

AUGUST 2024

SUPPLY CHAIN LEADERSHIP: A PERSPECTIVE ON ITS EVOLUTION AND HOW IT CAN BE STRENGTHENED

BY KIM WINTER

LEADING INDUSTRY CHANGE THROUGH ECOSYSTEM DEVELOPMENT - A POWERFUL MODEL FOR INNOVATION

BY WOLFGANG LEHMACHER
AND MIKAEL LIND

THE HALAL-COMPLIANT PORT

BY MARCO TIEMAN

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The Logistics & Supply Chain Management Society
The Regional Professional Body for Logistics Practitioners

The Official Journal of The Logistics & Supply Chain Management Society



**Supply Chain Leadership:
What does this mean, and
what should individuals
and organisations do to
strengthen it?**

AUGUST 2024

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EDITORIAL MESSAGE

Heads Down and Getting Stuff Done

After the June and July holidays, the period from now until December often feels like a stretch where we all put our heads down and focus on the tasks at hand. This is a time of steady progress and hard work as we push towards the end of the year, setting the stage for the next round of major holidays and festivities. It's no different at the Society and LogiSYM. We're in full gear, working diligently to ensure that we meet our goals and deliver on our commitments. Over the next 45 days, we have three significant LogiSYM events lined up, one of which will take place in a completely new country. This is an exciting milestone for us, as it reflects our growing reach and influence in the logistics and supply chain industries. These events are not just about networking; they are crucial platforms for knowledge exchange, innovation, and collaboration, helping us and our partners stay ahead in a constantly evolving landscape.

In addition to these events, we are also expanding our team. We are in the process of onboarding new staff members to support our growth and are also backfilling a key position that recently became vacant. This expansion is a testament to the increasing demand for our expertise and services, and we are committed to bringing on board the right talent to maintain our high standards.

The logistics and supply chain sectors are no strangers to volatility, disruptions, and uncertainty. These challenges are constant, much like what our colleagues in the manufacturing or service industries face, and my advice to fellow logisticians is simple: just deal with them! Embrace the chaos, adapt, and keep moving forward. This resilience is what sets us apart and drives us towards success, no matter what the circumstances.

As always, I hope you enjoy this month's issue, and I look forward to meeting many of you in person at one of our events in the next few weeks.

Raymon Krishnan
Editor-In-Chief (Interim)
LogiSYM Magazine

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CONTRIBUTORS



Marco Tieman
CEO LBB International
Supply Chain Analytics,
Supply Chain Design



Wolfgang Lehmacher
Partner in Anchor Group and
an advisor at Topan AG



Mikael Lind
Professor of Maritime
Informatics engaged
at Chalmers



Kim Winter
*Founder & Group Managing
Director at Logistics
Executive Group*



Timothy Foote
Director Transportation and
Network APAC at Asendia and
Founder of Susymbio



PUBLISHER Peter Raven

EDITOR-IN-CHIEF(Interim) Dr. Raymon Krishnan

DIGITAL EDITOR-GRAPHIC Spencer Sy

DIGITAL EDITOR-MARKETING Saran Vivekananth

SALES/ADVERTISING Harjeet Chekhire
Director Partnerships
Email: harjeet@logisym.org

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LogiSYM Magazine
50 Kallang Pudding Road,
06-06 AMA Building,
Singapore 349326
Tel: +65 6746 2250
Email: info@lscms.org

LogiSYM

AS Watson Accelerates the Supply Chain Sustainability Efforts to Fight Climate Change

AS Watson

Watson, the world's largest international health and beauty retailer, has accelerated its sustainability efforts in its global supply chain by transitioning its delivery fleet to electric vehicles and launching initiatives in waste reduction to fight climate change.

According to Malina Ngai, Group CEO of AS Watson, "As a responsible global retailer, sustainability is at the heart of our business. We've been investing and innovating to reduce our environmental

impact and contribute to a more sustainable future. Our latest initiative focusses on making the delivery fleet of our supply chain more environmentally friendly. We operate 12 retail brands in our global portfolio, and 60% of them have started using electric vehicles for some of the warehouse-to-store and online order deliveries. While the adoption of electric vehicles is slow in the industry, I believe that we should take on the challenge to launch this initiative in as many markets as possible."

Ngai added, "Electric vehicles have limited driving range per charge and insufficient charging infrastructure, which makes long-haul deliveries challenging. Additionally, the current technology solutions to reduce charging times and enhance overall performance are not yet widely available. These constraints result in difficulties for some of our operating markets to broadly deploy electric vehicles. We remain committed to overcoming these obstacles and transitioning our delivery fleet to more sustainable





electric options wherever possible.”

A recent survey¹ showed global direct carbon dioxide emissions from heavy and medium-duty trucks increased by 2.4% to 1.8 billion metric tonnes (GtCO₂) in 2022, and they were responsible for around 25% of global transportation CO₂ emissions. The use of batteries

Electric vehicles can help alleviate the issues as they emit at least 63% less CO₂ emissions than a comparable diesel vehicle.

AS Watson has accelerated its efforts to adopt electric vehicles in its global delivery fleet. The progress of Watsons China is significant, with electric vehicles now accounting for over 80% of all warehouse-to-store deliveries on average in the cities of Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chongqing, and Xiamen.

For online order deliveries, Superdrug, Savers, and ICI

Paris XL have started using electric vans and e-Cargo bikes in Central London and 13 emission-free zones in the Netherlands, respectively. Additionally, Watsons China, Singapore, and Taiwan have introduced electric vans and motorbikes for their country-wide online order deliveries.

Meanwhile, Superdrug, Savers, Kruidvat, and Trekpleister have also started to shift towards using greener fuels such as liquefied natural gas (LNG) and compressed natural gas (CNG), which generate less carbon emissions compared to traditional diesel fuel.

Driving Positive Change Through Waste Reduction

In addition to the electrification of its delivery fleet, AS Watson has made significant progress in waste reduction in its supply chain globally, successfully diverting over 95% of warehouse waste from landfills. Furthermore, AS Watson has also reduced the use of virgin plastics in its online

business packaging by 50% year-on-year, demonstrating its commitment to more sustainable packaging solutions.

Ngai added, “We will continue our journey towards supply chain sustainability. We expect to see increasing adoption of electric vehicles and the introduction of more waste reduction initiatives to help create a more sustainable world. At AS Watson, sustainability is not a slogan but a culture that every one of our 130,000 colleagues globally embraces every day. Only by working together can we create a truly significant impact on the planet.”



AS Watson

Established in 1841, AS Watson Group is the world's largest international health and beauty retailer operating over 16,500 stores under 12 retail brands in 28 markets, with about 130,000 employees worldwide. For the fiscal year 2023, AS Watson Group recorded revenue of US\$23 billion. Every year, we are serving over 5.5 billion shoppers via our O+O (Offline plus Online) technology-enabled platforms.

AS Watson Group is also a member of the world-renowned multinational conglomerate CK Hutchison Holdings Limited, which has four core businesses - ports and related services, retail, infrastructure, and telecommunications in over 50 countries.

