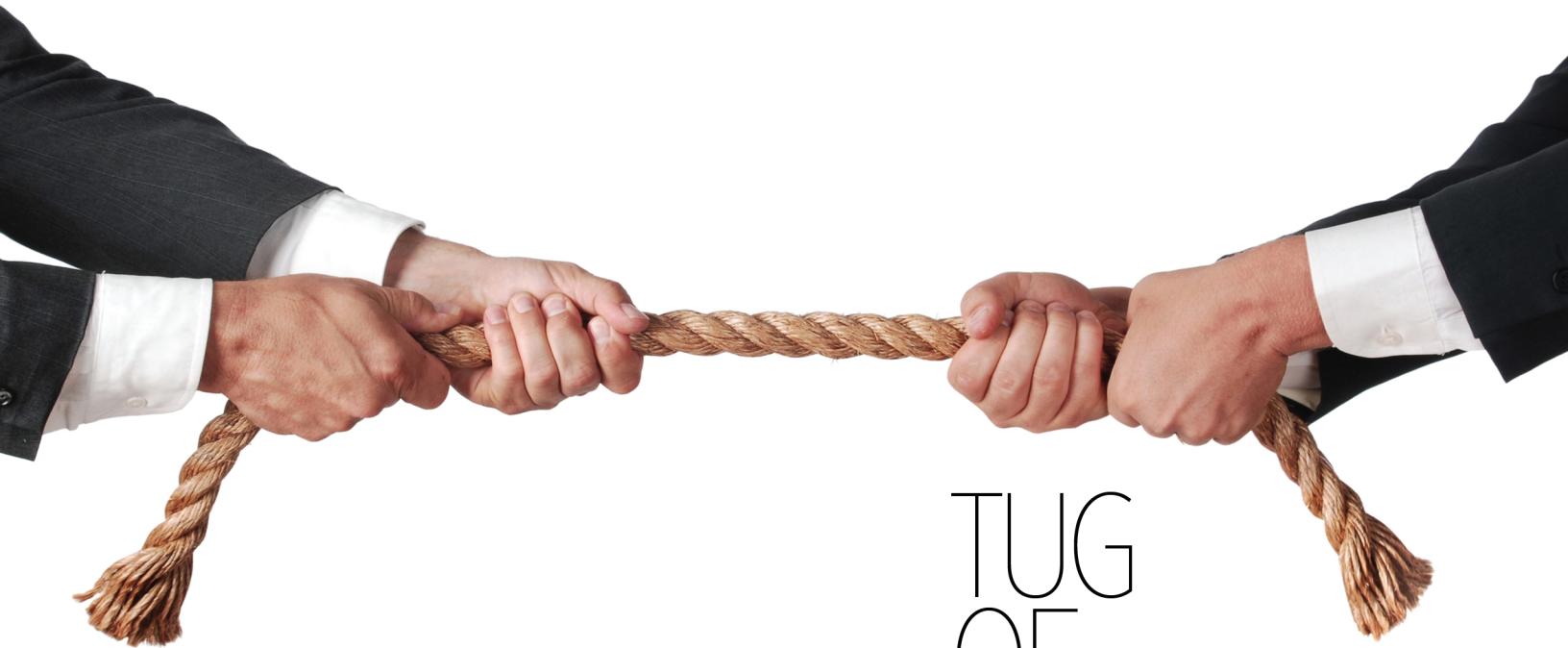


SupplyChain

PHILIPPINES

2014 Issue 1 / www.scmaphil.org



TUG OF WAR

**Natural and
man-made
forces
challenging
the supply
chain
industry**



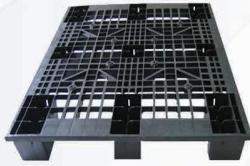


THE POWER OF PACKAGING

HARNESSING THE POWER OF PACKAGING



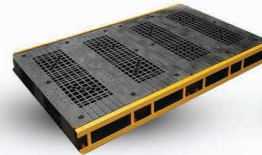
PALLET TYPE



ONE WAY PALLET



HEAVY DUTY PALLET



TWIN PALLET



MEDIUM DUTY PALLET

RENTAL SCHEME

- SHORT TERM
- LONG TERM
- RENT-TO-OWN
- RENTAL WITH LOGISTIC SERVICES

CRATES



BEVERAGE CRATE



MULTI-PURPOSE CRATE



VEGETABLE / FISH CRATE



MULTI-PURPOSE TRAY

FLOORING



OTHER SERVICES



• **PALLET WASHING**



• **FLOAT ANALYSIS**



• **PROPER HANDLING SEMINAR**

with high Aesthetic value and Marketing appeal, lasting Characteristics, Hygienic Quality and Convenient Features, Plastic Crates and Pallets are more Economical and are becoming the Future Packaging Choices.

Rigid Plastic Containers, plastic crates and pallets offer a better alternative to handling and storage requirements of beverage, food, poultry and fish, fresh produce, and industrial applications.





A domino effect against competitiveness

The impact of the Manila truck ban and port congestion Page 14

Dealing with the new normal

Supply chain lessons we must learn after Yolanda Page 18

The history of SCMAP

Part two of our series marking SCMAP's 25 years Page 24

Salute to Supply Chain Excellence

SCMAP's annual search is bigger and better than ever Page 4

Knowledge Center

A special excerpt from Ike Castillo's new book, plus how RedSystems optimized its transport fleet and shrunk delivery time Page 7

Around SCMAP

What we have been up to, plus Supply Chain Mornings and our project for the Marikina Watershed Page 26

President's Message Page 2

Chain Reaction Page 3

Back Page Brain Bender Page 32

Editor-in-Chief Jessie Sarmiento
Assistant Editor-in-Chief Donny Quintos
Managing Editor Carlo Curay
Layout and Publishing Henrik Batallones
Contributors Ana Rose Ochoa, Ed Sanchez, Ike Castillo, Leopoldo Flora Jr., Max Yap

Published by the Supply Chain Management Association of the Philippines
35 East Capitol Drive, Barangay Kapitolyo, Pasig City
T: 671.8670 / T: 636.3128 / F: 671.4793
E: secretariat@scmap.org

Printed by Vantage Point Print House
60 F. Manalo Street, Barangay Pinagkaisahan, Cubao, Quezon City
T: 722.6027 / T: 413.2303

PRESIDENT'S MESSAGE *Arnel Gamboa*



SCMAP started this year by holding a forum on the Metro Manila Truck Ban in its hopes of rallying together all the stakeholders to action and formulating a viable solution to the seeming discord in the execution of, and dialogue surrounding, the ban.

