

# Improving Supply Chain Health: Removing Bottlenecks in Logistics

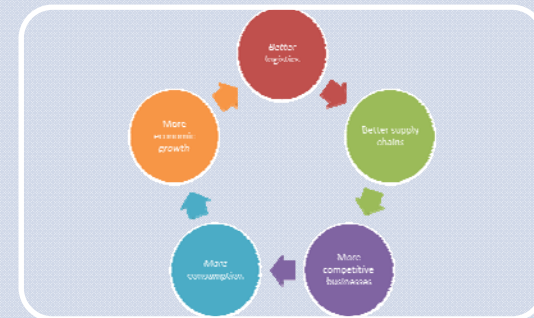
Philippine Ports and Shipping Conference  
Manila Peninsula  
Feb 24, 2017

**Nestor L Felicio**  
President  
Supply Chain Management Association of the Philippines  
(SCMAP)



*“We are a community that moves the global competitiveness of the Philippine supply chain industry.”*

# Presentation Outline

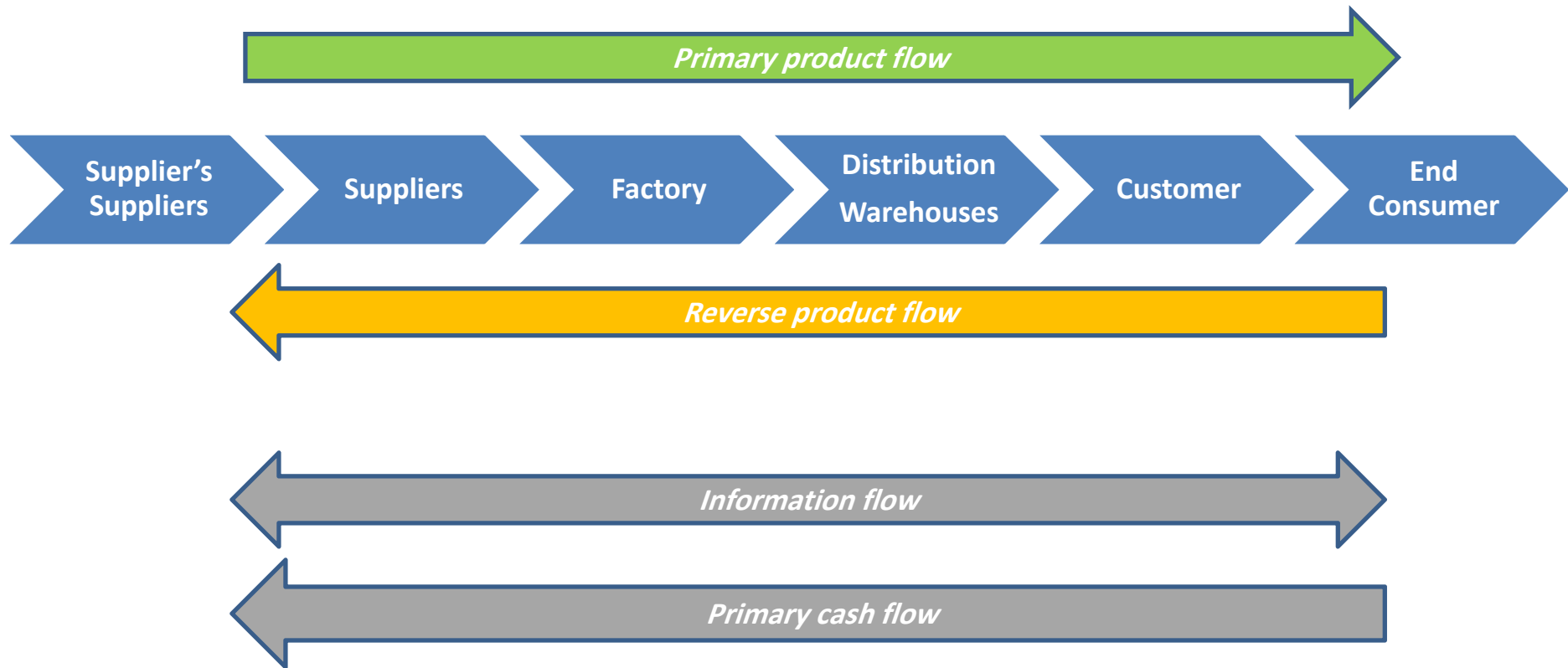


The End-to-end Supply Chain

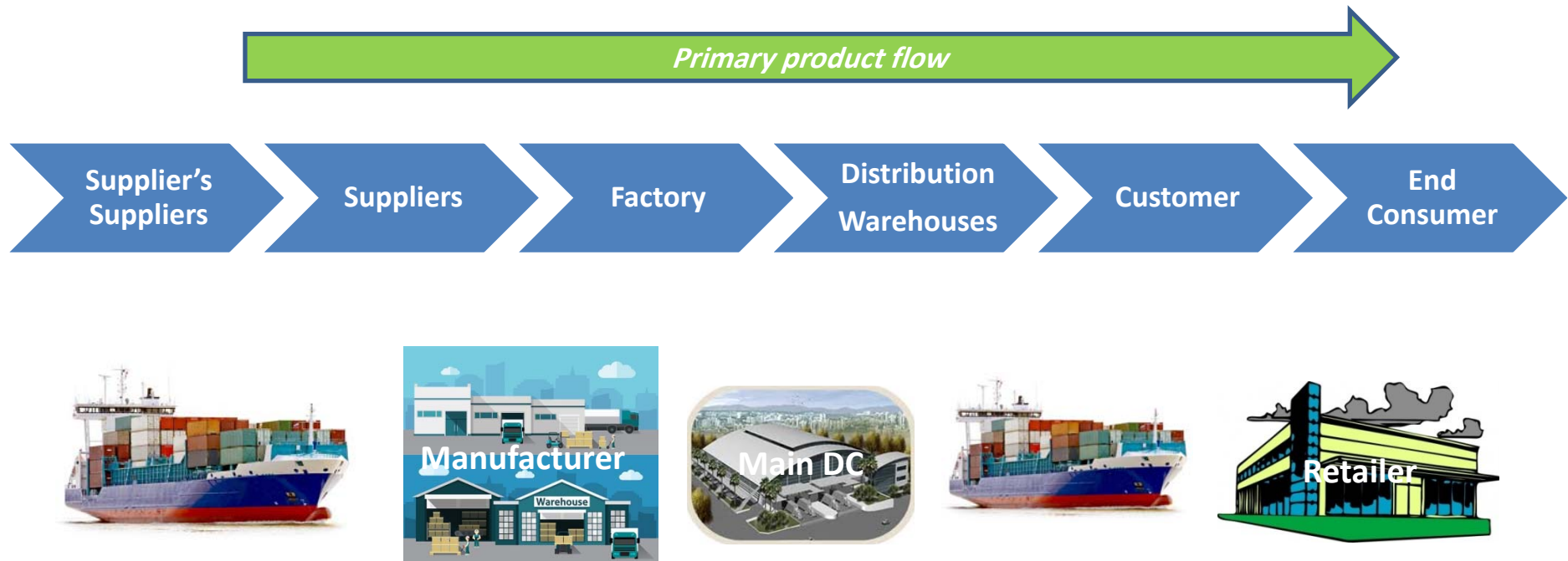
State of our Shipping and Ports

How can we help each other?

