

CILT GHANA



Presentation from Chartered Institute of
Logistics and Transport, Ghana



The Chartered
Institute of Logistics
and Transport

Developing the Logistics and Supply Chain Sector, capitalizing opportunities for Trade facilitation

**By S.A. Etsibah Msc, CMILT, Vice President Logistics,
CILT GHANA (Nov 2018)**



The Chartered
Institute of Logistics
and Transport

www.ciltgh.org

Developing the Logistics and Supply Chain Sector, capitalizing opportunities for trade facilitation

Outline

- **The Role of logistics and Supply Chain to the Economy**
- Trade facilitation and its goals
- Where and how Logistics and Supply Chain fits ?
- Role of Supply Chain in Trade facilitation
- Key issues with Logistics and supply chain.
- Developing the Supply Chain and Logistics sector
- The future
- **Impact of transport & logistics operation.**
- Summary



The Role of logistics and Supply Chain in the Economy

- Logistics & Supply Chain plays an important role and contributes to a nation's GDP
- It plays a key role in the Economy
- How ? In two ways
 - **Firstly** – Major Expenditure for businesses are directly affected and being influenced by Logistics and supply chain and other economic activities. In the US logistics and SC contribute over 10% of GDP.(over \$ 600 billion)
 - Also . It is estimated that the UK Logistics & Posts Sector is worth 55 billion to the economy and comprises 5% of the UK GDP. The industry also employs 1.7m people.
 - In fact, [according to the FTA](#) (Freight Transport Association), in 2014, 139 billion tonne km of goods were moved.



The Role of logistics and Supply Chain to the Economy

- Similar successful stories of Logistics and Supply chain can be said about Ghana and many other countries.



- **Secondary** Logistics & SC supports the purchase, storage, movement of goods, services and flow of many economic activities and transactions.
- **SC and Logistics adds value by creating**
 - **Time Utility** (Value added by having an item when it is needed).
 - **Place Utility**(The value of having an item or service available **where** it is needed.)



Why Trade Facilitation?

- Demand for Logistics & Supply Chain services is directly dependent on trade.(Domestic and International)
- Trade facilitation has emerged as a key factor for international trade efficiency and the economic development of countries.
- This is due to its impact on competitiveness and market integration and its increasing importance in attracting direct foreign investments.
- Over the last decade, it has gained prominence in the international political agenda which has culminated in the conclusion of the Agreement on Trade Facilitation at the WTO as well as of wide international technical assistance programs for developing and transition economies.



What is trade facilitation?

- For UNECE and its UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT), trade facilitation is “**the simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment**” (*Source: Trade facilitation and Implementation Guide, UNECE*).
- Such a definition implies not only the importance of **physical movement of goods** in a supply chain, but also the associated **income generation and information flows**.
- It also encompasses **all stakeholders/ governmental agencies** that intervene in the transit of goods, and the various **commercial entities that conduct business and move the goods**. (*Source: Trade facilitation and Implementation Guide, UNECE*)



Where and how does Logistics fit ?

Logistics : “The process of planning, implementing and controlling the efficient, effective flow and storage of goods and services and related information from point of origin to point of consumption for the purpose of conforming to customers requirements.”

Trade facilitation goals harmonizes with logistics in many ways.

To help make trade across borders (imports and exports) How?

Movement/Handling/Storage/Distribution/ Information flow from origin to destination.



Where and How does Supply Chain fit

Supply Chain: The American Production and Inventory Control Society (APICS) dictionary describes the supply chain as:

“the processes from the initial raw materials to the ultimate consumption of the finished product linking across supplier-user companies.”

Mangan, J., et al (2012) quotes an original definition offered by Christopher, M., (1992) “the supply chain is a network of organizations that are involved through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate customer”.



Where and How does Supply Chain fit.

Supply Chain:

Trade facilitation goals harmonizes with supply chain in many ways.

To help make trade across borders (imports and exports)

Movement/Handling/Storage/Distribution/ Information flow from origin to destination:

Making it faster, safer, cheaper, more predictable, whilst ensuring its security. Focusing on simplifying and harmonizing formalities, procedures, and the related exchange of information and documents between the various partners in the supply chain



Trade facilitation Goals

- The primary goal of trade facilitation is to help make trade across borders (imports and exports) **faster, safer, cheaper, more predictable, whilst ensuring its security.**
- In terms of focus, it is about **simplifying and harmonizing formalities, procedures, and the related exchange of information and documents** between the various partners in the supply chain.
- These goals can be only be met with **an effective and efficient logistics and Supply Chain Sector.**
- Unfortunately there are many issues!!!!



Key Issues in Logistics & Supply Chain (source: Invest in Africa 2018)

- **Demand and Supply Planning**

- ✓ Difficulty in forecasting demand, dealing with fluctuating costs and often depreciating currencies, results in a fragile domestic supply chain.