The modified Manila truck ban brought more complications and peripheral issues on the table as the Port of Manila became encroached in the political tug-of-war now still hounding the course of business in the capital.

SCMAP's role and advocacy is to provide a bridge solution for these beleaguering issues of the supply chain industry - by establishing open outlets for dialogues between all parties and working towards a realistic and responsive action plan, both short and medium term.

Truth be told, the task at hand revolves on a bigger landscape as we enter the final phase of preparations for the ASEAN Economic Community this year. SCMAP has been helping in this aspect since last year to update the rest of the industry and carve the road map in regional competitiveness.

On this note, SCMAP addresses the

challenges ahead not only with countermeasures on proliferating issues but, more importantly, with forward strategies inclusive of developmental plans and the training needs of the industry.

One key event this year that would shape and mold the future of supply chain would be the Logistics Immersion Course, which is set in the beautiful background of Puerto Princesa, Palawan.

A power-packed list of speakers and relevant topics are already set to once again give the freshest updates, best practices and future state of logistics in the Philippines.

We hope to see you in the LIC. Be part of it and help make history in supply chain!

Cheers to a smooth sailing year for the supply chain industry! •

A handwritten signature in black ink, appearing to read 'Arnel Gamboa'. The signature is stylized with several overlapping strokes.

Arnel Gamboa
SCMAP Y2014 President



This volume is a very special edition as our association embarks on several projects commemorating its 25th year of existence. That's 25 years of efforts poured to help improve the supply chain practice of our country and continuing the advocacy today, as the industry faces several challenges brought about by various pressures from the government, the environment and the business climate as well.

In this edition, the editorial board made it a point to bring us back through time, to tell us what happened from the day the association was born, direct from one of its founders and a prominent figure in the supply chain industry, Mr. Ed Sanchez. We are also fortunate to be reading an excerpt from the new book written by none other than Mr. Ike Castillo, SCMAP's past president.

We also prepared something on the aftermath of Yolanda tragedy—what we have learned from this and what this event had taught everyone, especially on the role of logistics in event of this scope and magnitude. We also have a round-up of the effects and responses to the Manila city government's daytime truck ban, and how it will affect our competitiveness as an industry and economy.

As we celebrate our silver anniversary, SCMAP added a thrust in its advocacy to include environment as one of its focus, commencing this year. You will be

informed of this development in one of the articles inside featuring our effort to help support the rehabilitation and maintenance of the Marikina Watershed. Also, for everybody's information, a new board seat was created specifically to champion this area of interest; we have added the Green Logistics Committee headed by Mr. Avelino Acedo.

Of course, all of our exciting regular features are still around, given a new look by non-other than our Marketing Committee head Niko Batallones. Did you notice the change in the look of our recent communications? This is also a thrust being ably performed by this committee headed by its very hardworking chairman. If you like what you are seeing or if you have any suggestions to better improve this area, please feel free to email us at secretariat@scmap.org. Rest assured we will value whatever you will share with us.

Enjoy reading folks, and once again, this is Chain Reaction! •

Salute to Supply Chain Excellence Awards: Bigger and better than ever before

SCMAP's search for the best in the Philippine supply chain industry is back. Ana Rose Ochoa outlines the exciting changes to this year's awards

The 2014 Salute to Supply Chain Excellence (SSCE) Awards had its kick-off activity last April 24 during the SCMAP General Membership Meeting held at the Hampton Room of the Astoria Plaza Hotel in Pasig City. This year's search, now on its fourth run, is special as it coincides with the 25th year anniversary of SCMAP. This recognition program is a venue to promote supply chain management as a strategic contributor to member companies' growth and profitability as well as to identify and share leadership and innovation in supply chain management practice.

The SSCE Committee introduced exciting changes in this year's search with five award categories at stake:

- **Supply Chain Performance Excellence.**

The award recognizes an SCMAP member organization that demonstrates excellence in the operation of that supply chain. Supply Chain Performance Excellence Category entries shall focus on the company's total SC operations using a simplified version of the Philippine Quality Awards (PQA) criteria called the Philippine Quality Challenge (PQC) framework. It has

seven criteria categories that include Management, Planning, Customer Focus, Measurement and Data Management, Workforce Focus, Operations Focus, and Business Results.

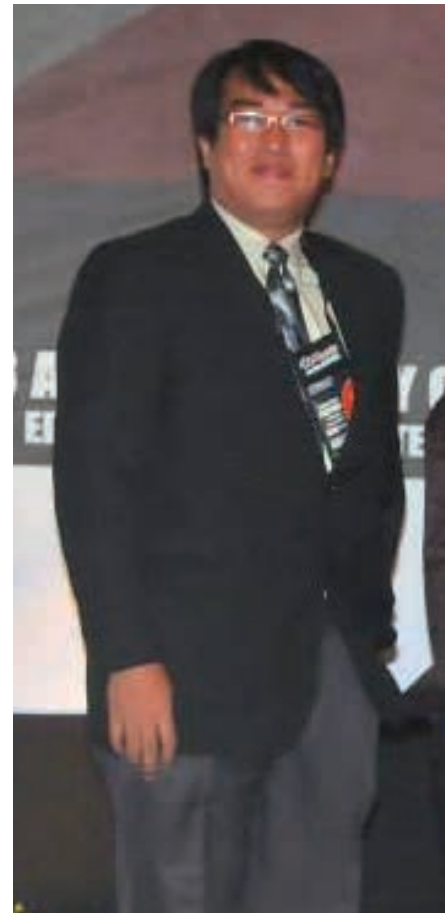
- **Supply Chain Service Provider of the Year.**

This award recognizes a SC service provider that drives supply chain excellence through collaborative frameworks, by developing and delivering supply chain improvement projects, products, solutions and services resulting in improved business performance for their principal or client.