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The Halal-Compliant Port

By Dr. Marco Tieman

CEO LBB International Supply Chain Analytics,
Supply Chain Design

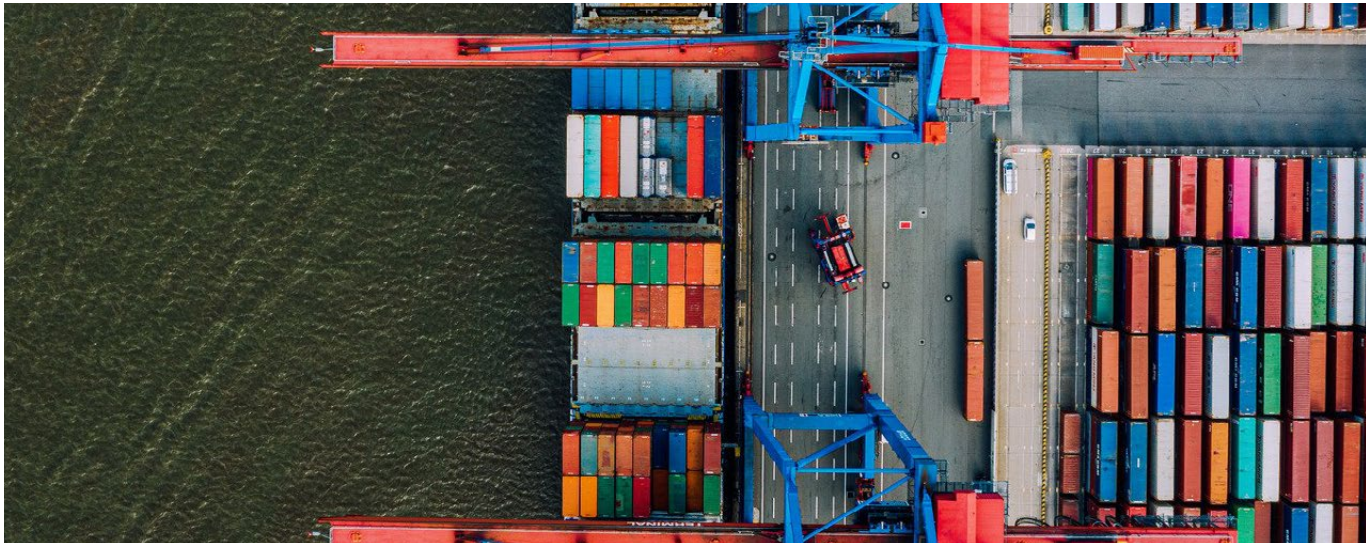
Background

The halal industry, according to the 2023/24 State of the Global Islamic Economy Report, is an estimated USD 2.29 trillion market consisting of the following key sectors: halal food, modest fashion, media & recreation, travel, pharmaceuticals, and cosmetics. In addition to the halal certification of food and non-foods, services can also

be halal certified, including logistics operations such as transportation, warehousing, inland terminals, seaport terminals, and airport terminal operations.

According to UNCTAD, over 80% of the volume of international trade is carried by sea. A big share of food, cosmetics, pharmaceutical ingredients, and end products are imported into

Muslim (majority) countries. For Muslim (majority) countries, the halal integrity of imports into their country is essential to providing assurance that the food, cosmetics, pharmaceuticals, and other consumer products available in their market meet the requirements for Muslims based on their Islamic school of thought, religious rulings (fatwas), and local customs. As a result, there are different



halal requirements for different Muslim destination countries. Halal compliance with maritime supply chains is an emerging requirement.

Halal regulations are not static and are moving from a product approach to a supply chain approach. Most halal standards in Muslim (majority) countries already have requirements regarding the segregation between halal and non-halal in transport and storage, but until now they were not strictly enforced by halal certification bodies. This will change in the coming years. Indonesia is implementing Law 33 by October 17, 2024, making halal certification of the food industry and their supply chain partners (including logistics service providers) mandatory. Although quite a number of logistics service providers have already been halal-certified, both local and multinational, there have been few initiatives by ports and shipping lines to address halal compliance in the maritime supply chain. There is no IMO classification for halal cargo, like the IMDG Code (international maritime dangerous goods code)

for the safe transportation or shipment of dangerous goods or hazardous materials by water on a vessel. Second, there is no Harmonised System (HS) customs code for halal, making the identification of halal in maritime supply chains difficult.

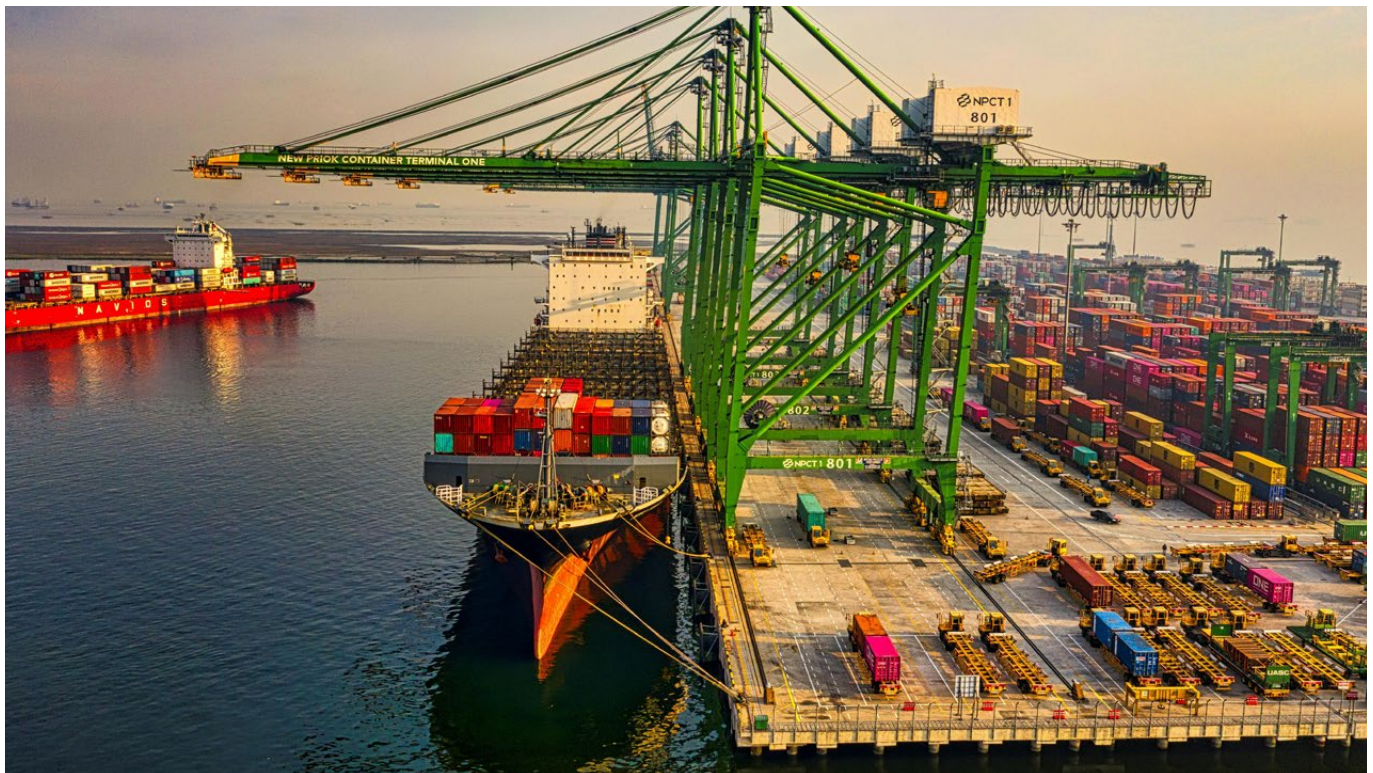
Muslim (majority) countries are developing their halal industries to boost self-sufficiency levels as well as create halal production hubs for the export of food, cosmetics, pharmaceuticals, and other products. For this purpose, several Muslim (majority) countries like Indonesia and Malaysia are creating so-called halal (industrial) parks to cluster halal industries. The halal-compliant port is an important building block for these halal ecosystems.

Global Initiatives

Although you would expect halal-compliant port initiatives to start in Muslim (majority) countries, instead Europe has been the birthplace for halal-compliant port initiatives.

