

The need for co-operation when things heat up

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There is no doubt the last 12 months has made its impact on all parts of the supply chain. From manufacturing inputs to retail distribution, the pressure on all sectors relating to logistics management has been amplified by unique issues created by the Covid -19 pandemic. While most of us lived through the daily challenges, and managed the various disruptors that have been created through overheated supply chains, the events of the last 12 months have highlighted the benefits of the need for active co-operation between suppliers and customers to achieve mutually beneficial outcomes.

There will be plenty of analysis of the effects of the pandemic on a globalised freight market, but it is worth highlighting any solution prepared during a time of crisis will inevitably contain areas of compromise and dispute. Those involved with line haul operations, information management or resource management have historically been focused on individual contributions into the cost profile of value chains. The challenges experienced during the Covid-19 challenge have highlighted the need for closer co-operation between all stakeholders, and has provided a map for handling the road ahead.

Active co-operation, defined as an awareness of the issues surrounding partner's situations and the creation of best fit solutions for all parties, offers an alternative to the historical models that dominated the logistics landscape pre-pandemic. Solutions are usually driven by immediate emerging issues, such as transit time management or maximisation of asset utilisation, and they have the ability to lead to the creation of higher robusticity across stakeholders, operations.

How organisations rise to meet these challenges will be a key factor to sustainability. Organisational structures that focus on adaptive, partner-focused methods will be well placed to survive the current Covid-19 challenges, as well as be well prepared to face the next great challenge of the greening of value chains – the environment.

The fundamental need for change in the treatment of the environment as laid out over the past few years not only rests on retailers and manufacturers, but also with the global commercial lifeblood of logistic operations. Decarbonisation of freight miles and reduction of cargo handling waste will rise further within the logistic user's decision making process. To achieving the 2030 and 2050 targets as set out through the various COP forums, collaborative efforts across all parties will need to heighten through the setting of clear processes and measurable outcomes. Reliance on one or two participants within the chain to deliver an overall result will place unsustainable burdens (in cost and performance) on some organisations, creating weak points in the chain.

Further to decarbonisation, another hot issue is directly related to the sustainability of local communities, habitats and biodiversity. This is the increasing significant role sustainable (Green) financing is having on all economic sectors.

Governmental directives can serve to offer a macro position in regard to sustainable practices, however the delivery of transactional benefits is likely to be driven through individual financing arrangements. Sustainable financing will place demands on all sectors of the value chain to structure operations that support and maintain healthy

environment and local communities by linking the availability of monetary resources to specific outcomes. As logistic players are enablers of commercial activity, there will be a need to rely on active co-operation between all partners within the supply chain to achieve the targets attached to financial support. Confrontational operational models have a tendency to lead to a deterioration in performance by “blame shifting “. All links within the chain rely on up and down stream support, with co-operative programs being at the heart of allowing all participants to satisfy the targets placed by sustainable financing.

Active co-operation as an enabler of mutual beneficial outcomes will impact the overall financial health of an organisation within the value chain. It can serve to identify cost, waste and process efficiency gains, creating a positive result for all parties concerned. ▲