- **Green Supply Chain Award.** This category rewards those companies which have demonstrated unparalleled performance in environmental supply chain planning and execution and how they have transformed the green agenda into a business opportunity to drive profitability and deliver value in their company or for their principal.

- **Supply Chain Sourcing Excellence Award.**

This award recognizes best-in-class strategic sourcing, where businesses have been able to realize substantial cost savings and generate value for the enterprise through innovative and





Johnson & Johnson was one of the winners of last year's Search for Supply Chain Excellence Awards.

effective supplier relationship management, successful risk management techniques and consistent ethical practice.

- **Supply Chain Skills Award.** This recognizes a company who has manifested efforts towards developing the definitive skill set through inspiring leadership, innovative training, or proactive recruitment techniques, as well as successful change management across the workforce.

Another innovation in this year's search is the **People's Choice Award**, where attendees to the 2014 Annual Conference may cast their vote for the best AVP of the selected finalists for each category.

The search is open to all SCMAP members in good standing. Projects or initiatives that have been started or implemented from January 1, 2012 to December 31, 2013 are qualified to be submitted as entries. Companies that intend to join the search shall be called for a SSCE Search Briefing scheduled on May 9 for the mechanics and other requirements. Entries shall be accepted from June 9-28 and selected finalists shall then go through a site visit and oral

presentation before the panel of judges that include Supply chain practitioners and consultants, academe members and an SCMAP member of good standing.

Winners shall be awarded on September 19, during the SCMAP 2014 Annual Conference to be held at the EDSA Shangri-La Hotel. Prizes include a SCMAP trophy for each category; SCMAP sponsored annual membership fee for 2015; a P10,000 cash prize and a full page article on *Supply Chain Philippines* magazine. The People's Choice awards shall win P5,000 and a Certificate of Recognition. The best reward, however, is the distinction of being proclaimed as the best in the Supply chain industry in the 25th year of SCMAP.

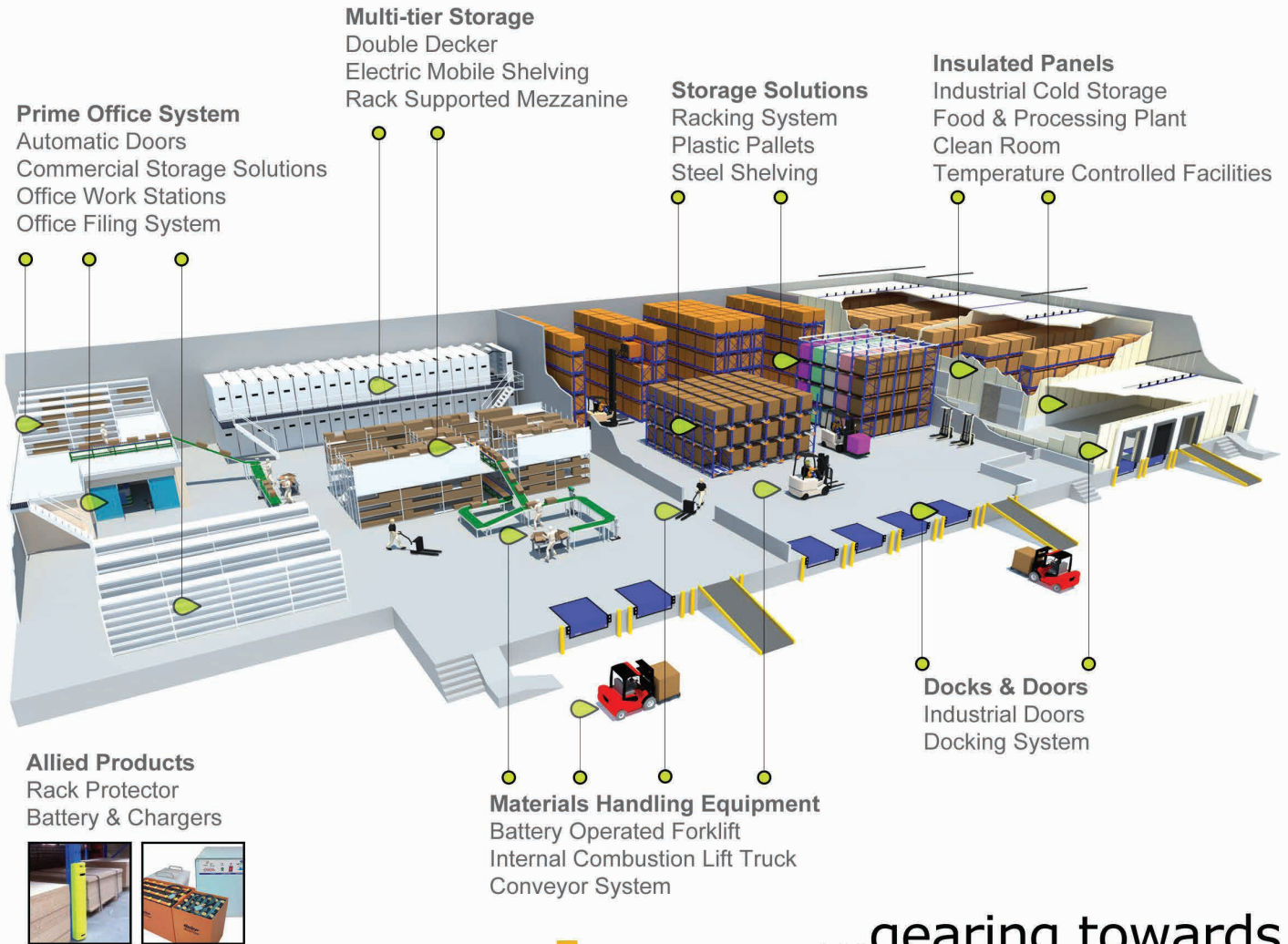
The winners shall present their entries during the SCMAP General Membership meeting on October 16, an opportunity to leverage their expertise to create and sustain the future growth and competitiveness of member companies.

For more details, and to get the SSCE leaflet and mechanics, you can contact the SCMAP Secretariat at secretariat@scmap.org. •



PRIME SALES INC.

More than 35 years of continuous innovation and integration in logistics solution...