In 2007, the Port of Rotterdam in the Netherlands established a halal logistics handbook in collaboration with the Halal Audit Company, a halal certification body in the Netherlands. This handbook covered halal requirements for shippers, inspection, storage, packaging, and transport. Eurofrigo, which operates a cold storage facility in the Port of Rotterdam, received the halal certificate soon after that. In July 2012, the Port of Zeebrugge in Belgium was certified by the Halal Food Council of Europe. The certificate was granted on the basis of forwarding, traceability, and document management. Port handling relates to transport, inspection, customs, packaging, and storage. In March 2019, Docks Logistics received halal certification for the facilities it manages in the port of Algeciras, Spain. Docks, which specialises in logistics for the maritime sector, is the manager of the Border Inspection Point (PIF) at the port.

In Asia, Northport and Penang Port in Malaysia had dedicated halal-certified warehouse facilities on the



port premises for the storage of halal cargo. In Indonesia, at the main maritime gateway, Tanjung Priok, Multi Terminal Indonesia established a dedicated halal-certified warehouse facility. These initiatives focus on a warehouse only, not the complete port terminal operations. Then the Johor Port Authority established comprehensive halal port supply chain guidelines in 2020 for its port terminals and jetties in the State of Johor, Malaysia. This exercise was done in direct collaboration with the halal authorities (JAKIM and the State Religious Department of Johor) and the port ecosystem: customs, terminal operators, depot operators, logistics service providers, etc. The port authority leaves it to the individual port terminal operators to apply for halal certification (or not), as halal certification

is voluntary in Malaysia. In Malaysia, the shipping line CMA CGM introduced a halal container service, for which it provides the halal industry with a ritually cleansed container (7 times cleaning, one cleaning with a clay solution). The ritually cleansed container comes with a halal certificate and a special seal. Although branded as a CMA CGM service, CMA CGM has fully outsourced this service to a container depot operator in Malaysia.

There is currently no dedicated halal-compliant port terminal standard. Most port operations refer to either a general halal (food) standard or, like in Malaysia, MS 2400:2019, a halal supply chain management system standard covering transportation, warehousing, and retailing. Based on the Malaysian halal supply

chain management system standard, there is an international halal supply chain management system standard developed under the international halal standard development body SMIIC in Turkey. This supply chain management system standard, OIC/SMIIC 17:2020, covers the same three modules as Malaysia's halal supply chain management system standard. But since 2022, SMIIC technical committee TC 10 has been working on draughting a fourth module: port. This port module has not been completed yet.

The building blocks of a halal-compliant port

There has been a general misconception that a halal-compliant port is just about a halal warehouse in the seaport. In fact, only a fraction of the imports and

exports are temporarily stored at the port, which is mostly bulk cargo. Most of the cargo handled by the port just passes through. The essence of a halal-compliant port lies in the segregation of halal from non-halal cargo. This is provided as a service, similar to dangerous goods, meaning that it does not require the entire port terminal to be handling halal only.

The halal-compliant port terminal has control points in various key areas, namely communication, transportation, warehousing, livestock holdings, and inspection. As a result, a halal-compliant port terminal

should be developing protocols for these key processes, as shown in Figure 1.

Source: Tieman, M. (2021), Halal Business Management: A Guide to Achieving Halal Excellence, Routledge: Oxon.

Case study: Kuantan Port (Malaysia)

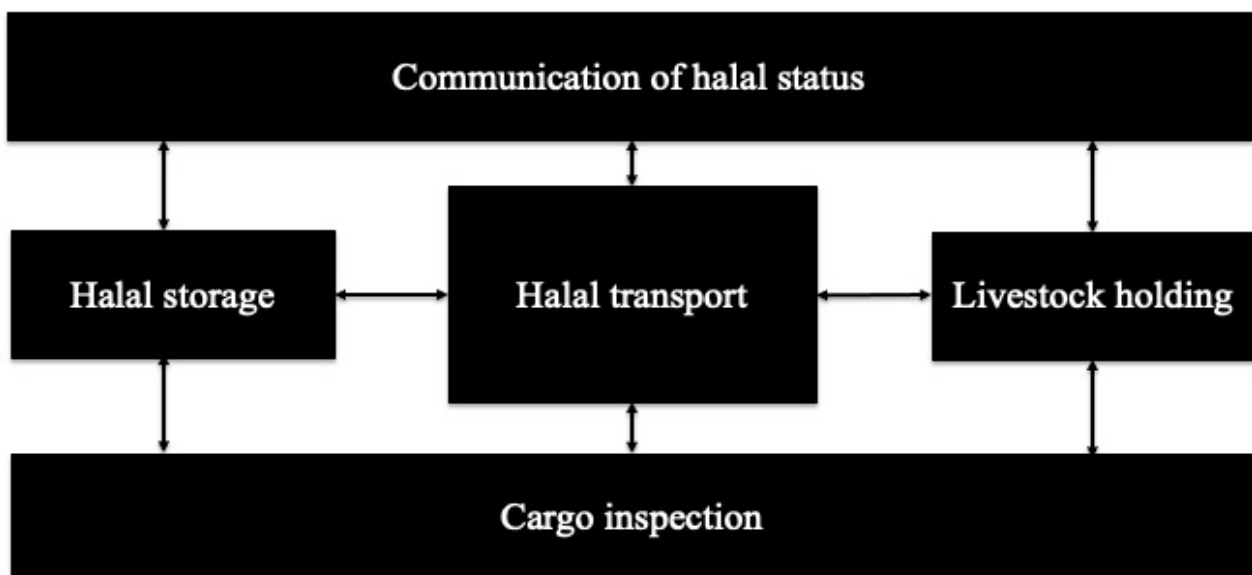
Kuantan Port Consortium (Kuantan Port) in Malaysia is developing a halal hub for the East Coast, facilitating halal trade with China, Vietnam, Thailand, Indonesia, East Malaysia, and the Middle East. Kuantan Port is the first port in Malaysia to implement halal-compliant

port terminal operating procedures together with its port ecosystem partners. For this purpose, Kuantan Port has been closely working with the halal authority, JAKIM, and the State Religious Department of Pahang. Kuantan Port will be starting a pilot in August 2024 with full container loads for imports and exports facilitated through its halal-compliant port terminal on the East Coast of Peninsular Malaysia, which are clearly identified with a halal supply chain sticker on the containers and halal supply chain coding on the freight documentation.

Conclusion Following the example of European ports in

Figure 1: halal compliant port terminal process

Figure 1: Halal compliant port terminal process



Source: Tieman, M. (2021), Halal Business Management: a guide to achieving halal excellence, Routledge: Oxon.

