
25th Annual

SA Transport Conference

Session 3B: Rail and Transport Logistics

South African Logistics Industry Update

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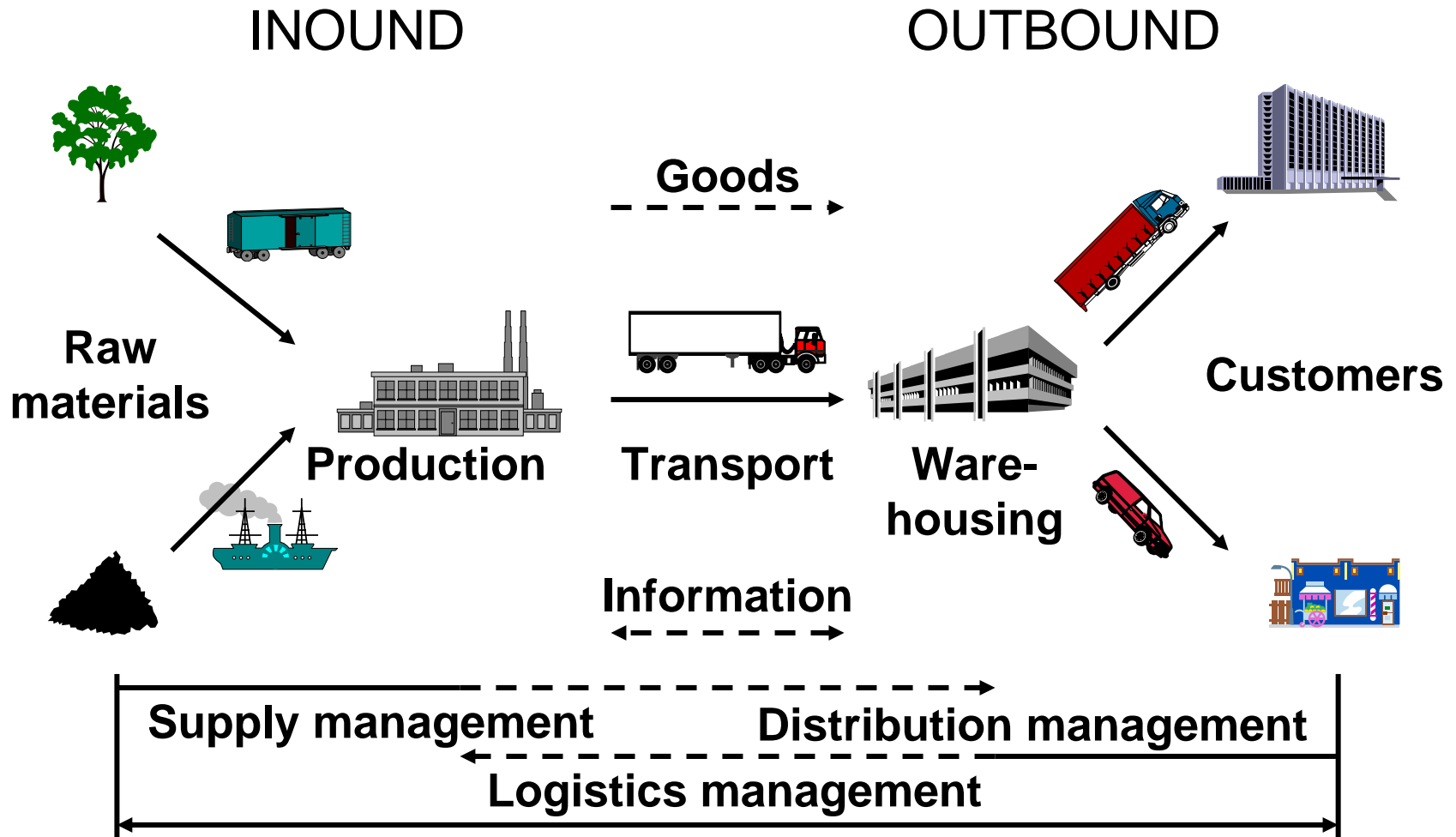
Supply Chain Advantage (Pty) Ltd

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1.1 Logistics and Supply Chain Management



1.2 Logistics

Logistics Management

“Logistics Management is that part of Supply Chain Management that plans, implements, and controls the efficient, effective flow forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers’ requirements.”