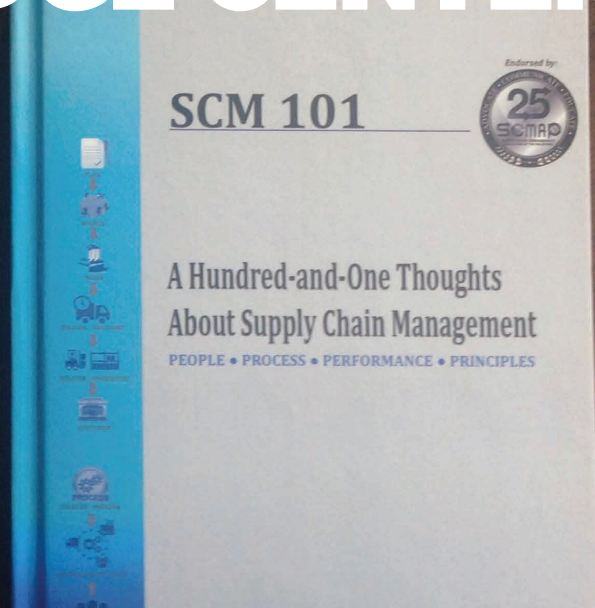
...gearing towards
AUTOMATION

OUR GLOBAL PARTNERS:



www.primegroup.com.ph

Tel. No.: 839.0106 Email Address: sales@primegroup.com.ph



A hundred and one thoughts about supply chain management (or, in this case, two)

An exclusive excerpt from the new book written by former SCMAP president Ike Castillo

Former SCMAP president Ike Castillo unveiled his first book, *SCM101: A Hundred-and-One Thoughts About Supply Chain Management*, during the SCMAP Christmas Fellowship, held at the Makati Sports Club on December 5.

The book does what it says on the tin: a hundred and one thoughts about supply chain, from a veteran of the industry. Ike has worked for companies such as Zuellig Pharma, James Hardie and Nestlé, before becoming the president of Fast Logistics Corporation. These thoughts—supply chain concepts indispensable to beginners and veterans alike—are presented in an easy-to-digest form.

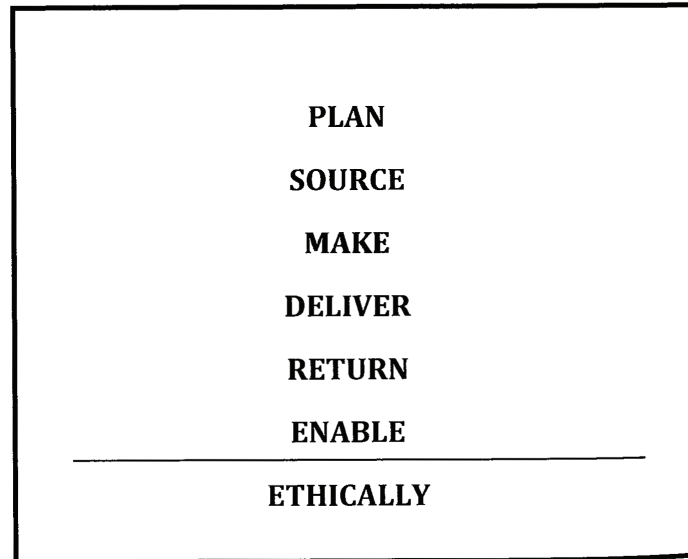
“[SCM101 is] a supply chain survival guide for aspiring practitioners and professionals



who really want to trek the road from backroom to the boardroom,” current SCMAP president Arnel Gamboa said. “Ike also shows his prolific talent of making people from all walks of life understand supply chain with innate curiosity and a bit of humor. This book is truly a milestone in the history of supply chain.”

SCM101 is now available in hard-bound at all Central Books outlets for P1,195. You can also contact the SCMAP Secretariat at 671.8670 for bulk orders. But, as a little taster, here are a couple of excerpts from Ike’s book—two of his thoughts, if you may. May you glean something from it, and may it inspire you to continue learning as you make your journey through supply chain. •

Supply Chain Ethics =
The Missing Dimension **88**



The Three-Way Test:

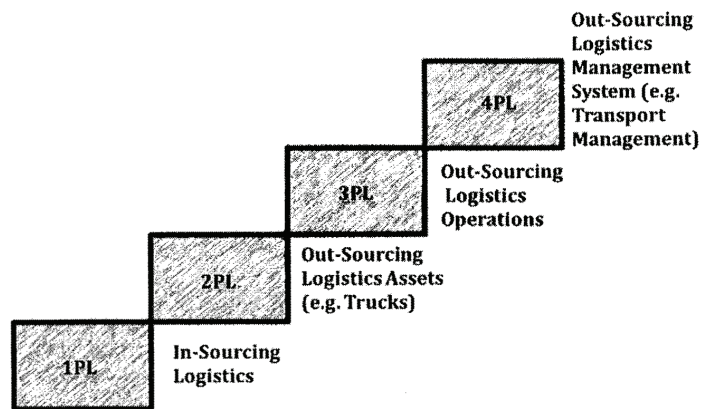
Level 1: Will you want your local radio to report what you are doing?

Level 2: Will your mother approve of what you're doing?

Level 3: Will your mother-in-law concur with your mother?

Central Books has branches in Quezon City, SM Megamall, Ever Gotesco Morayta, Cebu, Davao and Limketkai Cagayan De Oro. Design by Mhelayne Arceno-Lalusin. Reprinted with permission from the author.

The 4PL Evolution 93



The shift from 1PL to 4PL offers another changing perspectives about Logistics and Logistics Management. Using Trucking as an example:

- 1PL – This is my truck.
- 2PL – Who owns this truck?
- 3PL – Who manages this truck?
- 4PL – Who manages this trucker

A principal therefore who contracts out transport operations and management should not be concerned about truck ownership but should focus more on how transport management is delivered – whether through management of the trucks or the orchestration of the truckers.