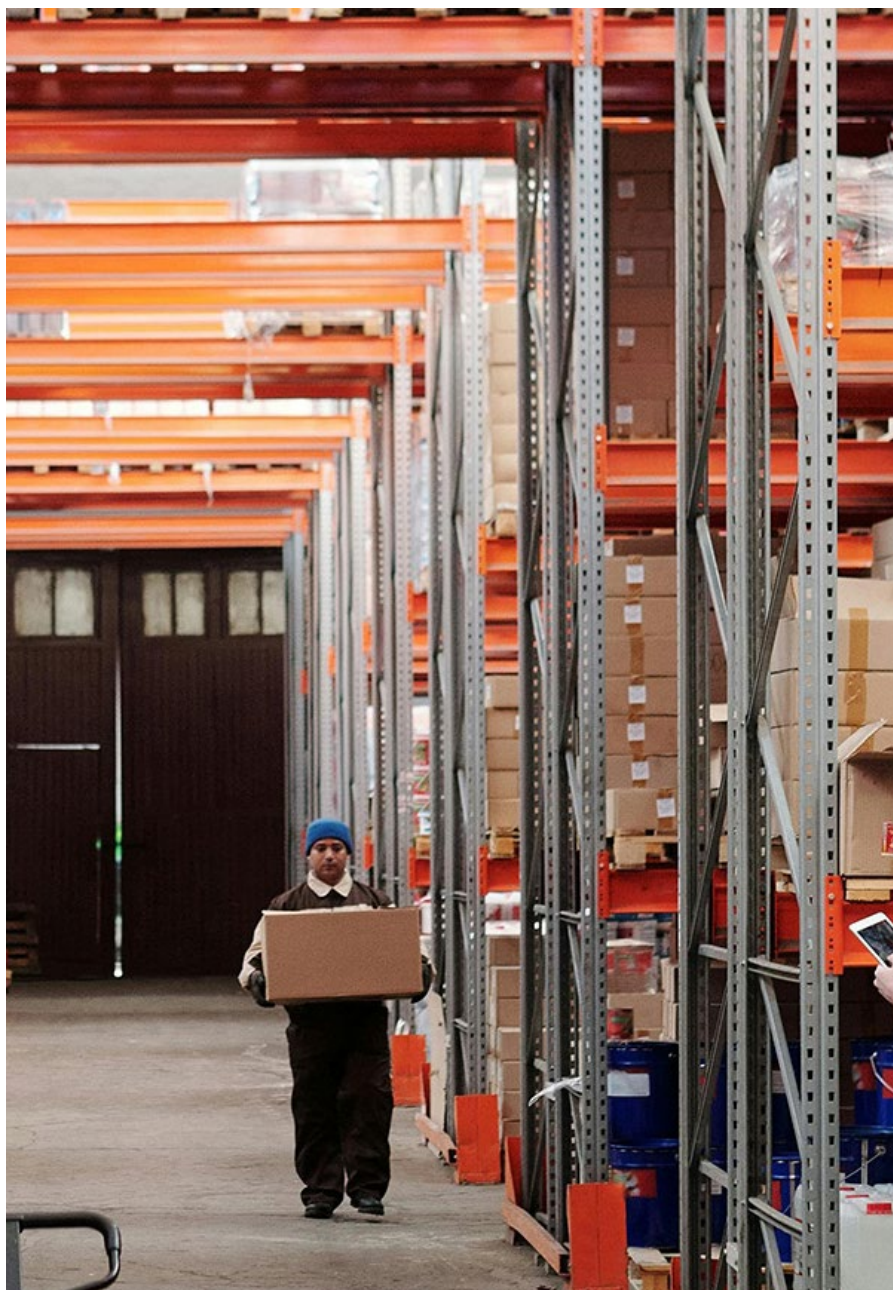
recognising the importance of halal compliance in port operations, it is expected that more halal-compliant port terminals will be developed in Muslim (majority) countries in Asia, the Middle East, and Africa.

Shipping lines will also launch in the coming years halal maritime logistics solutions to provide door-to-door halal transportation solutions via sea, meeting halal import requirements for

Muslim (majority) countries. It is expected that after Indonesia, which is the first country to start with halal supply chain regulations by October 2024 for the food industry, other Muslim (majority) countries will follow suit.

In order to protect the halal integrity of international halal trade via sea, it is important to harmonise halal logistics and supply chain management standards

for the ports and shipping industry. The introduction of the port module under the OIC/SMIIC 17 halal supply chain management system standard and acceptance of this international standard by Muslim countries will be a critical step. Finally, to better facilitate the effective identification of halal sea freight, a halal IMO code and HS customs code will be needed.



Dr. Marco Tieman

Dr. Marco Tieman is the CEO of LBB International, a supply chain strategy consultancy and research firm, advising companies and governments on supply chain analysis, supply chain design, and market research. He has been a project director for halal logistics, halal compliant port, and halal supply chain advisory projects in Asia, Middle East and Europe.

He is also an Adjunct Professor with Saito University College in Malaysia and a Senior Fellow with IPMI International Business School in Indonesia, conducting research on halal procurement strategy, halal logistics, halal supply chain management, and halal risk and reputation management. He is the author of 'Halal business management: a guide to achieving halal excellence'.



Leading industry change through an ecosystem Development: A powerful model for innovation

By Wolfgang Lehmacher

Partner in Anchor Group and an advisor at Topan AG

By Mikael Lind

Professor of Maritime Informatics engaged at Chalmers

The world is a competitive space. Organisations that are leading in at least one area can stay ahead and win in the competitive race. An edge usually means some form of innovation. Leadership can be determined by factors like size, market share, and groundbreaking solutions that create an edge. But leadership can also concern more than just one party. Some organisations join forces with other actors to achieve together what they cannot reach alone. These collaborations can also go beyond satisfying the group's interest and drive change in an entire industry.

Innovation leadership starts with taking the initiative to tackle an important (industry-wide) challenge. Whenever

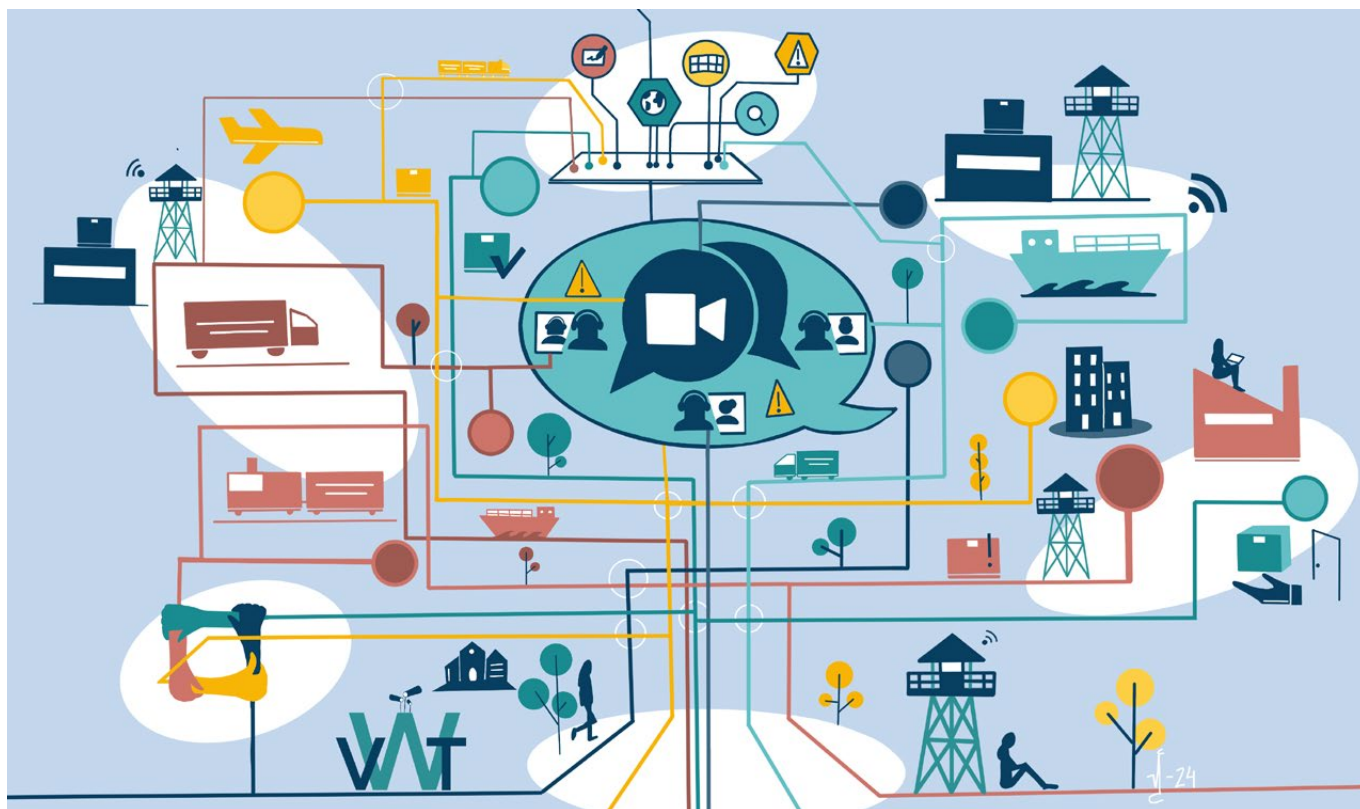
actors come together to jointly find new ways to remove a common concern, serve a common need, close a gap in the common interest, or eliminate a shortcoming, we might face an ecosystem. The solutions often require some form of innovation. The management of supply chain disruptions, the calculation of CO₂ emissions, and the adoption of innovation are three such challenges in the supply chain and transport industries.

