

SUPPLY CHAIN MANAGEMENT REVIEW®

Executive Guide to Supply Chain Resources

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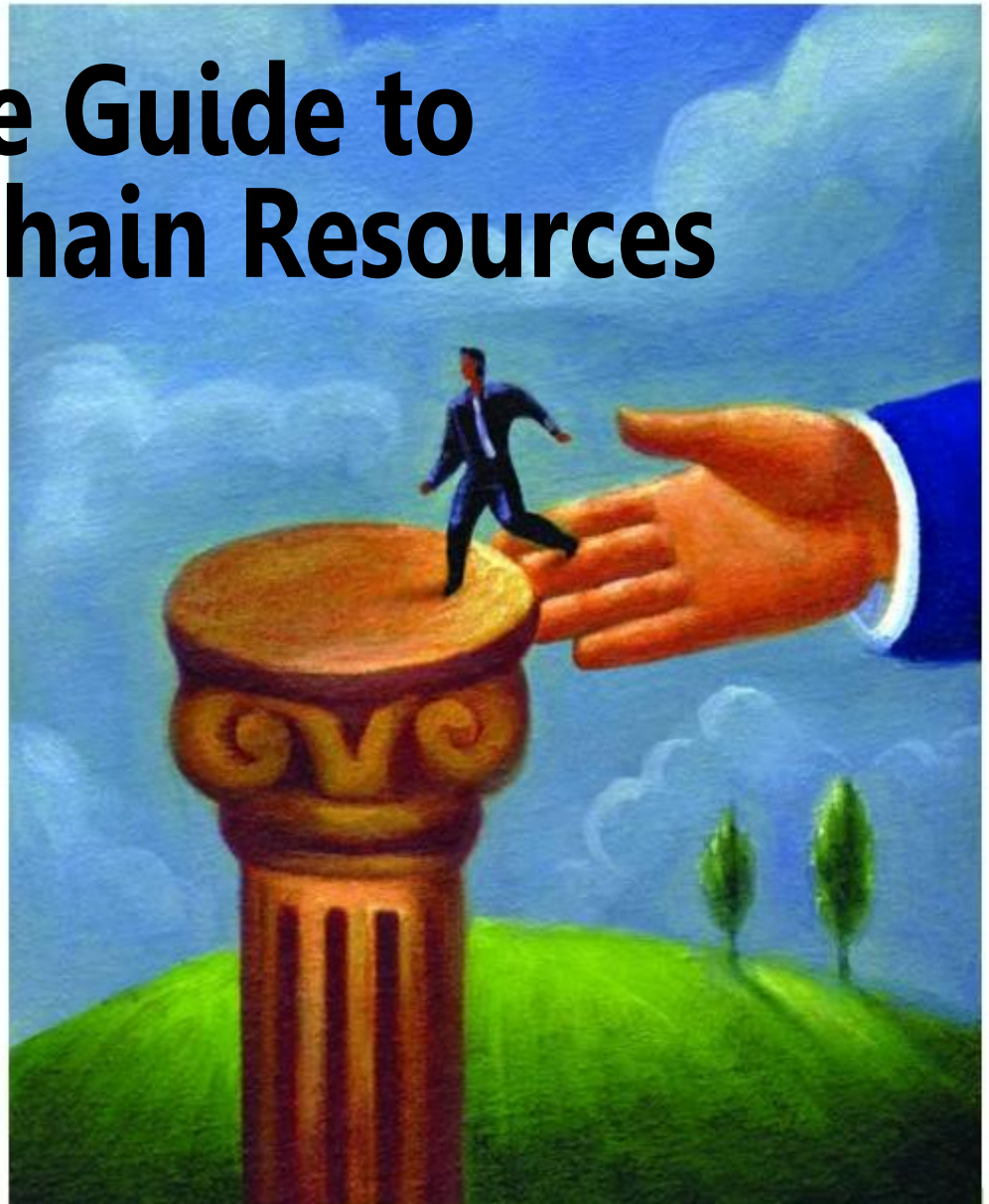
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Four Trends Shaping the
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By Bridget McCrea



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**Best Practices in
Supply Chain Productivity**

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Supply chain best practices: Boost productivity and cut costs

Top analysts share how today's leading logistics and supply chain professionals are leveraging evolving best practices and technologies in an effort to reduce costs, boost productivity, and make a positive impact on overall business strategy.