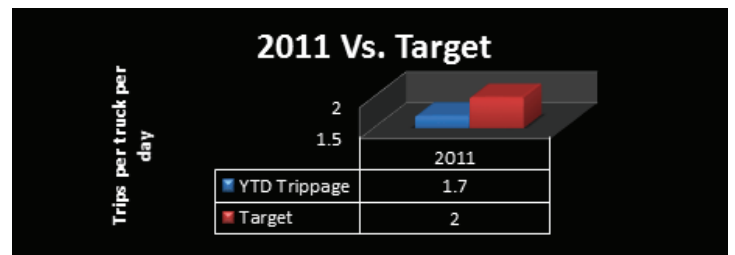


Scheduling for faster delivery time

RedSystems' Leopoldo Flora Jr. writes about how, through its train schedule system, his company optimized its transport fleet and decreased delivery time to customers

Logistics operations for beverage companies have always been a constant challenge, with the emerging growth of the number of customers within the array of the same operational capacities. As the market expands, the challenges that are normally encountered become elastic in nature, which in essence hinders the capability of achieving efficiencies without a catalytic framework that would change the landscape of how business is being done. These challenges, in effect, translate into an obvious dilemma of operations for a logistics company serving a beverage company sometime in 2011 and mid-2012. They are the following: low truck turn around at 1.7 trips per truck per day, high processing time of delivery at the customer with an average of 4.6 hours per trip, and a highly variable delivery schedule.

Below is the truck turn around for 2011 vs target:



With the very low performance to target of truck turnaround, the high processing time of our delivery partner, and the high variability of delivery schedule, other factors such as picking productivity and low utilization of trucks are affected as well.

- Low picking productivity rate with year

2011 performance of 224 versus 270 cases per hour due to congestion in the warehouses.

- Low utilization of trucks with year 2011 performance of 73%.

Solving the issue requires support from the management to launch a program that will help solve the issues operationally while at the same time maintaining a constant communication with the involved functions that will act as a change agent all throughout the process.

The solution to the identified problem came about by defining the factors of the causes. The solution started by assessing the overall process by determining the relevant stop points from dispatching/arrival to customer/checking back to plant. In determining the solution to the problem, we use the fishbone diagram (see below) to brainstorm the cause and effect of 4.6 hours processing time of the customer.

In this fishbone diagram, we can see the causes involved in the long hour processing time of customer which affected the utilization of trucks and labor.

Below are the opportunities and actions plans that help us arrive in implementing the train schedule.

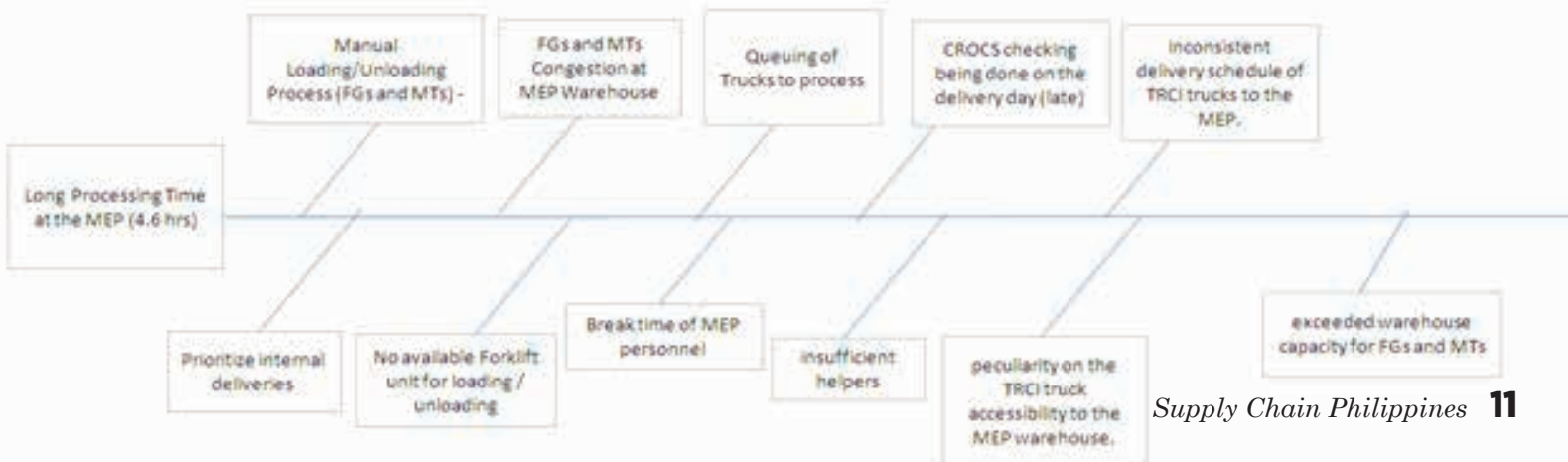
Opportunities	Root cause	Action plans	Timeline	Person/s responsible
Queueing of trucks to be processed	Manual loading and unloading process	Deploy more MEP helpers to make loading/unloading faster	TBD	MEP
	Prioritize internal deliveries	Implement train scheduling to prevent inconsistency in delivery time	P2w4	Site Leadership Team (TRCI)

The main solution to the problem, as identified through root-cause analysis, is called “Train Schedule,” wherein there will be a fixed and agreed delivery schedule per customer on a per stop point basis. This project entails a collective effort of different functions such as operations, planning, sales, and more importantly the customers.

Trucks dispatching from plants or sales offices will have a fixed schedule of deliveries as planned and as committed to the customers. The time per stop point is already standardized so the overall delivery as planned is compiled within the day. Also, the customers can also plan their resources (both manpower and warehouse) in managing the receiving of delivery. Truly, the innovation in the planning and implementation stage of train schedule is less costly yet the design and the benefits are relevant in the success of maximizing the use of the assets, labor, while ensuring that discipline within the chain of distribution are inculcated.

The idea was conceptualized by analysing and reviewing the result of the cause and effect diagram. The implementation of Train Schedule was not easy, since the project is highly dependent on the approval of the sales team and the customer. We have cascaded our objective and intention to increase the use of trucks while at the same time helping our customer by allowing them to have advance information of our delivery that would resulted to their manpower planning and warehouse management. By making them informed with the specific time of our arrival they are rest assured that they have a high level of stock security.

