials are actually relevant. Worse yet, it is almost impossible to clearly see what is relevant through the fog all of the conflicting and changing signals.

But with incredibly powerful and precise planning tools like MRP how is it that the bullwhip effect exists? If anything, we would expect to see these powerful systems beat it into submission – yet it has gotten worse as customer tolerance times have shrunk, products have become more complex and supply chains have extended across the globe.

What if you could trace the existence and growing magnitude of the Bullwhip Effect to one primary hard coded trait of MRP systems? What if the very thing that made MRP so promising and powerful is the single biggest culprit behind the bullwhip effect? What if the existence of this one thing meant MRP was producing plans: With high degrees of known error, in a constant state of change, with a degree of latency, that may misrepresent the environment, that drive completely unrealistic schedules in any environment of even moderate complexity?

So, what is this one thing? It is the fact that MRP makes everything dependent. It connects parents to components through and across bills of material. A change or input anywhere ripples out across a bill of material and if there are shared components involved into those bills as well. But this dependency capability was the promise and power of MRP!

In the 1960s and 70s this promise appeared due to the advent of computers which made automatic MRP calculation possible. MRP was a huge leap forward because for the first time what was required could be calculated based on what was already there compared with what was needed, with the net result time phased. The objective of MRP was to precisely time-phase the requirements and replenishments to dramatically reduce inventory from the previous order point approach where some of everything was kept around all the time. This ability to calculate dependent demand through a bill of material was a significant development. It was no longer necessary to forecast dependent demand nor to keep large piles of inventory — requirements and timing could be calculated based on the expected demand for the parent part. And everything was precisely netted to zero for both quantity and timing! It sounded like a manufacturing dream scenario - zero inventory!

The above figure is logic tree that shows why this one attribute unavoidably leads directly to the Bullwhip Effect (distortions to relevant information and materials). The boxes at the tips of the arrows are effects of the boxes at the tail of the arrow.

At the bottom of the figure there is a rounded box with the words "MRP treats everything as dependent." There are two primary paths that lead from this box. The first path has to do with distortions to relevant information. That path is noted with dashed rounded boxes with no fill. This path shows that since MRP treats everything as dependent then cumulative manufacturing and procurement cycles required for the MRP computations are simply too long to respond to actual demand. This forces the use of forecasted demand for the planning horizon which means the initial signal is in error by definition. The demand signals will change as the incorporation of actual demand or changes to forecast occur. This triggers system nervousness which creates constantly changing signals or leads to distortive behaviors to compensate for the nervousness (weekly buckets and/or BOM flattening).

The Figure culminates with an effect of distortions to relevant materials. Of course, it is very difficult to have the "the right material at the needed time" if relevant information is distorted. But even if relevant information was not distorted and if demand was known, accurate and did not change, the effect that "the right material is not ready at needed time" would still exist. This is the result of the second path depicted by the shaded boxes to the right. Since MRP treats everything as dependent, then all of the timing and quantity requirements in its plans are subject to those dependencies. Dependent networks always suffer performance erosion and the more assembly operations involved, the bigger the problem associated with simultaneous availability. Delays accumulate and gains never do. In short, an MRP plan, even with perfect demand information, will only be realistic if everything goes EXACTLY according to plan in every activity.

This core problem of MRP has remained in place in large part because calculation dependency is the real power of the MRP tool. If dependency calculation was removed, then the true value of the MRP tool has also been removed. However, never does everything go as planned so this trait becomes the primary culprit in creating the transference and amplifications of variability to the flow of relevant information and materials. Failing to deal with this trait and its effects will guarantee that system flow and return on investment performance will be subpar.