Boundaries & Relationships

“Logistics Management activities typically include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply/demand planning, and management of third-party logistics service providers. To varying degrees, the logistics function also includes sourcing and procurement, production planning and scheduling, packaging and assembly, and customer service. It is involved in all levels of planning and execution – strategic, operational and tactical. Logistics Management is an integrating function, which coordinates and optimizes all logistics activities, as well as integrates logistics activities with other functions, including marketing, sales, manufacturing, finance and information technology.”

CSCMP 2005

1.3 Supply Chain Management

Supply Chain Management

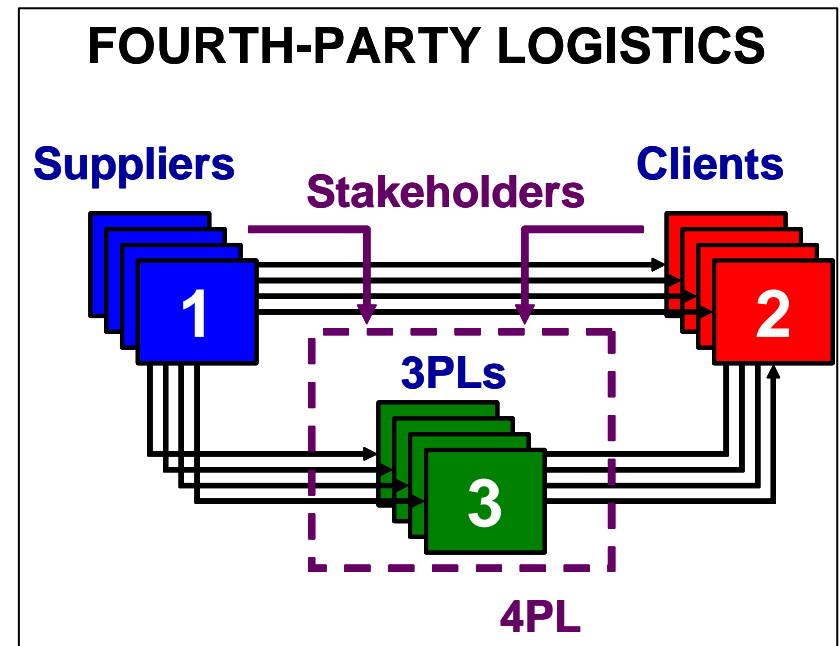
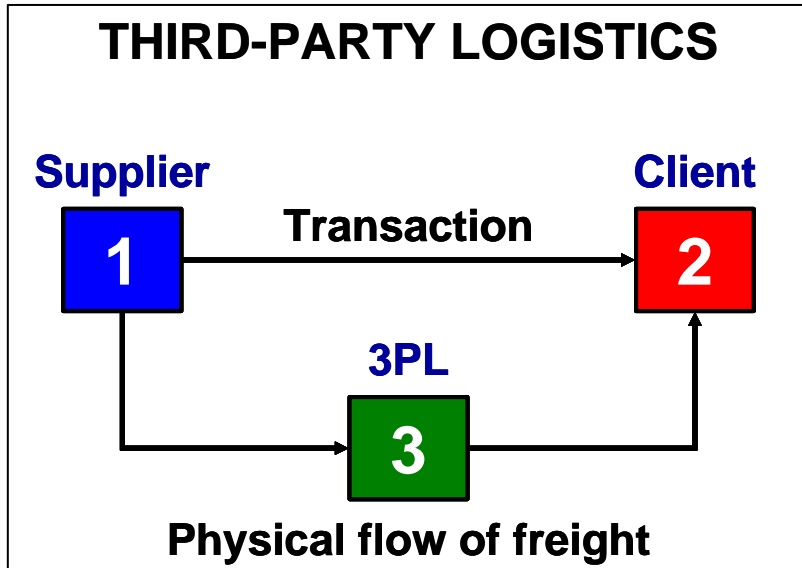
“Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies.”