- **Logistics/Supply Chain Risks**

- ✓ Currency value fluctuations and losses, higher cost of transactions
- ✓ Damages in handling, storage and goods in transit as well as loss of key transaction information
- ✓ Ever evolving risks ranging from accidents, conflicts to terrorism lead to major disruptions in the supply chain where risk in one area can easily affect the whole supply chain

- **Effective tracking of cargo and equipment**

- ✓ Challenges with Physical (Real Time) Tracking of the movement of cargo.
- ✓ Cargo tracking note CTN seems to be generating a lot of controversy in our ports today. In Ghana the arrangement is for all importers of over 36TEUs or 19Feus to be registered with a CTN from POL to POD.



- **Status of territory & Poor Infrastructure**
 - ✓ Lack of infrastructure results in poorly connected markets.
- **Lack of equipment and relevant tools**
- **Long Lead Times / Dwell times in ports**
 - ✓ Landlocked countries are particularly impacted where the lead times are significantly longer.
 - ✓ Overcoming these challenges requires patience and a continuous improvement mindset.
 - ✓ Organizations need to be willing to invest in people and to take time to understand the market conditions at hand



- **Inventory / Capacity challenges on terminals and storage areas**
 - Mostly leading to congestion (Cargo beyond storage capacity)
 - Leading to under utilization of facilities (Cargo less than capacity)
 - The best capacity – EOQ's ,(Economic Ordering Quantities)
 - Stock level checks/Controls
 - Improvement in storage methods, i.e,
 - Use of Automatic Storage & Retrieval systems (AS/RS)
 - Use of Pallet Shuttle systems (For Effective Warehousing)
 - **Effective Utilization of space**
 - **Proper and safe utilization vertical heights**
 - **Application of technology and ICT**
 - **Encourage shorter dwell times at storage areas**



Developing the Supply Chain and Logistics Sector

❖ Recognize our size, scale and diversity

- Strengths and weakness (compliment)
- Competitive Advantage (Not comparative advantage)
- Advantages or Disadvantages, (Physical, Geographical, Technological etc)
- Opportunities or threats

❖ Infrastructure and Market Expansion

- Building a strong infrastructure
- Building lasting Synergies / Mergers and Acquisitions
- Partnerships and joint venture arrangements

❖ Transparent & Smooth flow of processes, systems, and ways of working.

- Bench marking and adapting best practices
- Removing bottlenecks / delays
- Adopting Lean system processes
- Elimination or reduction of waste
- Environmentally friendly



Developing the Supply Chain and Logistics Sector

- ❖ **Introduction of right equipment & advance technology**
 - Artificial intelligence, Drones, ICT, RFID's , Cloud base applications, etc.
- ❖ **Internal and External Collaboration**
 - Within an organization (locally)
 - With other companies (Internally)
 - With others regional entities and externally organizations(Internationally)
- ❖ **Design an effective supply chain network**
 - Linkages from origin to destination
 - Production- Manufacturing-Storage- Distribution- Consumption - Recycling
- ❖ **Innovation in product or service customization**
 - Creation of new products or services
 - Value addition
 - Customer focused Services