The solution to this hard coded trait is exceedingly simple, yet it is nearly impossible to implement and sustain in conventional MRP environments. It is like asking a fish to simply breathe air directly instead of extracting oxygen from water. The solution is known as "decoupling" and it is the cornerstone to the next generation of MRP called Demand Driven MRP (DDMRP). **RF**





SECRETS OF THE SUPERBOSSSES

By Sydney Finkelstein
(hbr.com, February 2016)

What do Ralph Lauren, Larry Ellison, Julian Robertson, Jay Chiat, Bill Walsh, George Lucas, Bob Noyce, Lorne Michaels, and Mary Kay Ash have in common?

Certainly all of them are known for being talented and successful—even legendary—in their respective fields. All have reputations as innovators who pioneered new business models, products, or services that created billions of dollars in value. But there's one thing that distinguishes these business icons from their equally famous peers: the ability to groom talent. They didn't just build organisations; they spotted, trained, and developed a future generation of leaders. They belong in a category beyond superstars: superbosses.

I started researching this cohort of managers a decade ago, when I noticed a curious pattern: If you look at the top people in a given industry, you'll often find that as many as half of them once worked for the same well-known leader. In professional football, 20 of the NFL's 32 head coaches trained under Bill Walsh of the San Francisco 49ers or under someone in his coaching tree. In hedge funds, dozens of protégés of Julian Robertson, the founder of the investment firm Tiger Management, have become top fund managers. And from 1994 until 2004, nine of the 11 executives who worked closely with Larry Ellison at Oracle and left the company without retiring went on to become CEOs, chairs, or COOs of other companies.

Eager to learn the secrets of these star makers, I reviewed thousands of articles and books and conducted more than 200 interviews to identify 18 primary study subjects (definite superbosses) and a few dozen secondary ones (likely superbosses). I then looked for patterns—common tastes, proclivities, behaviors—anything that might help explain why these people were able to propel not only their companies but also their protégés to such great heights.

I found that superbosses share a number of key personality traits. They tend to be extremely confident, competitive, and imaginative. They also act with integrity and aren't afraid to let their authentic selves shine through.

But far more interesting (and more important for teaching purposes) were the similarities I saw in the “people strategies” that superbosses employed. Their remarkable success as talent spawners was not the result of some innate genius. These leaders follow specific practices in hiring and honing talent—practices that the rest of us can study and incorporate into our own repertoires.

Unconventional Hiring

Superbosses begin by seeking out unusually gifted people—individuals who are capable not merely of driving a business forward but of rewriting the very definition of success. As Lorne Michaels, the longtime producer of *Saturday Night Live*, has said, “If you look around the room and you think, ‘God, these people are amazing,’ then you're probably in the right room.” Here's how he and others do it.

Superbosses share a number of key personality traits. They tend to be extremely confident, competitive, and imaginative. They also act with integrity and aren't afraid to let their authentic selves shine through.

Focus on intelligence, creativity, and flexibility. Superbosses value these three attributes above all others. C. Ronald Blankenship and R. Scot Sellers, both protégés of real estate guru Bill Sanders before they became CEOs of leading property companies themselves, remember how Sanders would brag about bringing in so many people who were “four times smarter” than he was. He would insist that if you weren't going to hire someone great, you shouldn't hire anyone at all.

Superbosses want people who can approach problems from new angles, handle surprises, learn quickly, and excel in any position. Norman Brinker, the casual-dining innovator who founded *Steak and Ale*, was a good example. As Rick Berman, who worked under him before founding a successful lobbying firm, recalls, Brinker “wasn't a fan of hiring people to play first base; he just wanted to hire a good baseball player.” That emphasis on versatility helped give rise to a generation of top leaders in the restaurant industry, including the CEOs of *Outback Steakhouse*, *P.F. Chang's*, and *Burger King*.

Find unlikely winners. Superbosses consider credentials, of course, but they're also willing to take chances on people who lack industry experience or even college degrees. According to Marty Staff, who worked for Ralph Lauren before becoming CEO of *Hugo Boss USA*, Lauren once made a runway model the head of women's design “for no other reason than she seemed to get it—she got the clothes.” At health care giant HCA, Tommy Frist sometimes set even physical therapists on a path to the C-suite, simply because he spotted something in them.

