

THINKING OUTSIDE THE BOX



QUESTION: How can companies in the logistics industry minimise the impact of the global economic situation?

THE CREDIT CRUNCH

Although the global economy is currently facing a slowdown, companies have been presented with a unique opportunity to look at their operations and obtain a better understanding of their business. This applies to the Middle East too and while organisations have traditionally operated in a prosperous working environment here, the global recession has created a range of new challenges and opportunities. The victorious companies are those who understand the need of the hour and are willing to adapt to the present situation. It's time, therefore, to get creative and think outside of the box when it comes to issues such as cost, efficiency and productivity.

TAKING PROACTIVE MEASURES

Pick up a newspaper at the moment and you're bound to read about a company being restructured to cope with a market downturn, even the largest brands in the world are not immune. There is a valid reason for this trend and we suggest it's something that our clients consider sooner rather than later. Hanging on to the non-economic parts of your business will place a strain on the profitable parts, thereby diminishing its rebound potential. For example, how about changing your procurement patterns from ordering in bulk to just-in-time shipments? This will allow your company to avoid blocking funds and unnecessary waiting periods to find a buyer, leading to better utilisation of warehouse space and manpower to handle those products. At the end of the day, the reorganisation of supply chain operations can help to reduce business costs, improve efficiency and delivery better results to customers.

ADDING THE HUMAN TOUCH

Gone are the days when senior management was making all the decisions and lower-level staff was relegated for the final deployment. Companies in the Middle East logistics industry are finally starting to engage their human resources to discuss all areas of business, not only the day-to-day operations but long-term strategic plans too. Always remember that if the thinking process involves more than a handful of minds, then a stronger range of ideas will probably be produced as a result. And who better than the staff that are engaged in the day-to-day activities of the company? Value your human capital and understand that human resources are the most valuable asset during good times and bad.

MAKING A WISE INVESTMENT IN TRAINING AND DEVELOPMENT

Training can make the critical difference in reducing employee turnover, improving productivity and achieving greater customer satisfaction, while empowering your employees to do their jobs more effectively. That's why customers use the services of logistics consultancy companies such as ours to conduct training programmes in supply chain management and other areas across the shop floor, as well as junior and senior management positions. Examples of training programmes conducted by Xvise are safe warehousing practices, dealing with change management, HACCP and ISO implementation, just to name a few. Organisations typically complain of not having the budget or don't understand the importance of training and we at Xvise believe the return on investment really makes this worthwhile.

REMEMBERING YOUR ALLIANCES

Support long-term partners like critical suppliers, distributors and customers who do not have the financial strength to withstand a major credit squeeze alone. If they go down, the ability of the full value chain to rebound may be severely compromised. To reduce this risk, some manufacturers have decided to offer special support to keep the weak suppliers afloat until business rebounds.

GETTING THE MOST OUT OF YOUR TECHNOLOGY SYSTEMS

There are many companies that underutilise the enormous potential of their IT systems and this is something that needs to be addressed. If you lack the relevant skills inhouse, why not engage the services of a consultancy company like Xvise, especially with new systems being introduced in the Middle East logistics industry on a regular basis? ■



□ This month's ask the expert column was written by Atif Rehman, logistics consultant at the Xvise Innovative Logistics regional office in Dubai.