With the collaborative agreement of operations, the sales teams, and the customers, we

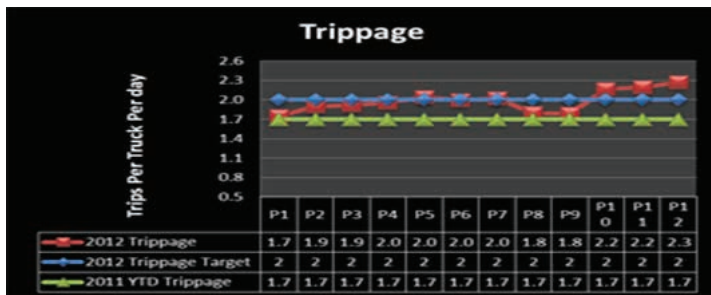


are rest assured that there will be a harmonious and synchronize commitment in maximizing the use of assets, labor, and control of the logistics operations.

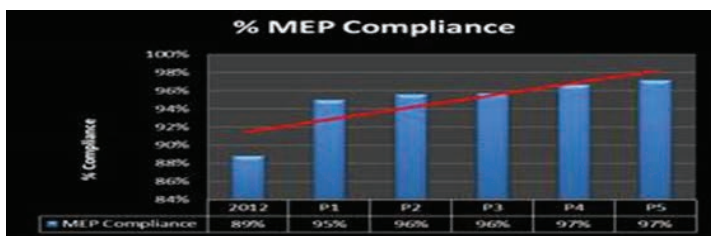
Post-benefits of the train schedule

After the implementation of the Train Schedule to the customers, we were able to gain the benefits of lower processing time in the customer from 4.6 hours to 2 hours, which resulted to an increase in the number of trips per truck per day. This achievement was translated into realized cost savings amounting to P104.76MM in 2012 and P33.08MM YTD for 2013 brought about by the increase in trippage of the trucks.

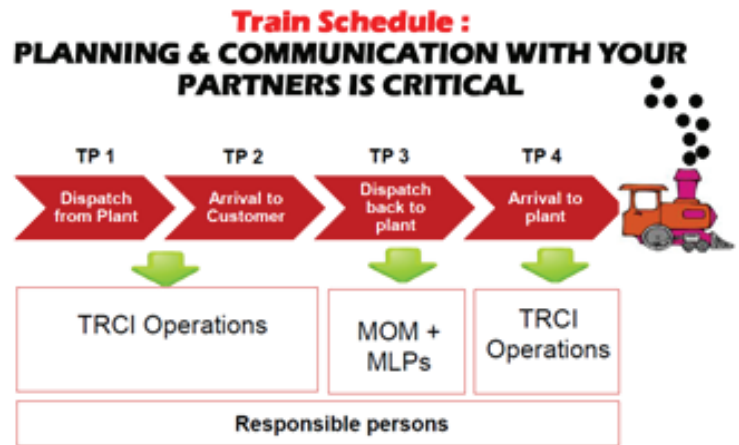
The chart below shows the increase of truck turnaround (trips per truck per day) from 2011 Year to Date of 1.7, to 2.0 in 2012, and to 2.3 in 2013 YTD. With this increase, the company is maximizing the truck usage that resulted to lower depreciation cost, and lower TPD usage.



The chart below shows the percentage of Train Schedule compliance rating. With this parameter, we are assured that the customers are with us in our journey to have excellent supply chain practices:



The project also had long term effects in the organization. The operations team become more responsible in ensuring that the goods will be delivered to customer as promised and



agreed in the SLA. Also, the company became customer-centric by giving equal delivery opportunity to all customers. With this project, the communication boundary and the supplier-customer relationship became stronger. Now we have a more synchronized and streamlined processes in relation to delivery because everything, including what could not be controlled previously, are now standardized. With these changes, we are rest assured that our bottom lines—which are satisfied stakeholders, high level of productivity, utilization of assets, and greater profits—are achieved.

Sustaining the Train Schedule project upon the realization of the benefits will be done through consistent communication with the customers. Therefore, the calibration of previous standards to achieve supply chain excellence by increasing the target parameters will help us achieve more. Instituting a world class monitoring system will give us more fluid and accurate data which in return will be the basis of our continuous improvement. Furthermore, creating a win-win situation both for the company and the customer will give us excellent collaboration that, in return, will give operational efficiencies and improvements that will affect the company's financial bottom line. •

Leopoldo Flora Jr. is the executive assistant to the Chief Operating Officer of The RedSystems Company Inc., the logistics arm for Coca-Cola in the Philippines. This article was part of the company's entry to last year's Salute to Supply Chain Excellence Awards.

We make sure that every customer need is served by carrying
THE MOST TRUSTED AND RELIABLE BRANDS IN THE INDUSTRY

TEL. NO. : (02) 634 0428
MOBILE : (632) 917 598 0394



Power Pallet Truck



Forklift
Cat® DP25

We are also the distributor of:



TADANO

Cranes



Genie
A TEREX COMPANY

Manlift & Aerial Work Platform



TEREX

Towerlights



PM Putzmeister
Concrete Pumps



Atlas Copco

Portable
Air Compressor

■ Sales (New & Used) ■ Rentals ■ Parts ■ Services

MONARK EQUIPMENT
#13 Economia St. Bagumbayan, QC1110
Metro Manila Phils.
www.monark-cat.com
customercare@monark-cat.com

Monark **CAT**

A domino effect against competitiveness

The imposition of an extended daytime truck ban in the City of Manila—and the resulting work stoppages and congestion of ports—has had a profound impact on supply chain operations. Max Yap, Jessie Sarmiento and Henrik Bataillon take note of the impact and the response of affected stakeholders

In recent months, businesses in Metro Manila and surrounding provinces faced challenges that affected the way they produce and deliver products, and whose effects could snowball and adversely affect the Philippine economy as a whole. In February, the City of Manila issued an ordinance banning trucks from plying its major thoroughfares during the day. The new rule, and the protests that it caused, ultimately led to congestion in Manila's ports, resulting in a backlog of shipments and delays in deliveries.



Manila's extended daytime truck ban

Last February 5, the trucking sector, import/export companies, local manufacturers and logistics providers were all taken by surprise when it was announced that the Manila daytime truck ban will be implemented.

City Ordinance 8336 prohibits movement and parking of trucks or trailers with eight wheels and above, and with GVW of more than 4500kgs within the city of Manila. The ban is in effect from 5:00am to 9:00pm, from Monday to Saturday. Various sectors and groups, including foreign chambers of commerce, have raised their concerns on the negative effects of the said ban to the Philippine economy.