# End-to-end Supply Chain



# End-to-end Supply Chain



# Supply Chain Backdrop



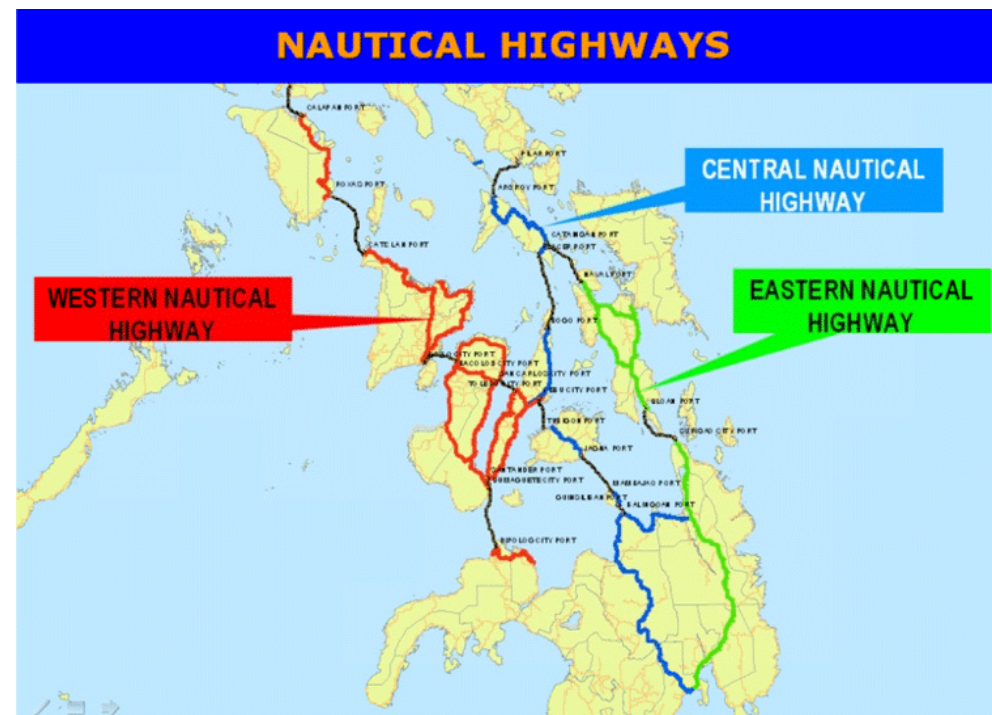
*Google maps*

- Incoming shipments of input materials primarily come in through Manila ports and airports
- Manufacturing activities concentrated in Calabarzon and Metro Manila
- Markets spread throughout archipelago with urban centers as distribution hubs
- Logistics highly dependent on land, sea, and air linkages



Google maps

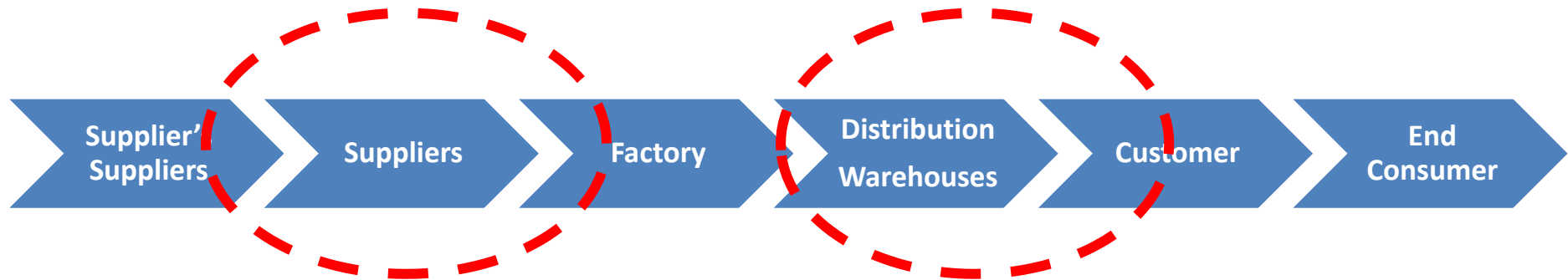
- Archipelagic nature
- Port to port
- High circuitry factor
- Land connectivity dependent on ports and shipping



