Supply Chain and Logistics Practice

Strategis Partners
Global supply chain strategy involves many choices on network design and operation to lift performance. Your supply chain investment program will benefit through the use of our large-scale system optimisation tools.

Inefficiencies almost always exist within the existing supply chain; poorly located facilities in the face of growing markets, lengthy supply links, and capacity imbalances. We identify structural improvements that reduce costs and lift service quality.

Our insights solve your most difficult supply chain decisions

Strategis Partners’ Supply Chain and Logistics practice work with clients in distribution, retailing, manufacturing, bulk commodities, airlines and airports, food service, post and courier, rail freight, ports and shipping.

Global Supply Chain Strategy

Scenario Planning
In this next era, supply chains will succeed or fail depending on how well they cope with uncertainty. Our Scenario Planning and Real Options methods enable companies to design a portfolio of supply chain initiatives to adapt to a changing world.

Contracting Strategy
Supply chains are moving towards closer and tighter networking, in response to customer preferences for better quality and service. To support this increase in more integrated arrangements, Strategis Partners have developed new contracting frameworks.

Driving Performance and Value
With our Management Science and Operations Research methods, your Return on Assets will improve—along with your ability to adapt to an ever-changing marketplace. Inefficiencies almost always exist within the existing supply chain; poorly located facilities in the face of growing markets, lengthy supply links, and capacity imbalances. We identify structural improvements that reduce costs and lift service quality.

www.strategispartners.com
In Indonesia, Coca Cola Amatil had a capacity problem: How to meet increasing sales volumes in the fast growing Indonesian market? When to expand infrastructure to meet demand? With a network of over a dozen production and distribution facilities serving over 100 million consumers across the Indonesian archipelago, an integrated value chain view was needed. Many islands, cities and towns meant that there were many possible ways to proceed, shown in the Exhibit.

One or two large plants would cut plant costs through scale economies, but these gains could be swamped by extra transport costs. To resolve the many choices available a large-scale multi–time period optimisation model of Coke’s Indonesian supply chain was developed to analyze the network configuration options. The objective was to optimise the tradeoffs between production, distribution and warehousing capital and operating costs—to determine the optimum balance between facility capital expenditure and variable production and distribution costs.

The supply chain decision model was able to show management how to lift shareholder value and meet the growth in the market – by finding the best supply options, plant locations, production volumes, distribution patterns. The result was a saving of tens of millions of dollars, and a roadmap for how the supply chain needed to be upgraded.
You can deliver more value to customers and shareholders with the help of our supply chain analytics.

*Our integrated optimisation methods can be a powerful advantage in your quest to get more value out of supply chain operations.*

Optimisation is the way to design the global supply chain from the ground up, to build competitive advantage into the structure of the network. With optimisation the economics of the facility location options – factories, regional processing and distribution centres, market-based warehouses – can be modelled together with the material and product flows. The exhibit shows a schematic of a supply chain model which can be modelled using optimisation tools such as linear programming. All choices can be analysed systematically to identify the best supply chain decisions, clarifying the risks and opportunities of alternative strategies.
Lifting performance of rail and port operations

Management needed a fact–based analysis for solving complex logistics

The Hunter Valley Coal Chain is a 100 million tonnes a year operation with over twenty coal load points across the region supplying the sea–borne export coal trade to Asia. It is a complex, closely coupled set of processes where system bottlenecks and unplanned changes have wide–reaching repercussions.

In 2000, the Managing Director of Strategis Partners was asked to lead a team of operations analysts to provide an independent and objective assessment of the constraints in the Hunter Valley Coal Chain (from mine to ship loading); and to identify short term and long term solutions to maximise throughput in the Chain. Maximising throughput in a multi–mine Coal Chain faced a range of challenges. And lifting the return on investment of all operators in the Coal Chain requires an integrated and collaborative approach.

Fact–based analysis of the logistics operations uncovered an interrelated set of problems: There was mismatch of actual and scheduled pattern of train arrivals into the port. Queue times of trains waiting to unload at the port dump stations were excessive. Dump rates were variable and significantly below dump station capacity.

Rail track speed restrictions were a significant source of delay. And to increase throughput tonnage, cargo assembly times needed to be reduced. The recommended solution was an integrated Coal Chain teaming approach involving better end-to-end coordination; improved information and communications up and down the supply chain, system–wide planning and scheduling, and integrated rail track and port infrastructure maintenance.

Full implementation of the Action Plan delivered major benefits for all stakeholders.

From 2000 to 2010 coal output increased from 68 to 100 million tonnes per year.

For Coal customers this means increased confidence in the Hunter Valley as a reliable source of quality coal.

For coal exporters this means reduced demurrage and increase returns on assets.

