

Costs, Uncertainty and Sustainability Top Logistics Executive Agenda, Gene Tyndall Says

Many Factors Causing Some Companies to Rethink Existing Supply Chain Paradigms and Strategies

SCDigest Editorial Staff

These are challenging times for supply chain and logistics executives, as spiking transportation and logistics costs are occurring even as a slow economy is hitting the top and bottom lines of many companies, causing rising logistics spend to feel like the double the usual pain.

It's no surprise then that cost management is at the top of the priority list for most executives, according to **Gene Tyndall**, SCDigest Contributing Editor. Tyndall made his comments during our most recent broadcast in SCDigest's [Supply Chain Planet](#) video series.

"We can't get away from that [cost focus], especially in this economy," Tyndall said. "It's the total cost of logistics, not just the warehouse or a lane, but total cost."

Number 2 on Tyndall's list is the management of uncertainty, especially with regard to maintaining delivery continuity, while number 3 is making logistics more "green."

Razat Gaurav, Vice President at i2, agrees with Tyndall.

"Gene absolutely has the top three in terms of what we get exposed to," Gaurav said.

So what are companies doing to achieve those strategic priorities? Gaurav sees the following tactics:

1. Striking the right balance between centralization and decentralization of the logistics/transportation function: "You do need to take advantage of the economies of scale and densities within your own network," Gaurav said, as well as then looking for

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2. Getting more strategic with Logistics Service Providers (LSPs): "This is a trend that has been developing over the past several years," Gaurav said. He added that "best-in-class" companies are treating LSPs as extensions of their own organizations, not with the quasi-"adversarial" relationships that often existed in the past and can still be found in some companies today.

3. Raising the strategic profile of transportation and logistics: In the past, many companies treated logistics as a lower level, execution-focused activity, Gaurav said. That has changed for many companies. "The companies that are doing really well as those that have recognized the competitive advantage they can gain from logistics," Gaurav noted. "They are trying to bring a lot more intelligence into logistics, rather than operating as just an execution function."

SCDigest editor Dan Gilmore noted that we really seem to be in a "Supply Chain Perfect Storm," well beyond the so-called transportation Perfect Storm

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of 2005, combining high fuel costs with soaring commodity prices, global logistics complexity, and other factors.

"This whole complexity thing is what has changed logistics in terms of going global," Tyndall said. "But the leading companies that have invested in the tools, the knowledge and the talent, they are getting at this complexity a lot better."

Gauraz agreed these are very challenging times, and said it is causing many companies to re-think current paradigms and strategies, such as "near-shoring" versus offshoring.

"Clearly there is some change in thinking going on," Gaurav said.



Gene Tyndall