This article outlines two recently launched initiatives that are driving innovation and change in the supply chain and transport industries. The Virtual Watch Tower (VWT) and the Port Innovators Network (PIN) are these two initiatives. While

the former focusses on supply chain disruption management and carbon dioxide (CO₂) emissions calculations based on primary operational data, the latter was created to promote the adoption of innovation in the global port ecosystem. Both are developing their ecosystems to help their larger ecosystems through novel approaches to innovation and adoption.

The factors that influence leadership by ecosystem

In the supply chain and transport industries, we have been increasingly seeing cases of different and sometimes competitive economic actors joining forces to cater to common interests. The Digital Container Shipping



Association (DCSA), a joint venture between leading shipping lines, has been making progress around digital standards in container shipping. The Global Alliance for Trade Facilitation is an ecosystem that supports trade facilitation in emerging markets.

Some actors loosely collaborate, but others create tighter partnerships, like a membership organisation, a joint venture, or a decentralised autonomous organisation (DAO). Among the common focus areas of such partnerships and ecosystems is digitalisation, or decarbonisation.

Two collaborative innovation initiatives

The cargo owner-driven terminal-centric virtual watch tower (VWT) initiative, led by the Research Institutes of Sweden (RISE), Finland's

VTT, and Singapore's A*STAR/IHPC, aims at improving supply chain disruption and CO2 footprint management. VWT is an institutional and technological innovation. Institutional through its inclusive governance around co-creation and co-evolution, and technological through a novel data volunteering mechanism that relies on the willingness to collaborate between the VWT partners. The assumption is that the solution can enjoy longer durability and higher adoption through co-creation and co-evolution.

Since the initiative's launch in February 2023, the VWT has experienced remarkable traction. The leadership team of about four full-time equivalents (FTE) had managed to obtain funding from Sweden's Vinnova and the Singapore Maritime Institute (SMI). The team grew the community of

supply chain, transport, and technology companies to 37 and demonstrated the first of multiple prototypes for disruption management in April 2024 during Singapore Maritime Week. Over the remainder of the two-year project, the team will refine and enhance the architecture and prepare the launch of an innovative, neutral, two-tier organisational structure for the federated digital solution/architecture designed as a public good.

VWT has been engaging with different potential partners, including other ecosystem efforts like TLIP/TWIN, a distributed ledger-based digital architecture for the exchange of trade documents that started in Kenya and which supports the VWT prototyping effort, and the Open Logistics Forum (OLF), a German membership open-source community created by key logistics players that

may help VWT advance the thinking around CO2 emission calculations. Recently, the Port Innovators Network (PIN) has also joined VWT.

In October 2023, the teams of HomePort Hamburg, The Pier at the Seaport (Halifax), and Opentop, the innovation hub of Valenciaport, decided to join forces to create a global network of port innovation hubs and their communities. In February 2024, these parties launched the Port Innovators Network (PIN). PIN aims to promote the adoption of innovation in the global port ecosystem by connecting port innovation hubs and their communities, comprising start-ups, companies, institutions, and investors.

Members belonging to either of the innovation hubs can, through this initiative, learn from best practices developed at other port innovation hubs, get access to additional startups and technology companies, use this platform to promote challenges and scouting initiatives worldwide, and widen the service portfolio for its hub

members. This collaboration expands the port testbeds on a global scale. Through the PIN initiative, startups and technology companies learn from challenges and opportunities identified by other port communities and can be connected to other port community stakeholders.

Currently, the two ecosystems are discussing a mutually beneficial collaboration that would strengthen their ecosystems and ability to fulfil their missions. VWT can be seen as a testbed for PIN, and PIN can help VWT develop VWTnet, the ecosystem's digital architecture.

The synergies between different ecosystems

Open ecosystems that grow create platform effects: the more actors join the ecosystem, the more value can be created, raising the appeal of the ecosystem for new actors. Initiating the platform effect requires reaching a minimum viable ecosystem. A merger or close collaboration between ecosystems can accelerate the

development towards critical mass.

VWT and PIN envision several mutual benefits. The two ecosystems are complementary. While VWT has so far primarily worked on the concerns of cargo owners, PIN is an important partner to co-create the VWT value proposition and associated solutions for terminals. It is at terminals that corrective actions are taken when transports go astray. One hardly re-routes a train, barge, or ship when one or a few containers risk missing a connection, but at a terminal, they can be singled out and treated with priority.

PIN and VWT can work on solutions that help shippers accelerate their shipments at terminals when needed. This would contribute to VWT's claim of terminal-centricity. Actors in both ecosystems would benefit from such innovations. PIN would be able to replicate novel approaches throughout the broader port ecosystem, and VWT could count on more ports to support the VWT





community. Joint hackathons could yield additional opportunities for technology providers in both ecosystems to develop solutions that solve real problems.

Conclusions: A formula for leading in the digital age

Digitalisation has opened the door for broader collaboration and the creation and development of well-connected collaborative (innovation) ecosystems. Through ecosystems, industry actors and industries as a whole can take a fresh look at their biggest challenges. Important to note is that without larger-scale digitalisation, there will not be broader collaboration, and vice versa.

The authors encourage the actors in the supply chain and transport sectors to have a closer look at the opportunities offered by ecosystems. building. Organisations can join existing ecosystems or create new ones. Ecosystems can serve many purposes, like decarbonisation and standardization. Innovation ecosystems may offer a

solution when individual actors have long struggled to solve a problem of individual or common interest. It is important to note that most successful partnerships often have a scope that is very narrowly defined. Mutual respect, a shared vision, early shared wins, and a fair distribution of benefits are parts of the mix that make long-lasting partnerships.

There will never be only one ecosystem, but the broad proliferation of initiatives with a dispersion of resources should be avoided. The authors call for broader investigations of the benefits of combining ecosystems that are alike to increase the odds of success. While competing systems also have their merits, some industry challenges are just too big to leave the development of the fix to too many different ecosystems. This is a call to investigate joining ecosystems like PIN and VWT to bring positive change to the supply chain and logistics industry.



Wolfgang Lehmacher - Partner at Anchor Group

Wolfgang Lehmacher is a partner at Anchor Group and an advisor at Topan AG. The former director at the World Economic Forum, and CEO Emeritus of GeoPost Intercontinental, is an advisory board member of The Logistics and Supply Chain Management Society, ambassador F&L, advisor GlobalSF and RISE, and founding member of the think tanks Logistikweisen and NEXST. He is also the co-author of the Practical Playbook for Maritime Decarbonisation and co-editor of the book Maritime Decarbonization



Mikael Lind
Professor of
Maritime Informatics

Mikael Lind is the world's first (adjunct) Professor of Maritime Informatics engaged at Chalmers, and Research Institutes of Sweden (RISE). He is an expert contributor at World Economic Forum, Europe's Digital Transport Logistic Forum (DTLF), and UN/CEFACT. He is co-editor of the first two books on Maritime Informatics, and is co-author of the Practical Playbook for Maritime Decarbonisation and co-editor of the book Maritime Decarbonization.