The ordinance is somewhat similar to the daytime truck ban the Metro Manila Development Authority has proposed. Its plans is to ban trucks from travelling throughout the daytime, with an operating window only allowed on SLEX, NLEX and roads leading to Manila's ports. The plan was decried many times by stakeholders, and recently the MMDA has put a hold on implementation, yet again, until July of this year.

The major contention of the City of Manila is the need to ease up the traffic in the major thoroughfares of the city. They believe that

trucks are the major cause of the chaotic traffic jams in the city. Manila mayor Joseph Estrada has stood firm on his government's implementation of the ordinance, although this has been very unpopular amongst business groups and the logistics sector.

With the standstill, the trucking and logistics sectors have counteracted with a truck holiday of their own. This resulted in the complete paralysis of the ports of Manila and the non-movement of cargo. The effect was tremendous and resulted to millions of pesos in losses to the industry, both local and export.

The national government eventually intervened as the pressure mounted from the stakeholders and a compromise has to be done. In effect, a miniscule concession was achieved, with the City of Manila providing a window to the ban. The city council had provided a 10:00am-3:00pm window, which allows the movement of trucks, but on the condition that these are loaded with cargo.

As a result, the trucking sector has implemented a 50%-100% increase in their rates, arguing that they are incurring losses in their business. Up to this day the problems continue to persist, with delays in the delivery of goods, port congestion, and long lines in the pull-out and receiving of containers in the CY.

MANILA TRUCK BAN

These past few days we have been experiencing intermittent strike action from the different trucking associations, calling for the amendment or repeal of Ordinance 8336. The truckers have a growing concern on the effect of the truck ban on the welfare of truck drivers and helpers, as it affects their health and safety. The drivers are usually on the road, or in the ports, and they hardly get the proper amount of sleep. There are reports of accidents, especially among those who try to beat the early morning truck ban so they are able to bring their containers to the port.

There is also a persistent call among truckers to tame down the actions of the towing companies that are accredited by the City of Manila. They also want to point out the abusive behavior of the City of Manila's traffic enforcers.

Congestion in Manila's ports

The truck ban in the City of Manila has also put the spotlight on the state of the ports serving Metro Manila and surrounding provinces.

The truck ban meant cargo could not leave the ports, as the truckers could not travel during the daytime. This resulted in shipments piling up at the ports. Despite the compromise operating window opened by the Manila city government, getting these shipments out of the ports and to their final destinations still isn't easy: there are still processes to comply with, such as customs clearance and other duties. This resulted in a backlog of shipments left idle in Manila's ports, and an increase in costs on many fronts.

The Aduana Business Club reports that the Manila International Container Terminal is fully utilized, with 5,844 overstaying TEUs as of May 5. The dwell time for imports clocks in at 9.56 days, while for exports, it's at 5.79 days. Factors affecting the port's operation include backlog incurred because of the truck ban, and intermittent strike action from stakeholders due to the ordinance.

There are two other international ports operating near Manila, and both are easily accessible. The Subic Bay Freeport, formerly an



American naval base, has been operational since the 1990s, and is easily accessible via NLEX and SCTEX. The Batangas International Port, which was upgraded during the Arroyo administration, is easily accessible via SLEX and Star Tollway. However, both of these ports are underutilized, in part due to its distance to production centers, and in part because of the higher costs of shipping in Subic and Batangas, compared to Manila.

There have been efforts, from both the public and private sectors, to encourage companies to ship through Subic and Batangas. There is a concerted effort to promote Batangas International Port as an alternative to Manila, but its smaller capacity and lack of ships making the trip there has deterred companies.

The Philippine Economic Zone Authority (PEZA) said, in a meeting with the Export Development Council and the National Competitiveness Council, that it is devising a strategy to promote Batangas as a port of choice for shippers. It is looking to present the advantages of using the port to shipping lines. In the same meeting, Asian Terminals Inc. has confirmed that it is in the process of expanding the port, notably the acquisition of two quay cranes to handle bigger volume of cargo.

Despite this, however, the volume of cargo



Images from a trucker's strike led by the Alliance of Concerned Truck Owners and Operators (ACTOO).

entering Batangas is still small, with increases proving to be insignificant. Shipping companies are extremely cautious in changing their routes, as it entails huge costs and risks. Manila's ports remain congested, and while expansion is in the cards, weak government policies and delayed upgrades mean these measures will only work in the interim rather than in the long run.

Stakeholders are negotiating with several branches of government, but the lack of concrete, visible action from the national government is notable. (As of this writing, the city government suspended the ban for eight days in light of the World Economic Forum in May.)

The SCMAP position

The Supply Chain Management Association in the Philippines has been working tirelessly to present the view of the supply chain industries to policy meetings organized by government agencies and other stakeholders. This January, SCMAP organized a meeting to formulate a response to the MMDA's planned truck ban, which was deferred, as mentioned earlier. The SCMAP also continues to attend meetings organized by the Department of Transportation and Communication, Metro Manila Development

Authority and Export Development Council, among others, as a recognized stakeholder in the process.

For the most part, SCMAP's stand on the matter is similar to those of other stakeholders'. The organization believes that the truck ban will lead to slower delivery of goods and materials, leading to operational delays, increased risk of pilferage, and higher supply chain cost for businesses involved. There will also be a ripple effect on other industries - for example, utility companies would have difficulty making important repairs as trucks would not be able to deliver the needed materials and equipment in the duration of the truck ban.

SCMAP is calling for the reinstatement of the original truck ban—that is, a ban between 6am-9am and 5pm-9pm—and the opening of a dedicated truck lane, operational 24/7, which would be allocated for inbound and outbound trips. It is also calling for the public sector to provide alternate routes if it is to implement a truck ban, and for government to thoroughly involve the business community on formulating policies that could affect the Philippine economy.

The advent of the ASEAN Economic Community in 2015 means more opportunities for businesses in the Philippines, as they can take advantage of a wider production base and a bigger market to further expand to the region. As such, the need to develop the supply chain industry has never been more important—the AEC 2015 blueprint even designates the industry as a center of development, citing its contribution to its realization.

