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SUPPLY CHAIN MANAGEMENT

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Exclusive
Not all business is good
business in the
outsourcing
relationship, the 2008
Supply Chain Business
Forum finds.

By Anna Game-Lopata

Leading supply chain solutions provider Linfox Logistics has reduced its customers from 300 to 104 since 2002, while increasing profits by 200 per cent. CEO Michael Byrne told the 2008 Supply Chain Business Forum panel on the critical role of 3PLs that his company's strategy has been viewed as high risk and therefore controversial. "Linfox Logistics is asset heavy, while others are stripping assets," he explains. "More importantly, we spend a lot of time thinking about customers. We see customers as unique - as business partners." "We have no standard offering. Customers want to be valued, they want attention and they're smarter and better informed than

in the past. We need to keep up with them and be robust with them," he says. Byrne, whose company sponsored the invitation only forum, an initiative of internationally renowned supply chain expert John Gattorna, says he doesn't think 3PLs look after their customers very well. "Since such strategic relationships require enormous effort and time, it makes commercial sense to have fewer customers," he says. According to panel chair professor Martin Christopher of the UK's Cranfield School of Management, the rapid change from a supplier driven market to one of mass production and customisation has increased the need to harness the skills and capabilities of others.

"Because skills are of strategic importance to business the trend is irrevocably moving towards virtual arrangements and the sharing rather than ownership of data," he says. "A certain level of discomfort with this change is also inevitable because most businesses are still primarily transactional rather than strategic in their relationships with providers," Christopher says. With 15 years experience in the area of outsourcing contract law, panelist Jeremy Clarke, Principal Lawyer with the UK firm LLC Law points out that in an environment where many brand organisations outsource close to 100 per cent of their activities, the concern over control is 'old hat'. "In such a partnership, information has to be dis-