<http://www.dpwh.gov.ph/>

# End-to-end Supply Chain

*(Primary Product Flow)*



***You are integral to the Supply Chain!***



# Our Shipping and Ports



# Logistics Performance Indicator (LPI)

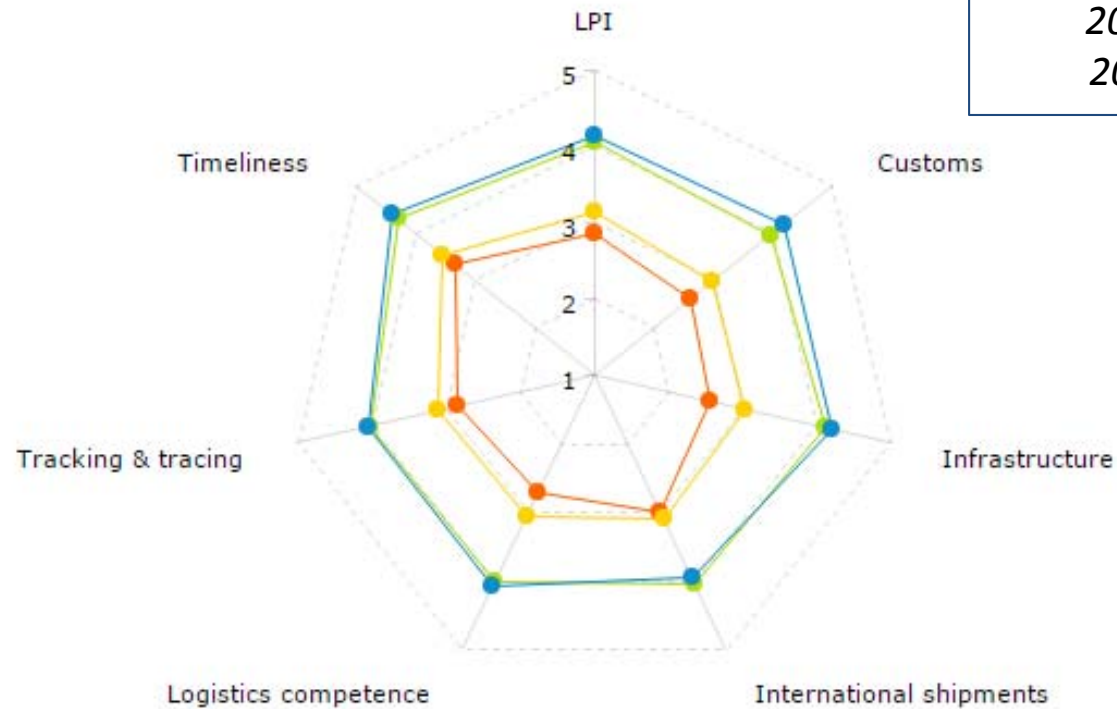
Source: World Bank

## Country Score Card: Philippines 2016

Radar Column Line

chart by amcharts.com

### Philippines 2016



Ranking (out of 160)