Boundaries & Relationships

“Supply Chain Management is an integrating function with primary responsibility for linking major business functions and business processes within and across companies into a cohesive and high-performing business model. It includes all of the Logistics Management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with and across marketing, sales, product design, finance and information technology.”

CSCMP 2005

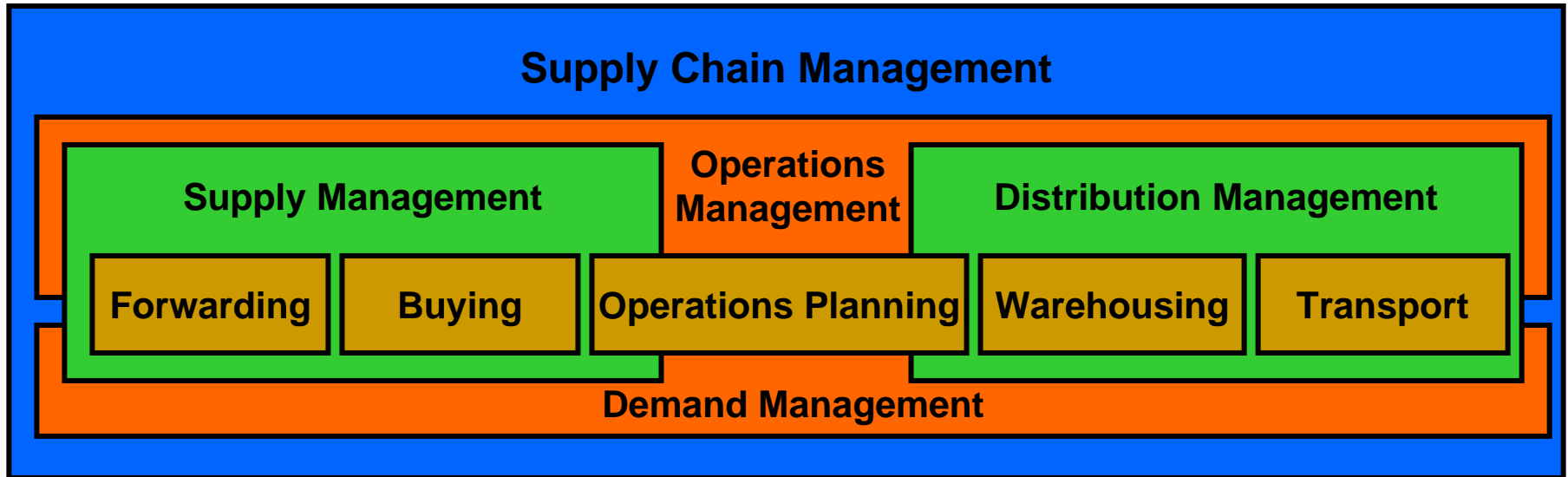
1.4 Outsourcing



2.1 Vocational Societies

- CILTSA: Chartered Institute of Logistics and Transport SA www.ciltsa.org.za
- CGCSA: Consumer Goods Council SA www.cgcsa.co.za
- CSCMP: Council of Supply Chain Management Professionals www.cscmp.org
- IPSA: Institute of Purchasing and Supply SA www.ipsa.co.za
- RFA: Road Freight Association www.rfa.co.za
- SAAFF: SA Association of Freight Forwarders www.saff.org.za
- SAEPA: SA Express Parcel Association www.saepa.org.za
- SAIIE: SA Institute of Industrial Engineering www.saiie.co.za
- SAPICS: SA Production and Inventory Control Society www.sapics.org.za

2.2 FSCMA Framework



SAAFF

IPSA

SAPICS

CSCMP

SAEPA

CILTSA

3. Education and Training

- Nelson Mandela Metropolitan University
 - Department of Business Management
- Tshwane University of Technology
 - Department of Logistics
- UNISA
 - Department of Transport Economics & Logistics
- University of Johannesburg
 - Department of Transport & Supply Chain Management
- University of Pretoria
 - Department of Business Management
- University of Stellenbosch
 - Department of Logistics

