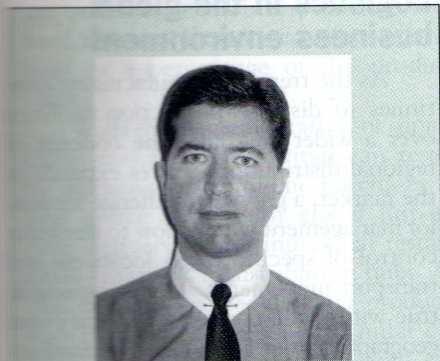




The drive towards outsourcing

By Paul W Bradley

As the full impact of international trade expands throughout the globe, and the information age unleashes new tools for communication, the trend toward 'Supply Chain Management' integration has become a vital component in creating competitive advantage.

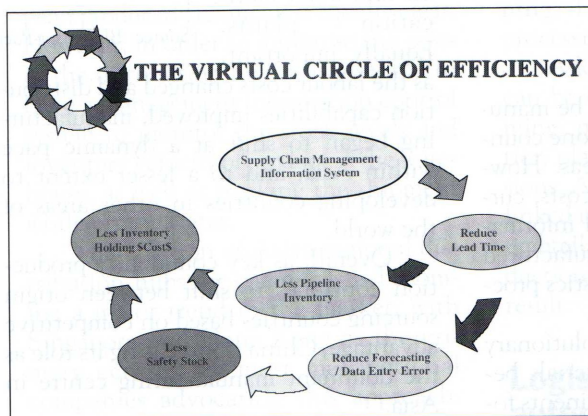


Paul W Bradley currently serves as general manager, Asean Region for BDP Asia-Pacific, one of the leading global logistics companies providing total logistics and supply chain management services to more than 4,000 multinational companies.

Paul received his Masters' Degree from the American Graduate School of International Management (Thunderbird) and completed the Asian Securities Executive Program from the Asian Institute of Management and Wharton School of Business.

He previously worked for Japanese carrier NYK Line and American President Lines, and served on the executive committee of the Hong Kong Liner Shipping Association.

Prior to his career in logistics, Paul worked in the US Senate and the British House of Commons.



Source: BDP Asia-Pacific

With the advent of the current Asian economic crisis placing further pressure on corporations to reduce their costs in all business segments, outsourcing of logistics services has become a strategic tool in achieving tangible cost reductions while gaining operational efficiency.

The concept

International marketing requires new creative skills in order to successfully compete in the global business environment. This includes new forms of multimedia advertisement, internet web page exposure, and multi-cultural sales tactics.

However, a key area that can provide a critical marketing advantage is the effective utilisation of supply chain management to significantly enhance global logistics capabilities.

The resulting logistics enhancements can provide competitive sales advantages in terms of reduced product costs, more lead time for product delivery, faster delivery of the product to the market, and ultimately maximum flexibility to support the sales effort in the global arena.

The concept of 'Supply Chain Management' has been derived in order to create dynamic new opportunities to enhance the distribution process, provide

tangible financial savings, while ultimately creating more value to the customer. Fixed costs can be converted to variable costs, virtual inventories can be created, and inventory velocity can be maximised.

The most important component in the supply chain management concept is to utilise technological innovations to directly identify, and positively impact, the direct relationship between time and costs

throughout the entire product life cycle.

Current and future trends in supply chain management can play a key role in supporting the marketing objectives of senior management and ultimately in determining the future growth and ultimate success of each company.

Pro-active logistics process

The traditional logistics model is based on the concept where product is "pushed to the market" based on long-term sales forecasts and corresponding cyclical production patterns.

As product is manufactured, the logistics department would coordinate the shipment to a warehouse holding area until customer orders could absorb the product at the retail level. This system has resulted in major gaps in communication, unnecessary inventory build-ups, and significant revenue losses undetected by the individual departments in the company.

In direct contrast, the supply chain management model ideally outsources to a neutral third party entity, which provides a single supply chain logistics information and control umbrella in order to integrate all areas of critical information throughout the product life cycle.

The primary objective is to ensure