2016 - 71st

2014 - 57th

2012 - 52nd

2010 - 44th

Philippines 2016

Hong Kong, China 2016

Region: East Asia & Pacific 2016

Singapore 2016

NL Felicio 2/24/2017

# Measuring Supply Chain “Health”

Supply Chain Health = Service Level + Cost

## Transport Cost

- Vs ASEAN/ Global
- Vs Other modes

## Handling cost

- Warehousing
- Cost of inventory

## Shipping Leadtime

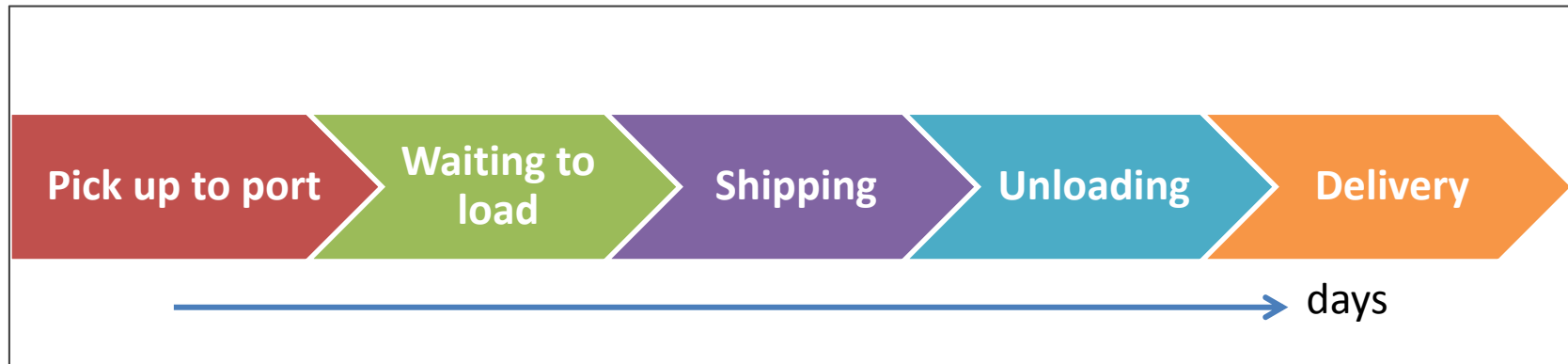
- Waiting/ loading
- Shipping

## Timeliness and Reliability

- Scheduled date
- Magnitude of delay

# Why should you care?

## 1. Leadtime



*How many days from Manila to Mindanao?*

# Why should you care?

When Leadtime is long



- Build stocks in advance
- High in-transit inventory

# Why should you care?

## When Leadtime is long



- Build stocks in advance
- High in-transit inventory

- Add a warehouse
- Increased cost
- Increase inventory

- Increase inventory

# Why should you care?

## 2. Delivery Reliability



*How many shipments (%) hit the date exactly?  
How many days delayed (standard deviation)?*