Take a seat at the TMX supply chain resilience roundtable.

Global supply chain consultancy TMX Transform rounded up three of their senior supply chain advisors and asked them how businesses can build resilience into their supply chain.

It has been four years since the pandemic began, and the world's supply chains were subject to unprecedented strain and circumstances. But it was not the first time that multiple compounding factors compromised supply chains, and it will not be the last—in fact, there will not be a “last” time. Disruption is guaranteed.

But have companies adapted and built in the resilience needed to future-proof their supply chains, protect their businesses, and safeguard their capability to deliver for their customers? Companies still do not know where to start.

With decades of experience between them, senior TMX advisors Linda Venables, Tom Fitz-Walter, and Bruce Herbert share their insights into three aspects of supply chain resilience.





On Continuity Planning
Linda Venables
Strategic Advisor

“The principles of supply chain resilience are universal. The details are local.”

We are in a volatile, uncertain, complex, and ambiguous ('VUCA') world, and you cannot seek resilience in your supply chain without a continuity plan. No matter what happens, customers have a right to expect a business to continue to operate. A continuity plan includes alternative scenarios for operating should one or more aspects of an operating model fail. A good plan reassesses the feasibility of such scenarios on an ongoing basis. This is where scenario testing, via simulation, can provide such value.

Business leaders can see what the impacts could be to their supply chain and their customers and ensure their plans are well communicated and teams are prepared before they materialise. The continuity plan is the blueprint for proactively navigating unforeseen, complex, and disruptive scenarios while protecting customer service.

But while the principles of supply chain resilience are universal, the details are local.

An example from my own career is the time a hailstorm damaged a three-year-old distribution centre in western Sydney, Australia. The structural impact of the hail itself was not the culprit. The issue stemmed from the subsequent rainstorm, with the hail blocking drainage from the roof. It trapped more than two hundred tonnes of water. This rendered the site inoperable and disrupted the weekly supply of more than a million cartons to customers.

Weather can impact a distribution centre anywhere in the world. But the impact, and therefore the required mitigating actions, will differ based on the specifics of the site, its network, the product, and more. All these factors are unique to the timing of the event and the individual supply chain.

In the case of our centre's damage, we ramped up operations in our distribution centre one state over, while the damaged facility underwent repairs. That solution would not be possible in other parts of the world. Remember, the details are local.



On Simulation Planning
**Tom Fitz-Walter, Global
 Executive Director**

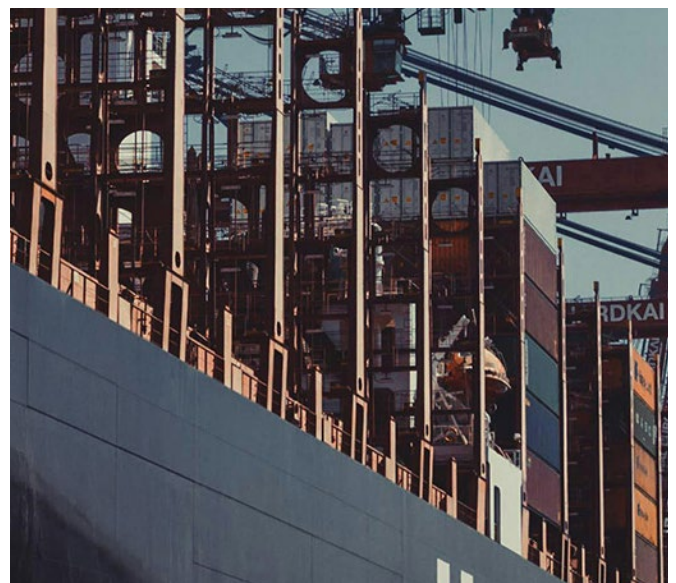
***“Scenario
 testing via
 simulation is a
 powerful way
 to assess a
 supply chain’s
 resilience.”***

From the manufacturer to the consumer’s doorstep—an entire end-to-end supply chain—there are countless systemic and physical points of failure or disruption in a supply chain. This is what makes the supply chain an interesting and exciting space. It is also what makes supply chains so potentially vulnerable.

Scenario testing, which we do at TMX via simulation technology, is a powerful and effective way to test, and then improve, the resilience of a business’s supply chain.

Because building resilience into the supply chain is not about trying to control what is uncontrollable. It is about strategic planning, supported by facts, which will equip businesses with the knowledge of what to do when something unpredictable happens. We say, ‘what if’, but we should be saying ‘when’, because disruption is inevitable.

Simulation, for example, always starts with a problem. We can demonstrate what happens if your business shifts manufacturing from one location to another, changes the working hours of your labour workforce, tries a new order fulfilment strategy, implements new automation, or tests alternatives if primary transport routes become unavailable. The list is endless. Simulation turns abstract or ‘what if’ scenarios into tangible concepts, which means a business’s decision-makers can solve a problem before it has even occurred.





On Simulation Planning
**Tom Fitz-Walter, Global
 Executive Director**

***"Scenario
 testing via
 simulation is a
 powerful way
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 resilience."***

When the pandemic hit, I had been Chief Supply Chain Officer at Coca-Cola Bottlers Japan, based in Tokyo, for more than five years. It was gratifying to see firsthand that the company's supply chain proved itself extraordinarily resilient—and even successful—through the disruption.

Japan's experience with serious and regular earthquakes means its population is well versed in crisis management. Add to that a conservative culture, and so our company's decision-makers did not rest in a false sense of security or take risks around supply. This practical, forward-prepared approach meant the supply chain was far less vulnerable than others. For example, there was no single point of failure. Control systems were decentralised and highly manual, and our experienced and decentralised workforces were able to adapt quickly to local disruptions as they happened.

Globally, businesses with supply chains have now experienced their own long-term and wide-reaching supply chain disruptions. None remained untouched.

But businesses that adopt an initiative-taking approach to resilience will be better off than those that operate in a reactive mode. Multiple businesses are making proactive choices. For example, US-based Garmin, a specialist GPS technology solutions provider, recently announced they will commence production in Southeast Asia in 2026 to diversify their production base.

Globalisation, for all its benefits, has resulted in manufacturers cutting a lot of margins—and therefore resilience—out of their supply chains. For example, the drive to lower costs may mean manufacturing takes place in one large factory rather than across a network. There may be multiple benefits, but there are also risks, and these must be mitigated. Simply being prepared to react is not enough to build effective supply chain resilience.

Risk management is a choice you make now for some time in the future. When that future comes, be sure you made the right decisions when you had the chance.

A photograph of two people, a man and a woman, wearing hard hats and safety vests, looking out at a port at night. The man is in the foreground, wearing a white hard hat and a high-visibility orange vest over a white shirt. The woman is slightly behind him, wearing an orange hard hat and a dark jacket. They are looking towards a large port area with many colorful shipping containers and a large crane. The scene is illuminated by the port's lights, creating a blue and orange color palette.

Supply Chain Leadership: A Perspective on its Evolution and How It Can Be Strengthened

*By Kim Winter
Founder & Group Managing Director at
Logistics Executive Group*

In the ever-evolving landscape of global business, the role of supply chain management has expanded significantly. It is no longer just about moving goods from point A to point B. Modern supply chains are complex networks that require strategic oversight and dynamic leadership. This article delves into what supply chain leadership means today, the vital role data insights play in enhancing supply chain reliability and predictability, and how individuals and organisations can strengthen their supply chain leadership

to overcome vulnerabilities and better serve their customers.