Because they reject preconceived notions of what talent should look like, superbosses often show greater openness toward women and minorities. Mary Kay Ash, in fact, expressly designed her company to empower women, holding sales conferences where the message was “If she can do it, so can I.” Walsh started a fellowship program in the NFL for minority coaches, giving participants a fast track into the league and himself a chance to tap into a vast new source of talent.

Superbosses often dispense with the conventional interview process, too; instead, they pose unusual or quirky questions or use observation as a tool. When Ralph Lauren met with job candidates, for example, he would ask them to explain what they were wearing and why. Sanders would invite prospects to hike a 7,000-foot peak on his New Mexico ranch with him and other managers. “We learned a whole lot about these kids on the hikes,” recalls Constance Moore, who worked for Sanders at *Security Capital* before becoming CEO of *BRE Properties*. “After, we would all sit down and talk about each of them and figure out which ones we wanted to ask to join.”

Adapt the job or organization to fit the talent. Superbosses opportunistically tailor jobs and sometimes even their organisations to new hires. As an assistant coach for the Cincinnati Bengals, Walsh had to invent a new offense to enable the backup quarterback to excel after an injury brought down the team's starter. Because the second-stringer had more accuracy than arm strength, Walsh designed an unusual strategy around short passes—which later became known as the West Coast offense (when Walsh was with the 49ers). Lorne Michaels lets his ensemble's ideas and abilities constantly shape and reshape their contributions to *Saturday Night Live*. Writers sometimes become performers, and performers or assistant directors sometimes become writers. At *Industrial Light & Magic*, George Lucas's employees didn't even have job descriptions. They were assigned tasks on various projects according to what was needed and who was available. All these examples run counter to traditional HR practices, but they reflect an innovative mindset that superbosses bring to virtually everything they do.

Accept churn. Smart, creative, flexible people tend to have fast-paced careers. Some may soon want to move on. That's OK with superbosses. They understand that the quality of talent on their teams matters more

than stability, and they regard turnover as an opportunity to find fresh stars. Consider how Discovery Communications founder John Hendricks reacted when, in 1997, his second in command, Richard Allen, was asked to become the head of National Geographic's for-profit arm. Hendricks would have loved to have kept Allen but never tried to hold him back, realising that he'd rather have a friend leading his rival than anyone else. "It was a real indication of his generosity of spirit," Allen says.

This kind of attitude has an added payoff: When word gets out that people who work for you succeed not only at your organisation but outside it, the world will start beating a path to your door. Superbosses barely need to recruit, because their reputations bring a continuous stream of talent to them.

Superbosses have a distinct way of developing employees. Take Larry Ellison. His greatest strength, according to one of his protégés, is his ability "to make exceptional people do the impossible."

Hands-on Leadership

Superbosses also have a distinct way of developing employees. Take Larry Ellison. His greatest strength, according to one of his protégés, is his ability "to make exceptional people do the impossible." I heard stories in a similar vein about other superbosses. From them, one can distill these principles:

Set high expectations. Superbosses are bullish on what their teams can accomplish. They demand extraordinarily high performance; "perfect is good enough" captures their attitude. The legendary Bob Noyce, for instance, "could be a very, very

tough taskmaster," remembers his fellow Intel cofounder Gordon Moore. "If you were up for the challenge, you could be very successful." But superbosses go beyond pushing hard for results and instill a sense of confidence and exceptionalism in their people. Michael Rubin, who was a young member of Lucasfilm's Graphics Group in the 1980s, recalls how transformational it was to hear Lucas talk about his vision for digital filmmaking and the role they would all play in it. "I heard him explain what the future could be like, and I was infected with that at age 22. I believed him. And it changed my career." Tom Carroll, now chairman of TBWA Group, sounds a similar note about former boss Chiat: "Jay left something in people that makes it hard for you to go back to being ordinary. Once you feel it, you can't change it."