# Why should you care?

## When Reliability is low



- Build stocks in advance
- High in-transit inventory



- Add safety stocks



- Add safety stocks



- Add a warehouse
- Increases cost
- Increase inventory



- Add safety stocks



- Increased Inventory

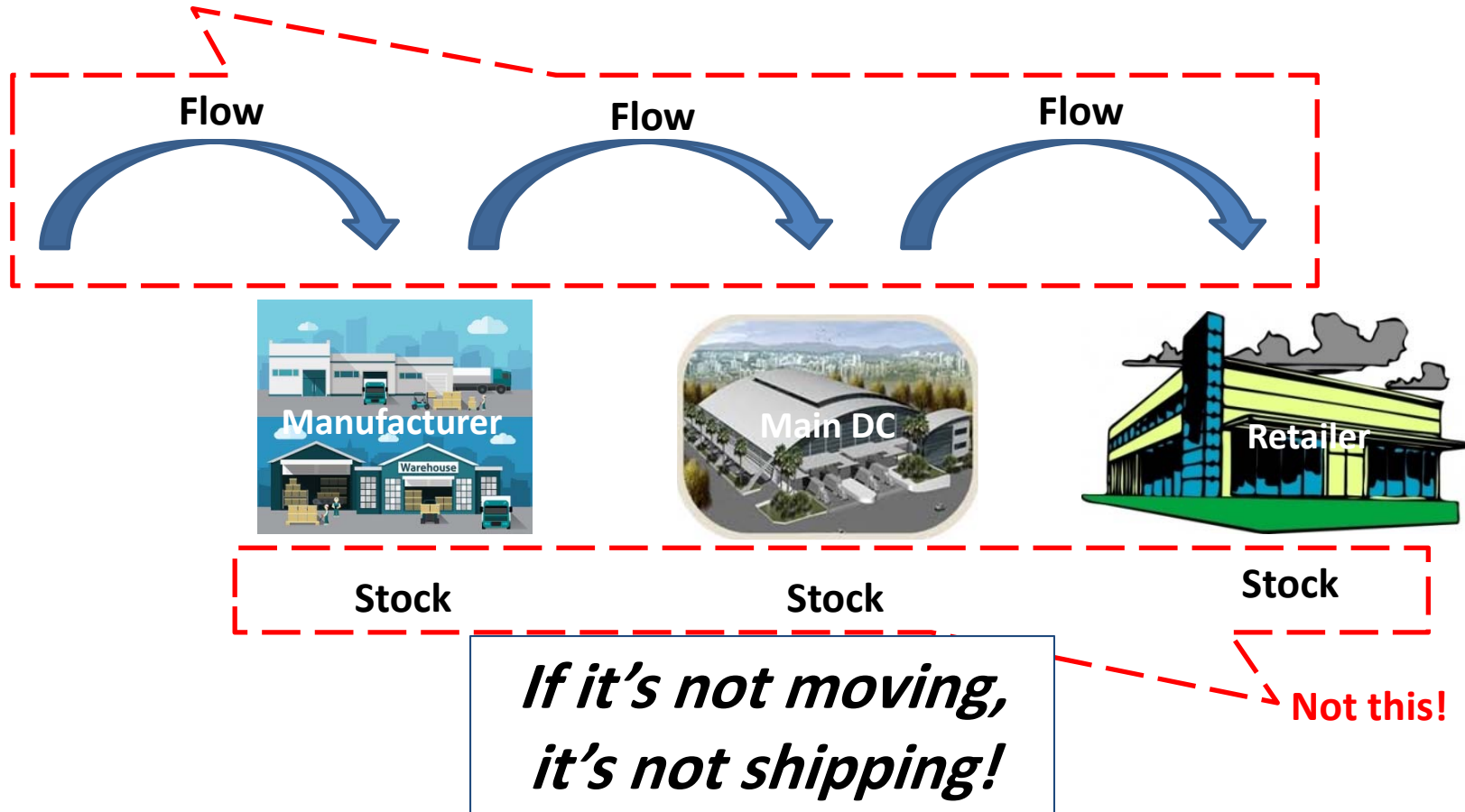




***Variability is the no. 1 enemy of Supply Chains!***

# Why should you care?

This is what you care for!



# Why should you care?

Long Leadtimes and low Reliability lead to

- Poor Service Levels
- High Cost
- High Stock levels
- High Spoilage and Wastage

It is also a disservice to the public...



***We***  
~~*You can make a difference!*~~

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## DTI-DPWH Convergence Program: On Road Connectivity for Industry and Trade Development Roads Leveraging Linkages for Industry and Trade (ROLL IT) Program

Department of Trade and Industry  
November 29, 2016

PortCalls  
ASIA



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Home » Ports/Terminals, Press Releases » DTI, DPWH team up to build roads connecting industrial hubs

## DTI, DPWH team up to build roads connecting industrial hubs

Posted by Web Editor on December 5, 2016

0 Comment



The Philippine Department of Trade and Industry (DTI) and Department of Public Works and Highways (DPWH) have agreed to join forces and create a program to strengthen road connectivity in support of industry and trade development.

In a memorandum of agreement (MOA), the two agencies commit to establish a working arrangement in jointly undertaking the planning, budgeting, advocacy, identification, evaluation and monitoring, prioritization, regulation, supervision, and implementation of industry-developing infrastructure projects in priority economic and manufacturing zones in the Philippines.

Trade Secretary Ramon Lopez said DPWH's infrastructure programs will be coordinated and aligned with DTI programs, particularly those on putting up new roads or widening existing ones leading to factories or manufacturing areas.



**'ROLL IT' PROGRAM MOA SIGNING:** Industry Secretary Ramon Lopez (3rd from left) and Public Works and Highways Secretary Mark Villar (4th from left) with DTI Undersecretary Ceferino Rodolfo (left), DTI Assistant Secretary Rafaelita Aldaba (2nd from left) and DPWH Undersecretary Maria Catalina Cabral (rightmost) signed a Memorandum of Agreement (MOA) during the last day of the Manufacturing Summit to launch the convergence program on road connectivity for industry and trade development called Roads Leveraging Linkages for Industry and Trade or ROLL IT Program.