To many, supply chain leadership is the strategic and operational guidance of the processes involved in moving and storing goods, services, and information from supplier to customer. Effective supply chain leaders generally possess a deep understanding of their markets, customer demands, and the capabilities of their supply chains. Being adept at predicting disruptions, managing risks,

and optimising operations to enhance efficiency and reduce costs are key aspects of surviving and thriving in the constant change we are experiencing.

The essence of supply chain leadership often lies in its focus on creating value. This involves not just managing logistics but also steering the entire supply chain strategy with a vision that aligns with the organisation's goals. Most supply chain leaders are constantly navigating complex challenges such as global

market fluctuations, changing consumer preferences, and emerging technologies.

In today's data-driven world, the ability to gather, analyse, and act upon data is at the heart of successful supply chain management. Data insights help leaders make informed decisions that drive supply chain reliability and predictability. These insights can be derived from various sources, including real-time logistics data, supplier performance metrics, market trends, and consumer behaviour analytics.

Data is the backbone of effective supply chain management. With accurate and timely data, leaders can anticipate market changes, adjust strategies promptly, and meet customer demands with precision. This not only enhances efficiency but also builds resilience against disruptions."

By harnessing data, supply chain leaders can identify potential bottlenecks, forecast demand more accurately, and implement proactive measures to mitigate risks. For instance, predictive analytics can help organisations anticipate supply chain disruptions and adjust their inventory accordingly, thus avoiding shortages or overstocks.

One of the primary steps for organisations looking to strengthen their supply chain leadership is investing in technology. Advanced technologies like AI, IoT, and blockchain can provide deeper insights into the supply chain,

enhance transparency, and improve coordination among different parts of the supply chain. For example, IoT devices can track products throughout the supply chain, providing real-time data that helps in making quick decisions.

Enhancing the skills and expertise of supply chain professionals is crucial. This includes training in the use of advanced analytics tools, an understanding of global supply chain dynamics,

and the development of soft skills such as strategic thinking and problem-solving. Organisations can establish training programs, workshops, and seminars to cultivate these skills among their staff.

Supply chain leadership requires a collaborative approach. This involves internal collaboration between departments (e.g., sales, operations, and procurement) and external collaboration with suppliers, logistics





Effective Supply Chain Leaders Tend to Understand the Importance of Risk Management

providers, and customers. Effective communication and partnership across the supply chain can lead to more synchronised operations and better problem-solving capabilities.

Effective supply chain leaders tend to understand the importance of risk management. This includes identifying potential risks, such as supplier failures or logistical delays, and developing contingency plans. Having a robust risk management framework in place helps minimise the impact of supply chain disruptions on business operations.

Today's supply chain leaders also tend to prioritise sustainability. This involves making decisions that not only ensure economic benefit but also minimise environmental impact and promote social good. Sustainable supply chain practices can enhance brand reputation, lead to cost savings, and ensure compliance with regulations.

Supply chain leadership is about much more than logistics and inventory management; it is a critical strategic element that impacts an organisation's overall success. Leaders must leverage data insights to enhance reliability and predictability, address vulnerabilities, and better serve their customers. By investing in technology, developing necessary skills, fostering collaboration, managing risks, and focussing on sustainability, organisations can build strong supply chain

capabilities that not only meet today's demands but also prepare for future challenges.

In the near term, supply chains face several key geopolitical challenges that could significantly impact global trade and commerce.

Geopolitical Instability: Political instability, conflicts, and geopolitical tensions in regions crucial for manufacturing and logistics (e.g., the Middle East and Southeast Asia) pose risks to supply chain continuity. These issues can lead to disruptions in raw material supply, manufacturing delays, or transportation bottlenecks.

Resource Scarcity and Sustainability: Increasing resource scarcity (e.g., rare earth minerals) and environmental concerns (e.g., climate change regulations) drive demand for sustainable practices. Supply chains must adapt to stricter regulations and consumer expectations for eco-friendly products, impacting sourcing and logistics decisions.

Cybersecurity Threats: The digitalisation of supply chains exposes them to cyber threats such as data breaches, ransomware attacks, and supply chain disruptions via digital channels. Ensuring robust cybersecurity measures becomes crucial to protecting sensitive information and maintaining operational continuity.

Infrastructure and Transportation Challenges: Ageing infrastructure and inadequate transportation

networks in key regions can limit supply chain efficiency and capacity. Investments in infrastructure development are necessary to support growing global trade volumes and mitigate logistical bottlenecks.

Pandemics and Health Crises: The COVID-19 pandemic highlighted vulnerabilities in global supply chains, disrupting manufacturing, logistics, and demand patterns worldwide. Future pandemics or health crises could similarly impact supply chain resilience and necessitate agile response strategies.

Regulatory Changes: Evolving regulatory landscapes, including changes in trade policies, labour laws, and compliance requirements (e.g., GDPR), add complexity to global supply chain operations. Companies must adapt quickly to regulatory shifts to avoid legal penalties and operational disruptions.

Addressing these challenges requires proactive risk management, diversification of suppliers and markets, investment in technology (e.g., AI, blockchain) for transparency and efficiency, and collaboration across stakeholders. By anticipating and mitigating geopolitical risks, organisations can enhance supply chain resilience and maintain competitive advantage in an increasingly volatile global environment.



Kim Winter

Kim delivers 40 years of executive leadership experience spanning executive search and recruitment, executive coaching, career transition, corporate advisory, consulting, and M&A across the supply chain, logistics, 3PL, e-commerce, cold chain, FMCG, retail, maritime, aviation, government, resources, and industrial sectors. He is the host of the Logistics Executive TV podcast platform, a regular contributor to industry media, a professional Master of Ceremonies, and is frequently invited to chair or moderate international events.

Kim is the co-founder and chairman of the not-for-profit humanitarian organisation Oasis Africa (www.oasisafrica.org.au), which provides sustainable 'Freedom from Poverty through Education' to over 8,000 mainly orphaned children in East Africa's slums.

Leadership for a Green Future

THE GREEN CORRIDOR

By Timothy Foote

Director Transportation and Network APAC at Asendia and Founder of Susymbio



Who are the leaders in business driving the world forward to an emissions-free logistics future? I started to consider this and then realised that there are several types of leaders that come to mind. I started to think about the people really driving technology, the organisations that are making the green future a reality, and how logistics professionals can help each other to move to a green future faster.

Tech Leaders: Bringing Our Future Forward

There are many new technologies currently making revolutionary changes that are decarbonising the logistics sector. For our land transport (the largest polluter at present), this is really

important because it has been monopolised by the internal combustion engine for a very long time. Attracting attention and investment for moving EVs from dreams to highways, one can point to tech leaders like Tesla. Leaders like this demonstrate that investment in new technology does yield financial results. It also demonstrated to the market that traditional oligopolies in the auto industry can make room for new entrants. Indeed, Tesla is not alone in proving that new entrants can emerge, but they can also survive. Others, like Nicola and Nio (to name just a couple), have all sprung up and continued to grow.

Just as important are leaders like BYD's Wang Chuan Fu. This firm may have started out with

gas-burning motors, but they have transitioned completely into the EV juggernaut of Asia. It's not just compact cars, either. BYD has shown that EVs are able to replace the combustion engine for large trucks, small vans, and all sorts of heavy moving vehicles used for commercial purposes.

By not shying away from the new technology, other traditional combustion companies are also trying to make the transition. Daimler, Volvo, and Peterbilt, along with a few other brands in competition with BYD, are making the electrification of our industry an actual reality.

Leaders that Move the Industry Forward

Making the technology is one thing, but buyers of the technology are absolutely required. This is where other logistics leaders come into play.