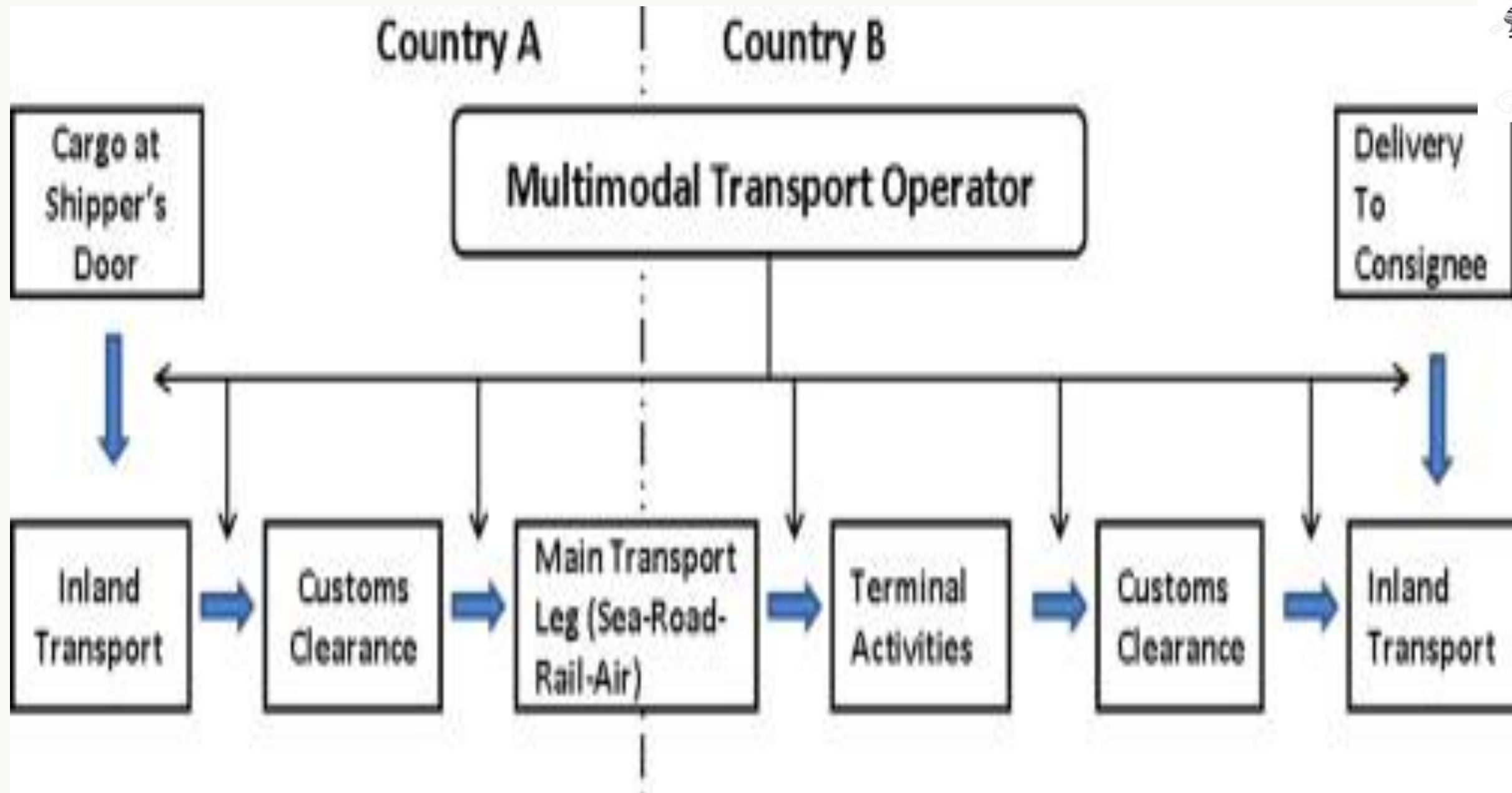


Developing the Supply Chain and Logistics Sector

- ❖ Employing and engaging the right Professionals
- ❖ Complimenting transport modes and not only competition
- ❖ **Develop Intermodal transportation:** The use of two or more similar transport modes operationally linked directly together. This is done in order that there is a smooth connection of services of operators with similar transport modes operating in a sequential manner from one leg to the other.
- ❖ **Develop Multimodal transportation:** The operation of two or more different modes of transport services operationally combined together as one system. It enables a single service operator to assume all responsibilities and coordinates a cordial business relationship between the various service operators in a cooperative manner from point of origin to destination



THE FUTURE



Let's adapt the 5 s approach in logistics and supply chain
Sort, **Straighten**, Shine, **Standardize**, Sustain



IMPACT OF TRANSPORT & LOGISTICS OPERATION

- Modal complementation (Multimodalism)
- In Ghana and many parts of the world there is **very little or no cooperation** and no transport mode **complementation**.
- Each mode **is competing within (intra modal competition) and Inter-modal competition** with others. In as much as competition enhances quality of services, we need complementation.
- There is the need for more cooperation in operation, **use of terminals and facilities, common sharing of space, travel /operational information and common tariff systems** along a route regardless of transport mode.



IMPACT ON TRANSPORT & LOGISTICS OPERATION

- Modal complementation (Multimodalism)



LivingTheGoodLifeNow



The Chartered
Institute of Logistics
and Transport

www.ciltgh.org

IMPACT ON TRANSPORT & LOGISTICS OPERATION

- Modal co-operation & complementation (Multimodalism) Why are the roads in most of industrial areas very bad?
- Reasons may include : Over dependence on the road by trucks and earth moving equipment.
- Carrying of heavy loads beyond axle load / Poor road designs, Ineffective load capacity restrictions.
- High frequency of trips from origin to destination only by road.
- Solution : Sharing trips and carriage of cargo along the same route (win – win) usage of an efficient Railway system , Inland water ways and the Sea to transport heavy cargo.



IN SUMMARY

- ✓ Logistics & Supply Chain is an important component of a nations GDP (In terms of expenditure and influence on other economic activities and supports the flow of many economic activities and adds value to these activities.
- ✓ Demand for Logistics & Supply Chain services is directly dependent on trade.(Domestic and International)
- ✓ Logistics and supply Chain functions directly fits into the objectives of Trade facilitation. Making it faster, safer, cheaper, more predictable, whilst ensuring its security. Focusing on simplifying and harmonizing formalities, procedures, and the related exchange of information
- ✓ Key issues to watch include : Status of territory & Poor Infrastructure, Lack of equipment and tools, Long Lead Times / Dwell times in ports,
- ✓ Inventory / Capacity challenges on terminals and storage areas



IN SUMMARY

There is the need to **develop the Supply Chain and Logistics Sector by:**

- ✓ Recognize our size, scale and diversity
- ✓ Infrastructure and Market Expansion
- ✓ Transparent & smooth flow of processes, systems, and ways of working
- ✓ Introduction of right equipment & advance technology
- ✓ Internal and External Collaboration
- ✓ Design an effective supply chain network
- ✓ Innovation in product or service customization
- ✓ Employing and engaging the right Professionals
- ✓ Complimenting transport modes and not only competition
- ✓ Develop Intermodal transportation and the use of Multimodal transportation
- ✓ Let's adapt the 5 s approach in logistics and supply chain
Sort, Straighten, Shine , Standardize, Sustain what has been done.