4. Local Publications

- Bulk Handling Today www.promech.co.za
- FleetWatch www.fleetwatch.co.za
- Focus on Transport and Logistics www.rfa.co.za
- Freight & Trading Weekly www.nowmedia.co.za
- Logistics News www.logisticsnews.co.za
- Supply Chain Today www.promech.co.za
- Transport World Africa www.media3s.co.za

Internet-based Information Service:

- SupplyChainInfo: info@supplychaininfo.co.za

5. Logistics Surveys

- UP & Andersen Consulting - 1994:
Logistics Excellence in South Africa
- Barloworld Logistics: "*supplychainforesight*"
 - 2003/4
 - 2005
 - 2006
- CSIR: *Annual State of Logistics Survey*
 - 2004
 - 2005

5.1 *Logistics Excellence in South Africa - 1994*

- A great deal of scope for improvement in logistics
- Political change will redefine distribution networks
- Logistics is gradually emerging as a formal function
- Limited integration amongst logistics partners
- Information systems are seen to be the key facilitator of cross functional integration
- Limited usage of shared logistics resources
- Attention to logistics skill training to play a key role
- Fostering long term relationships with customers a priority
- Number of major suppliers utilised is decreasing
- Outsourcing transportation: A fast growing trend

5.2 *"supplychainforesight" - 2006*

- The challenge of globalisation
 - 90% of respondents claimed to be affected
- Efficiency versus effectiveness - again
 - Objectives to increase service levels and improve collaboration
- Going nowhere fast on cost reduction
 - SA's supply chains are too expensive, asset-heavy, let down by 3PLs and still not being effectively measured
- The struggle for flexible, agile and responsive organisations
 - Capacity for flexibility and agility becoming more important
- Getting on top of benchmarking and measurement
 - Lack of consistent and available information about the full cost
- The skills time-bomb
 - Skills and capabilities still rates as one of the top challenges

5.3 *Annual State of Logistics Survey - 2005*

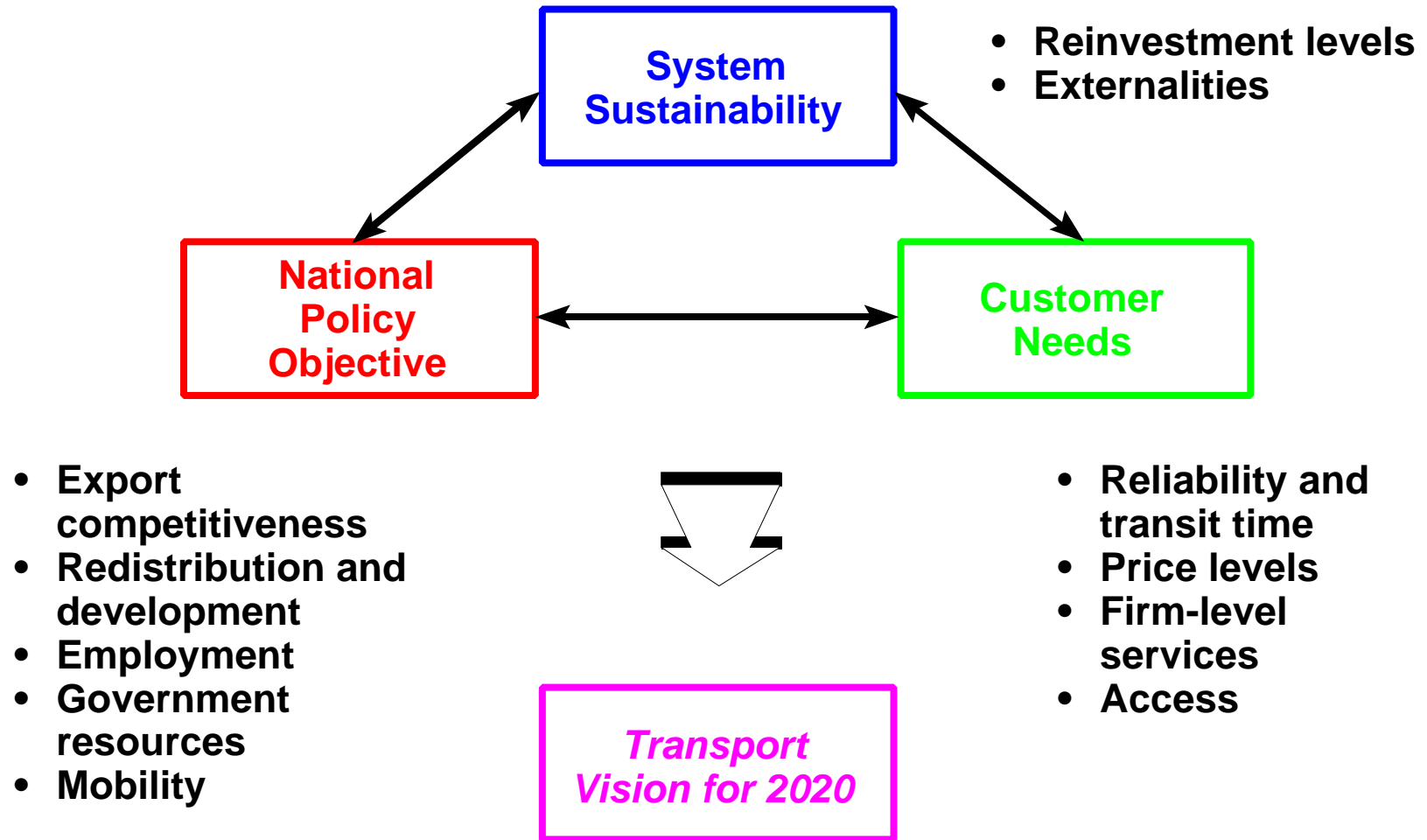
- Global context - case for developmental logistics
- Macro-economic perspective
 - Overall logistics costs remained at 15.2% of the GDP
- Industry innovation
- Government service delivery
- Small business development
- Research priorities
 - Structural inefficiencies in the logistics system
 - Logistics modelling with both a macro-economic and industry focus
 - Strategies for improved supply chain efficiency
 - Strategies for reducing the logistics divide
 - Logistics for improved government service delivery