Being an early adopter of decarbonisation takes real guts from real leaders. And believe it or not, our logistics industry does have them. Three things, though, seem to be required for these early adopters. Number one, they need to have a comfortable degree of market share and even dominance. Next, they need to have access to large amounts of capital so that they can invest in new technologies when they are in their infancy. Lastly, the guts and will to move forward in a typically short-sighted, return-orientated shareholder-corporate world.

It's great to see postal operators, ports, city services, and other public and private logistics providers take on the roles of early adopters in their communities. In the purely private sector, it is the large companies with vision for the future that have stepped up. In the past, I've mentioned some of these logistics leaders. In my annual roundup and predictions from 2023 (<https://events.logisym.org/the-green-corridor-predictions-are-in-the-green/>), you can read about some of the actions and initiatives in the various sectors. Major competitors, like the various ocean alliances, are actually working together to raise the bar for lower emissions.

If you are working in the position of an early adopter, then your experiences and management of how to best use the clean transport

systems of the future are very valuable for others. Here again, leaders have stepped up. I've seen articles where trucking firms provide others in the industry tips on how best to manage EV charging and scheduling. I've seen studies published by Mistui OSK Lines on how wind power reduces emissions. Sharing like this is always beneficial. It helps bring the costs of operations down further. It also gives other leaders in the industry substantial reasons to invest in new technology.

What if you are not an early adopter?

Other logistics companies that have to compete for low margins in a crowded, competitive service environment may not have the same competitive room or access to capital as others in our industry, but we can have the will for change. Keeping an eye out for the opportunity to support low-emission logistical solutions is one thing that we can all do. Additionally, pressing for industry-wide regulation to lower total emissions will allow more incentive for industry-wide adoption, which keeps competition equal for all at the same time.

A logistics professional who incrementally lowers emissions is a leader. Even if the impacts are not dramatic, working with colleagues to lower emissions fosters the attitudes needed so that when there is an opportunity to make larger emission reductions, the organisation on the whole will support a transition.

So just to conclude, leadership is there for our industry to press forward. Great minds are inventing and producing the transport systems we need for green logistics. We have early-adopter logistics organisations using the technology and sharing their insights for more efficient use. And for non-early adopters, there are still vital needs for leadership to move our industry into a green logistics future. So stay inspired to lead! And if you have time to share, then share with me some of the work your organisation is doing to reduce emissions. I'd love to learn more.



Timothy Foote

Director Transportation and Network APAC at Asendia and Founder of Susymbio

Tim has worked in management positions at multiple MNCs for more than 25 years, gaining expansive expertise in logistical operations. Tim continues to craft delivery solutions for many e-commerce clients at Asendia. Once a regional Head of Go Green at DHL eCommerce, Tim now works for customers to decarbonize their logistics by managing Asendia's 100% carbon-neutral network.

To further promote a net zero future for the logistics industry, Tim created MOVE GREEN. This is a movement committed to greening the logistics industry during this time of transformation. Please join the companies making a pledge to become net zero by going to Susymbio.com for more details.

4 key things for SMEs to align to create sustainable business growth through automation—Kardex-assembled CeMAT Australia 2024 panel

By Kardex

Small and medium-sized enterprises (SMEs) should align the business, technical, operational, and commercial aspects of their organisations to create a clear case for automation and generate business growth, according to a panel of industry experts assembled by global intralogistics solutions specialist Kardex at CeMAT Australia 2024.

Melbourne, August 5, 2024
Is automation the key to mastering business growth for SMEs? This was the question asked during a round table event organised by global intelligent automation specialist partner Kardex at CeMAT Australia 2024 on July 25. Leading logistics consultants Francis Meier, Executive Director of Trios Consulting (with more than 40 years' experience in the intralogistics industry), and Arthur Dardoumbas, Executive Director of ThreeSixty Supply Chain Group (with more than

25 years' industry experience), discussed the steps growing SMEs need to take when considering automation solutions.

Speaking with Grant Smith, Director of Business Development AutoStore at ANZ Kardex, Arthur advocated getting the balance right across four key aspects of their operations—business, technical, operational, and commercial—to help companies “make the right decision” when it comes to automation.

In turn, Francis emphasised the importance of SMEs fully understanding their own organisation and having a clear picture of where they are and where they need to go before starting their automation journey. “The right level of automation is driven by your data, what you want to achieve, and what your growth rate is going to be,” he explained.

Property, labour shortages, and safety were identified by Francis and Arthur as the key drivers for businesses choosing automation, with the latter pointing out that in some areas of Australia, costs have doubled in the past five years. “One of the key drivers to reducing footprints is automation,” he added. With fewer people choosing logistics as a career path, in part because of safety concerns, Francis explained that automation provides a means to make careers safer and more attractive to new recruits, in addition to enhancing efficiency and reducing headcount.

Finding the right level of automation for each SME

Arthur and Francis explained that SMEs do not have to automate everything and can instead find the “right level of automation for the business,” with automation evolving to become increasingly

adaptable and solutions more standardised for easier integration both with one another and with manual operations, reducing lead and ramp-up times.

According to both experts, it is important to explore all options with respect to business objectives, growth projections, and return on investment over time in order to reach the correct decision about whether and what to automate, as "automation may not be for everyone." However, it can offer huge benefits when implemented appropriately, with the right planning and dedicated resources allocated to it, in the form of project management, training, change management, and preparation for the transition.

Douglas Pharmaceuticals uses automation to supercharge fulfilment.

A video case study presented during the round table event showed one company ideally placed to benefit from automation. New Zealand pharmaceutical company Douglas, which exports to over 50 countries and sells its products through various channels (distribution partners, pharmacies, and direct to consumers online), has chosen the AutoStore™ systems empowered by Kardex. Douglas Group General Manager of the Consumer Business, Katherine Douglas, emphasised the company needed a solution that could handle increased sales and orders, ranging from large pallets to single SKUs. This new setup is

designed to support growth and enhance operational efficiency, particularly in handling increased sales and complex order fulfilment.

Ryan Gibbs, Douglas Pharmaceuticals Warehouse Operations Manager, said the two key challenges the company was facing were "space and efficiency." Douglas had looked at options ranging from extending its warehouse to using a third-party company, finally choosing Kardex for their AutoStore implementation to deliver increased capacity and throughput.

"One of the greatest things about automation is the scalability that it provides," Mr. Gibbs noted, adding, "When starting your automation journey, it's really important to understand your data and understand your business. It's a great opportunity to evaluate your processes and really understand where the growth is taking you."

Commenting on the success of the round table event at CeMAT Australia 2024, Grant Smith, ANZ Kardex Director of Business Development AutoStore, concluded, "The lively and engaging round table discussion highlighted how SMEs can prepare for and successfully integrate automation into their operations through careful planning and a deep understanding of their strategic business needs.

"Kardex FulfillX Software (an innovative warehouse execution system designed specifically for AutoStore

empowered by Kardex systems) and the Intuitive Picking Assistant (IPA), a user-friendly picking display responding to movements and enabling ergonomic, fast, and error-free picking, were on display at CeMAT Australia, demonstrating how they deliver increased capacity, higher efficiency, scalability, safer working, and enhanced accuracy to businesses of all sizes. For companies looking for the best ways to manage their business growth, automation can provide the answer, and SMEs can follow the steps outlined to create a strong roadmap to success."

kardex

Kardex is a prominent provider of intralogistics solutions, specializing in automated storage, retrieval, and material handling systems. Kardex operates three manufacturing facilities and maintains global partnerships with industry leaders such as AutoStore, Rocket Solution, Robomotive, and Sumobox. The company employs over 2,500 individuals across 30 countries and has successfully installed over 140,000 solutions worldwide.

Kardex Holding AG has been listed on the SIX Swiss Exchange since 1989



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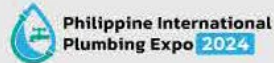
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