**SCMAP GO  
WORLD  
CLASS!**

SCMAP –  
Supply Chain  
Management  
Association of  
the Philippines

@SupplyChainPhilippines

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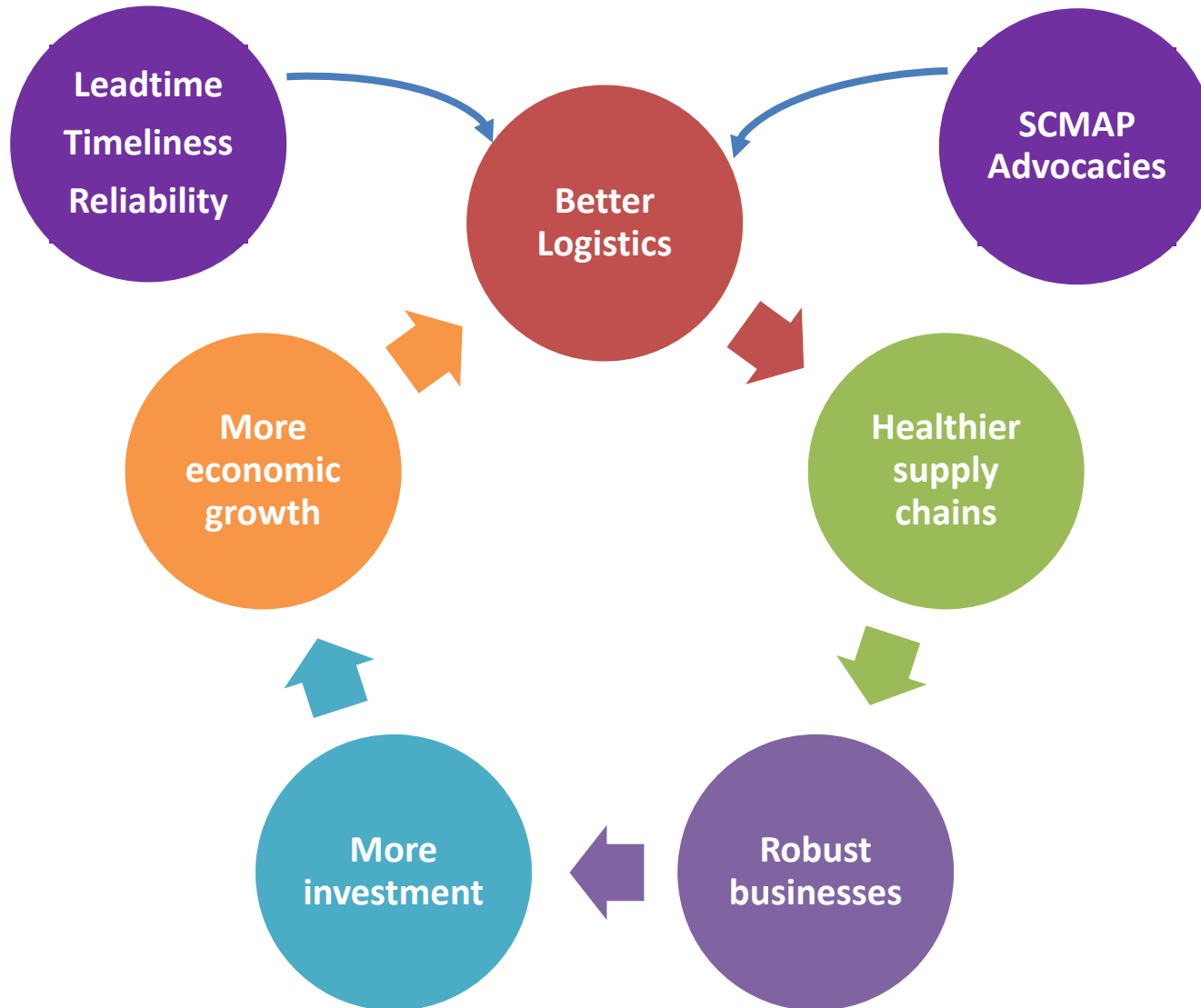
## SCMAP – Supply Chain Management Association of the Philippines

February 1 at 7:43pm · 🌐

Happening now: SCMAP is taking part in the first national meeting of the DTI and DPWH Convergence Program, at the Diamond Hotel in Manila.