6. National Initiatives

- Moving South Africa (1999)
- National Freight Logistics Strategy (2005)

6.1 Moving South Africa - 1999

Foundations of the Transport System

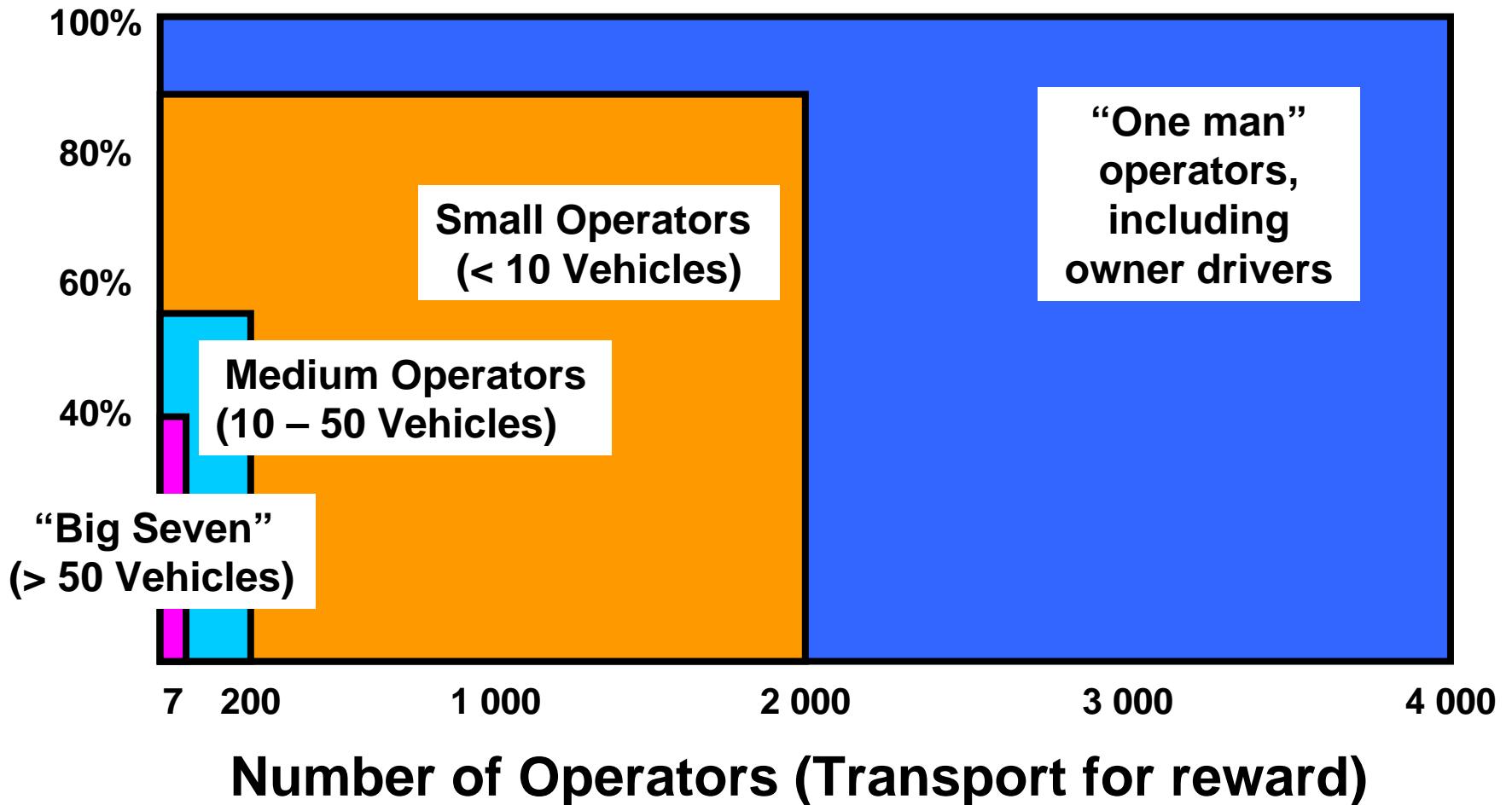


6.2.1 National Freight Logistics Strategy - 2005

Scope

- Modes
 - Rail
 - Road
 - Aviation
 - Pipelines
- Nodes
 - Intermodal Interfaces
 - Border Posts
 - Maritime
 - Consolidation and Deconsolidation Facilities
- Corridors

6.2.2 National Freight Logistics Strategy - 2005 Road Freight Sector



6.2.3 National Freight Logistics Strategy - 2005 Strategy Implementation

- Governance and Management
- Regulatory and Institutional Reform
- Convergence with the Transnet Strategy
- Integrated Planning, Information Collection and Forecasting
- Specific Interventions
 - Linking the First and Second Economy and Assisting BEE and SMMEs
 - Skills Development
 - Corridor Interventions and Management

7. Logistics Awards

Annual Logistics Achiever Awards (2005)

- **Bronze Award** for recognising logistics achievement:
 - AIDC Technical Action Group
 - e-Logics / Earlybird Farm
 - Imperial Cargo / Aberdare Cables
 - Oxfam GB
 - Schenker SA (Port Elizabeth)
- **Silver Award** for excellence in logistics:
 - Anglogold / Ashanti
 - Barloworld Logistics / Pep / Ackermans
 - OPSI Systems / Unitrans / NPC
 - UTi SA / Sun Couriers
 - Volition / McCain Foods
- **Gold Award** for excellence in logistics:
 - International Healthcare Distributors
 - SAD, SACD Freight, Macdonalds Transport & ILS
 - Schenker SA / Bosch
 - Schenker SA / Kodak
- **Platinum Award** for excellence in logistics:
 - Buhle Betfu / Cargo Carriers
 - Cape Epic / Imperial Logistics
 - Kintetsu World Express
 - Shoprite Checkers / ILS

8. Conclusions

- Lack of skilled resources (Time-bomb)
- Lack of understanding logistics & supply chain management
- Insufficient performance measurement
- Reluctant collaboration, integration and co-operation
- Poor 3PL service delivery
- High costs of local supply chains
- Highly neglected or insufficient infrastructure (eg Corridors)
- Globalisation a serious threat (*The World is Flat* - Friedman)
- Success stories in Logistics Achiever Awards
- Logistics is alive and well in South Africa!

Thank You!

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