For rail freight companies, this means higher volumes and higher returns; and for the port operator, satisfied customers.
Selected Engagements:
Supply Chain and Logistics

Supply chain strategy
- For Wesfarmers, a wool facilities strategy for Eastern Australia
- For Woolworths, the optimisation model to plan the future $1Billion distribution network
- For Coca Cola Amatil Indonesia, optimising the capital investment program to meet future growth
- For Boral Construction Materials, strategic planning of quarry and concrete plant networks
- For Berri Juices, a strategy for the juice products supply chain in eastern Australia
- For Australia Post, strategic planning of a $100 million mail logistics network
- For CSR Timber, a supply chain strategy to lift profitability

Contracting
- For MTR Corp, contracting strategy for transport equipment procurement in Hong Kong
- For BHP-Billiton, decision analysis to identify the risks, benefits and optimal contract mix in the electricity market
- For Energy Australia, contract performance analysis of outsourced maintenance services
- For Leighton Mining, development of a risk profile of the costs involved in contract mining

Performance improvement
- For Port Waratah, Improvement of regional Coal Chain to identify the capacity constraints and opportunities for increasing port throughput
- For Bluescope Steel, optimisation of raw materials sourcing worth $800 million p.a.
- For Qantas, the design the global distribution network for in-flight service consumables
- For CSR Emoleum, an integrated planning system
- For BHP Transport, the design of a freight optimiser for their Australia to Europe coal trade
- For BHP-Billiton Coking Coal, the development of an integrated model for mine-to-port transportation and storage of coal in Queensland
- For Sydney Airport, analysis of runway capacity and fuel supply infrastructure
- For WSN Environmental Solutions, evaluation of optimal strategies for urban waste management
- For Elgas, optimisation of LPG distribution to industrial and commercial customers
- For Garuda Indonesia, evaluation of the fleet operational efficiency and airline network profitability
- Facilities and harvest planning in the Cotton and Sugar industries
Strategis Partners can help you achieve improved performance and profitability

**What Clients are saying about Our Work**

**Major Gains through Facilities Location and Logistics Modelling for Wesfarmers**

“Over the past two decades, the Australian wool industry embarked on a phase of consolidation as the industry has matured, leaving a lot of excess capacity in wool handling facilities. Working as a combined client-consultant team, we were able to identify the best wool facilities configuration for mainland Australia through the use of facilities location and logistics optimisation methods.

This provided a rigorous basis for implementation, and the rationale to explain to stakeholders the benefits of changes in the wool handling system.

Jay and his consultants were able to identify how to achieve the supply chain efficiency gains. Wesfarmers made big cost savings in re-positioning the wool industry for profitable growth”.

Ted Harnett
Former General Manager, Wool Wesfarmers

**How we meet clients’ needs**

By providing forward thinking and rigorous analytical results to:

- Allow clients to understand the range of scenarios they need to address
- Find the best strategy from a wide range of choices
- Stage the key decisions in the face of uncertainty
- Establish the value of investment options which are available to management uncertainty.
Strategis Partners

Learn how high-performing companies design better supply chain contracts and achieve the benefits of collaboration

With the continuing growth of major project contracting, strategic partnerships and outsourcing, well-designed contracting strategies are vital to business success. Collaboration between firms is getting cheaper and easier.

However the performance of many inter-firm arrangements has been contentious. What has been surprising is how difficult it has been for Buyers and Suppliers to create effective value-creating arrangements. Driving the well-publicised cost blow-outs and poor service outcomes has been an under-investment in inter-firm relationship and contracting capabilities.

Learning how to contract and collaborate must become a source of competitive advantage if companies are to prosper in the twenty-first century.

For organisations that master the methodology of Contracting and Collaborating for Advantage there are a number of important benefits: faster speed to market with new products and services, more innovative solutions, improved flexibility to manage disruptive change, reduced costs, and capture of new market opportunities.

If your organisation is planning to initiate a major contracting project, the Workshop can prepare executives to lead and manage the project.

For organisations that have already established contracts in place, the Workshop is an effective means of generating enhancements for the existing arrangements, showing the way to improving performance and outcomes.

“A message from the course presenter

“Your next generation of contracting arrangements will benefit from the principles and Case Studies explained in this Workshop. You and your team will also learn how to apply some powerful frameworks for achieving high levels of collaborative success.

Through a series of case studies from the energy, engineering, information & communications technology, infrastructure, logistics and transportation industries, you will learn how to design effective collaboration and contracting models.”

Jay Horton, Managing Director
Strategis Partners

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Click here to view our Executive course on: Contracting and Collaborating for Advantage Program
Helping companies chart their best course

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<th>Who are our clients?</th>
<th>Why clients ask for our expertise</th>
<th>The benefits</th>
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<tr>
<td>Major retail and grocery chains, and foodservice providers</td>
<td>Because management teams and Boards realise:</td>
<td>The payoffs from investing in services of Strategis Partners are multi-fold:</td>
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<td>Manufacturers and distributors of food, consumer and industrial products</td>
<td>There are needs for specialist skills which they simply do not have—to assess complex strategic business decisions</td>
<td>• Saving millions of dollars annually, with the strategic risks reduced</td>
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<td>Producers, processors, and distributors of agricultural, mining and energy commodities</td>
<td>Their situations demand rigorous, comprehensive and systematic analysis—given the level of dollars and the uncertainties involved</td>
<td>• Knowing with confidence the best strategy to follow</td>
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<td>Post and courier, service logistics firms, rail transport and mass transit companies, airlines and airports</td>
<td>There are major gains to be made through scenario–based analytical approaches, by developing new and valuable insights.</td>
<td>• Solving management’s strategic and organisational issues quickly</td>
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<td>Bulk freight, ports and shipping companies.</td>
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<td>• Lifting returns on capital assets, and improving productivity in operations</td>
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<td>• Developing ability to respond to the industry changes ahead</td>
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<td>• Improving resource planning and decision making processes</td>
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<td>• Enhancing ability to execute strategy with greater effectiveness.</td>
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