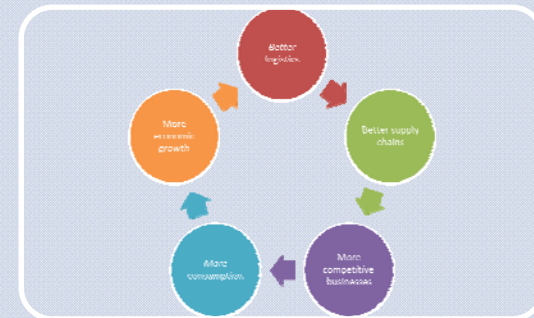


# *What's in it ~~for you?~~ for us?*





# Presentation Outline



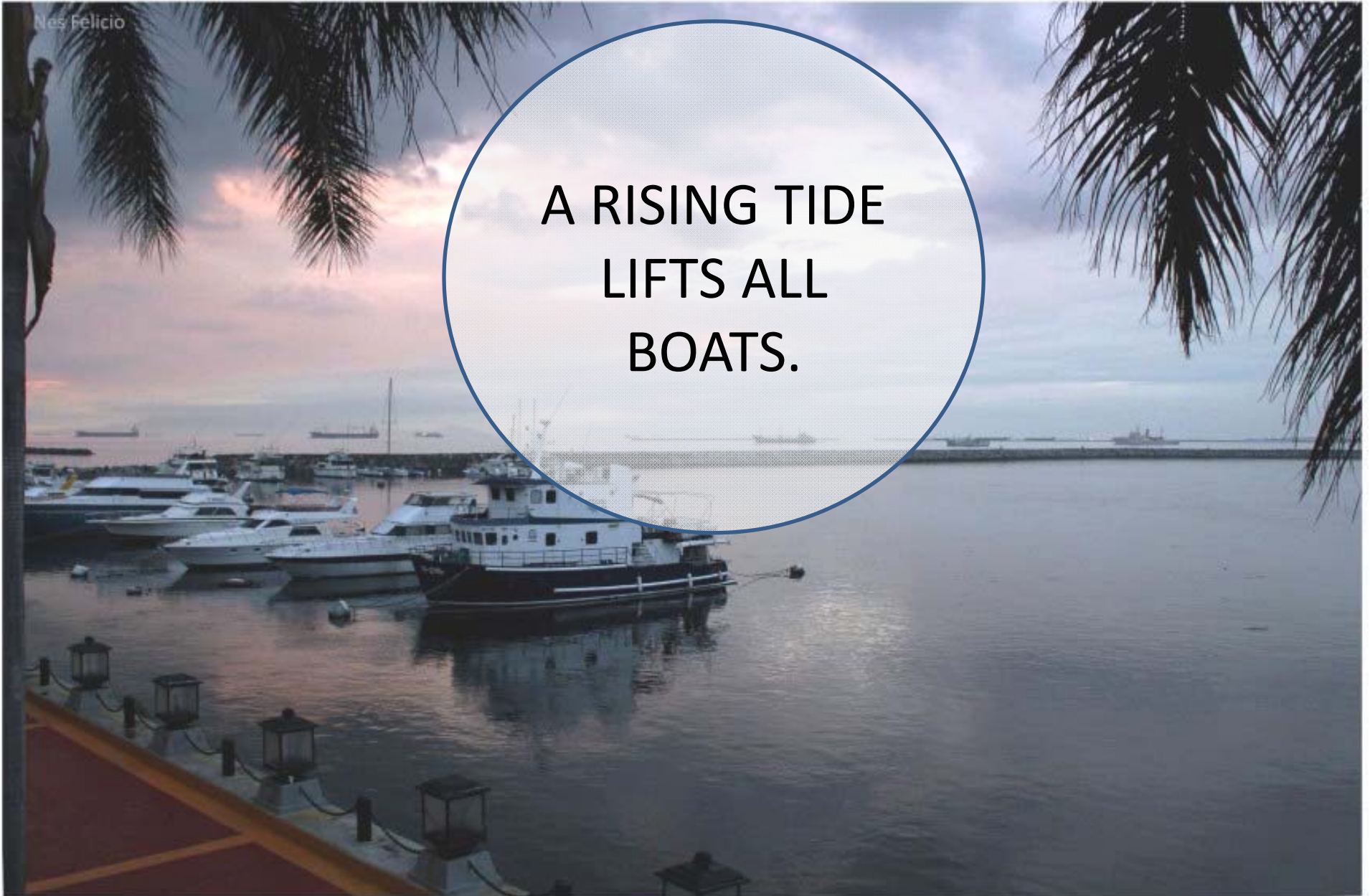
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A RISING TIDE  
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