

## DIARY

Full listing at [www.logisticse.com](http://www.logisticse.com)**Interlog 2005**

Conference  
6-8th December  
Düsseldorf  
[www.wbresearch.com/interlog/](http://www.wbresearch.com/interlog/)

**Global RFID ROI Summit**

Conference  
30-31st January  
London  
[www.rfid.access-events.com](http://www.rfid.access-events.com)

**Logistics Link South**

Exhibition  
7th - 8th February  
Esher  
[www.logisticslink.co.uk](http://www.logisticslink.co.uk)

**Logicon**

Conference  
21st - 24th February  
Brussels  
[www.logiconeurope.com](http://www.logiconeurope.com)

**SITL 2006**

Exhibition  
7-10th March  
Paris  
[www.salon-sitl.com](http://www.salon-sitl.com)

**Outsourcing Logistics Europe Conference**

20th - 21st March  
Amsterdam  
[www.eyefortransport.com/outsourcuro](http://www.eyefortransport.com/outsourcuro)

**Softworld Supply Chain & Logistics Exhibition**

29th - 30th March  
NEC, Birmingham  
[www.softworld.co.uk/sc](http://www.softworld.co.uk/sc)

# Thinking big



**How to plan a global logistics model. By David Warrilow**

What are the components of a successful global logistics model? First, typically, is the presence of a multinational manufacturer and a logistics supplier who have both

bought into the strategy. Then comes the ability to get product delivered in less time than was previously possible with the minimum number of warehouses - preferably none - en route, and with improved customer information.

Another important component is for all nodes in the delivery chain to have transparent information that is locked in to the system, and information that operates outside corporate systems and that can be accessed and analysed at all times, linked to service level contracts.

Finally is the need for all parties to liaise and address each other's requirements. This might include breaking out of the three-year, hire them and fire them cycle.

The high tech consumer industry is driving changes like these but it is not alone. Like some pharmaceutical companies this sector, with its laptops, desktops, ipods, mobile phones, games consoles and computer chips, is demanding ever more just in time production, faster delivery and improved security. It isn't interested in old fashioned processes, work practices and facilities that expose the pipeline to weaknesses. It wants guaranteed delivery times and improved security in all aspects of the pipeline.

DHL, the biggest player among logistics suppliers, has been a user of this model for

several years. The model may mean a higher initial cost but this can quickly become investment neutral.

Multinationals want a competitive price but they also want a high service level and perhaps most important, they need control. The key to achieving control is the pipeline visibility that comes with the model.

Paying a slightly higher rate per kilo doesn't automatically translate into a higher overall cost - not when it allows a company to invest and achieve cost benefits elsewhere, and certainly not when the cost of customer dissatisfaction of changing systems and processes is factored in.

To summarise, a successful logistics model is pivotal to successful change, and this should acknowledge that process monitoring is a prerequisite to process improvement. It should also recognise and address the needs of all parties.

The price must be competitive but this must not be achieved at the cost of service levels. The multinational should be prepared to invest in infrastructure that will allow the logistics supplier to succeed on its behalf.

Both parties should be prepared to enter into an agreement with a long term view - agreeing a longer contract (perhaps linked to agreed service levels) than the traditional three years. Multinationals must treat their logistics suppliers as partners, thus giving them the incentive to invest.

Implementing a global logistics model is not the pain it might appear. It has been successfully done with several of the world's biggest companies. These are the firms helping to bring logistics into the 21st century.

**David Warrilow is managing director of Audax Software**