BY BRIDGET MCCREA,
CONTRIBUTING EDITOR

Boosting productivity and cutting costs are top priorities for most logistics and supply chain managers around the globe. *Logistics Management* and *Supply Chain Management Review* have assembled an impressive team of analysts and practitioners to expound on the best ways to achieve these goals in the virtual conference titled *Supply Chain Best Practices: Boost Productivity and Cut Costs* that is now available to attend on-demand.

At the event, Group Editorial Director Michael Levans and *Supply Chain Management Review* Editorial Director Frank Quinn, along with a team of hand-picked presenters, share how today's leading supply chain professionals are leveraging evolving best practices and technologies in an effort to reduce costs, boost productivity, and make a positive impact on overall business strategy.

The event's Keynote presentation focuses on the impact that energy trends are having on present and future supply chains. Hot topics covered in the Conference Sessions include practical steps for cutting costs and controlling transportation spend; tips for optimizing distribution networks; how to lower costs, generate cash, and improve inventory management; and top ways to enhance labor management.

Attendees will learn how to maximize their end-to-end supply chains and develop productive, efficient companies that grow and thrive in both good times and in challenging economic environments. Here's an overview of what you'll learn.

Special Report

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KEYNOTE:

How Energy Trends Impact the Supply Chain

Kicking off this year's virtual event is a keynote from economist and popular *Logistics Management* Oil & Fuel columnist Derik Andreoli, Ph.D.c. In his keynote address, Andreoli offers his insights and helps attendees better grasp how trends in oil and energy costs will affect transportation rates as well as the future of global supply chain initiatives.

A senior analyst with Mercator International, LLC, Andreoli launches his keynote by showing attendees a graph highlighting on-highway diesel fuel cost in constant and nominal dollars and crude oil WTI spot price cost in constant and nominal dollars. "The problem with trying to predict prices is that you need insight into oil and fuel cost/demand," Andreoli explains, "as well as being able to predict such things as the value of the dollar, the weather and geopolitical events."

Andreoli also presents various scenarios built around the relationship of world GDP to global energy consumption and oil consumption, stating that "oil consumption is driven by GDP growth, and rapid upward price swings are driven by low spare oil production capacity or a rapid decline in spare capacity." He shows

the audience what refiners pay for oil and explains the concept of "spare capacity"—defined as the oil that can be purchased with very little advance notice.

"We have billions of barrels of oil in reserves, but reserves don't matter as much as production does," says Andreoli. "In order to determine spare capacity one needs to know production capacity and demand. So spare capacity is simply the cushion left over after consumption takes place."

Having studied the data and trends in-depth, Andreoli says that his team has come to the conclusion that "spare capacity will most likely be pinched by 2012, unless there's an ideal scenario where we have low GDP growth across the world, paired with higher than expected oil production capacity."

To supply chain managers looking to ward off the challenges associated with that anticipated capacity "pinch," Andreoli says now is the time to start thinking about the location of production facilities. "Get them close to the market," he suggests, "and save money by using some of today's technologies that can help monitor your fuel spending."

Warehouse & DC Management:

Tips for Optimizing the Distribution Network

It doesn't matter how many production plants or distribution facilities are in a shipper's network, the process of network optimization is a critically important one that can generate significant value. From improved customer service levels to reduced logistics expenses to minimized inventory assets, the list of benefits goes on.

The problem is that distribution networks change for a variety of reasons over time. Company growth, new customer service demands, mergers and acquisitions, regional market expansion, supplier network changes, and labor strategy can all inhibit a firm's ability to optimize its distribution network. External factors such as energy cost volatility or economic uncertainty also come into play and can negatively affect supply chains.

In this session, Marc Wulfraat, president of supply chain consulting firm MWPVL International, gives attendees advice on how to think through the process of distribution network strategy redesign. He opens the session by defining distribution network strategy as "the way in which we move goods to market and impact all supply chain participants."

Regardless of company size or industry, Wulfraat says that every company participating in the global supply chain has some form of distribution strategy. He discusses distribution network optimization, which he calls "a balancing act between operating expenses and working capital versus service level."

To shippers looking to optimize their own distribution network, Wulfraat says the key to success lies in knowing your demand volumes at a detailed customer level using data aggregation; knowing your supply points; knowing your products and inventory assets; and knowing your money.

Looking ahead, Wulfraat says transportation costs will rise significantly, causing distribution networks to gradually expand closer to market to reduce miles. "Over the road transportation costs are expected to rise by 10 percent to 15 percent in the next couple of years, and there is an expected shortage of about 300,000 drivers," he explains, adding that distribution network optimization will give shippers the best foundation for combating these looming challenges. "It's really the biggest thing you can do to change and improve your company."