Be a master. Superbosses are extremely effective delegators. Having chosen smart, ambitious, adaptable people and offered them a vision, they trust the team to execute. "Norman Brinker gave us incredible autonomy," explains Richard Frank, a former senior manager at Steak and Ale who went on to run Chuck E. Cheese. "We definitely had the ability to fail." And yet superbosses also remain intimately involved in the details of their businesses and their employees' work. HCA's Tommy Frist, a licensed pilot, would take subordinates on his plane to company events, using the flight time to engage in what was almost a tutorial on some aspect of what those people were working on. I compare it to the master-apprentice relationship you find in a traditional artisan workshop. Like highly skilled craftsmen, superbosses give protégés an unusual amount of hands-on experience but also monitor their progress, offer instruction and intense feedback, and step in to work with them side by side when necessary.

Superbosses' teachings extend to leadership and life lessons as well. Frist would counsel managers on everything from setting daily goals to the importance of exercising to stay sharp. Luc Vandeveld, the former chairman of Marks and Spencer and Carrefour, was taught by former Kraft CEO Michael Miles to walk a fine line between partnering with subordinates and micromanaging them. Miles advised Vandeveld to work closely enough with his people to "elicit skills" but not so closely that he would "limit skills." "I'll never forget those words," Vandeveld explains. "They profoundly changed my management approach, creating an environment where people can be at their best."

Encourage step-change growth. All the superbosses I studied offered advancement opportunities far beyond those found in traditional organisations. Rather than relying solely on "competency models" to guide development and promotion decisions, they customised career paths for protégés who had proved their worth, seeking to dramatically compress their learning and growth. Chase Coleman, a disciple of Julian Robertson, says that his former boss "was good at providing a steep learning curve for

people who excelled at their first task." In fact, just three years after Coleman joined Tiger Management as a technology analyst, Robertson sent him off with \$25 million to start his own fund. Larry Ellison took a similar approach, says Gary Bloom, a former executive VP of Oracle who later became CEO of Veritas. "One thing Oracle was incredibly good at was on a continual basis throwing new responsibility at people," Bloom notes. For example, Safra Catz was acting as CEO in all but name for a decade before formally being elevated to co-CEO (with Mark Hurd) in 2014.

Stay connected. For superbosses, counseling protégés is a long-term commitment. Even after someone moves out of their organisation, superbosses continue to offer advice, personal introductions, and "membership" in their networks. Former creative director Ken Segall says that although he served under Jay Chiat for only three years during the mid-1990s, he made a practice of calling his former boss whenever he changed jobs. "Usually within two or three hours at the most, I would get a call back," Segall recalls. "He would consult with me and advise me. He was that kind of guy."

Maintaining relationships with ex-employees sets superbosses up for all sorts of follow-on opportunities, such as developing business partnerships. Frist helped many of the managers who'd worked for him at HCA start companies in the health care space by investing or becoming a customer. Lorne Michaels excelled at this, too, producing films and TV shows with former SNL stars Jimmy Fallon, Seth Meyers, Fred Armisen, and Tina Fey.

Superbosses employ practices that set them head and shoulders above even the best traditional bosses. They seek out talent differently and hire them in unusual ways. They create high expectations and take it upon themselves to serve as "masters" to up-and-coming "apprentices." And they accept it when their protégés go on to bigger and better things, making sure to stay connected.

You, too, can move closer to this ideal. Don't feel you need to try every move in the playbook at once. Experiment with one or two. Consider unorthodox applicants for open positions, looking at people who might possess unusual abilities. Remember that people are more effective when they feel confident, and make it your job to build them up. Get in the trenches more often with line employees, so you can learn more about their particular talents and challenges and impart wisdom that will help them grow. Look for opportunities to delegate big responsibility even to younger team members.

Following the superboss playbook, we can all become better at nurturing talent, creating higher-performing workforces and, ultimately, more dynamic and sustainable businesses and industries. **RF**

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

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 DBSchenker, 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 dasRESULTAT 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 leading 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. **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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