However, roadblocks such as the truck ban and the resulting port congestion has greatly affected the supply chain industry. Losses for both the local and export industries have been mounting. Our reputation to international markets—our ability to deliver our goods on time at the best price—has also eroded. We hope that this will not hamper our competitiveness in a global economy. Every stakeholder, both public and private, must work together to make sure roadblocks are removed, opportunities are taken advantage of, and our progress will be unhindered. •



Dealing with the new

Typhoon Yolanda is the biggest natural calamity the history. The government's response affirms that many are found in the principles of supply chain management



normal

*the Philippines has seen in many years, if not in its
any lessons have yet to be learned—and some of them
ment. Henrik Batallones outlines some of them*

AFTER YOLANDA

Experts called it the biggest storm ever to hit land. We called it Yolanda.

Six months ago, the Philippines faced its biggest natural disaster ever. With winds of up to 315 kilometers per hour, the super typhoon ultimately claimed 6,340 lives, most in the islands of Samar and Leyte. Damage to homes and businesses was estimated at around P89 billion—the costliest typhoon ever.

Perhaps the worst part of Yolanda's immediate aftermath was the slow response and relief efforts to those affected by the typhoon. Despite promises from the government that aid will be deployed as soon as possible, it took days for help to reach Tacloban, and even longer to reach other towns that were cut off. In the weeks after the storm struck, we were seeing residents famished and in anguish, afraid that they will die not because of the storm, but because of what happens after. Some have taken matters into their own hands, resorting to looting to be able to survive.

“This is the biggest logistics undertaking the Philippine government has faced,” a BBC report stated—a huge challenge, surely, but one that we should have been prepared for. As a country of 7,107 islands, we have utilized many means to deliver products and services, never mind the destination being a long boat ride or mountain hike away. While Yolanda meant getting to affected areas is more difficult, it's nothing we couldn't surpass, right?

Instead, the situation was “like an orchestra without a conductor,” to quote SCMAP president Arnel Gamboa, in an interview with Inter-Aksyon.com. “There's a lot of planning, but [relief efforts] falter execution-wise ... there could have been better ways of addressing problems.”

Arguably, the odds were stacked against the relief efforts. Limited equipment (the military only had three C130 planes with which to deliver relief goods from Manila to Tacloban) and underdeveloped infrastructure (ports in Tacloban and Ormoc are considered “hard ports”, according to Gamboa—it attracts little business and thus don't have modern facilities compared to Manila's ports) proved to be major roadblocks.



But we were not completely ill-equipped to respond to a calamity of such magnitude. The Philippines has managed to provide relief to victims of the many calamities that hit the country every year. Yolanda, however, has revealed that, despite our best efforts, they weren't good enough.

The Philippine government has a disaster management plan, which it released in 2010; it involves many government departments and ensures that risk to life and property is minimized, and that response after a calamity is sufficient. But the National Disaster Risk Reduction and Management Plan is a long-term project, and most of the plans, especially at the local level, have yet to be drawn up. It was clear from Yolanda's aftermath that there was no clear relief plan in place—and whatever plans were formed in the interim took too long to be drawn up, meaning aid did not reach those af-



ected in the critical first few days.

Definitely, there are lessons to be learned to ensure future efforts are quick and sufficient—and there’s no better place to turn to than to the supply chain industry. We may not always have to deal with calamities, whether natural or man-made, but the essentials are the same. We in the supply chain profession have to ensure that products and services are delivered to customers at the quickest possible time, with the least possible cost. The same is the case with delivering relief, only lives hang in the balance.

The points I will mention next are not, by all means, comprehensive nor novel. These are, arguably, mere reiterations of concepts we have learned and implemented in our work in the industry:

Know your terrain. We all know our goal - in this case, it’s to deliver what people need at the

shortest possible time—but we won’t be able to do so if we don’t know where we’re going. Is it easiest to bring items by land, sea or air? Many towns were cut off in Yolanda’s aftermath—roads were blocked, meaning aid took longer to get there—but some members of the media were able to access and help those isolated areas, using helicopters to get in. Granted, authorities didn’t have access to those choppers, but knowing the situation, they should have known what other ways there are to get help. Which leads us to our second point...

Do not rely on one method to deliver. Most of the Yolanda aid was delivered to Manila, which was then trucked to the RORO port at Matnog in Sorsogon. End result: the port was congested for days, with relief items—some of which were perishable—stuck there. The Philippines has many ports but only a few were utilized to stage relief aid, resulting in a bottleneck



The delivery of goods to areas heavily affected by Typhoon Yolanda was a problem, thanks to blocked roads and lack of communication.

and, ultimately, longer response time.

Redundant methods are good for supply chain, especially if it doesn't add cost or lengthens deployment time: if one method unexpectedly fails, another can pick up the slack and ensure that what needs to be delivered will be delivered. There may have been supplies stationed in the towns that will be hit, but these stocks may have disappeared with the storm—but why wait for Manila to send something over? Were there no items ready for dispatch in, say, Cebu or in northern Mindanao, which weren't as badly affected?

Stick to a plan, but be flexible. While the government had a framework with which to base relief operations on, it was clear during Yolanda's aftermath that there was no plan. Authorities admit to assessing the survivors' needs first before sending what they need over—a process that took days, thanks to communication problems (and government officials going to Tacloban without satellite phones) and blocked roads.

If a plan was drawn up proactively rather than reactively, the response would have been

better. Draw up routes, determine who's in charge of what, and clearly outline their objectives and responsibilities. But, of course, do not stick obsessively to the plan. Be flexible. Anticipate everything and be ready for it. Make sure performance is easily measured so assessing what works and what doesn't is easier. Remember, having a plan that does not work is worse than not having a plan at all.

Again, these are just reiterated points, but it's clear that we need a supply chain-type response when calamities strike in the future. We may not be as well-equipped as we hope to be—upgrading infrastructure and facilities to ensure they can cope to future needs will take a long time—but we have proved, again and again, that our ingenuity as Filipinos and our bayanihan spirit can see us through, how long it may take.

But those qualities can only do so much, and with experts saying typhoons like Yolanda are the new normal, we need to learn our lessons from the last storm and emerge more prepared for when—when, not if—the next one rolls along. •

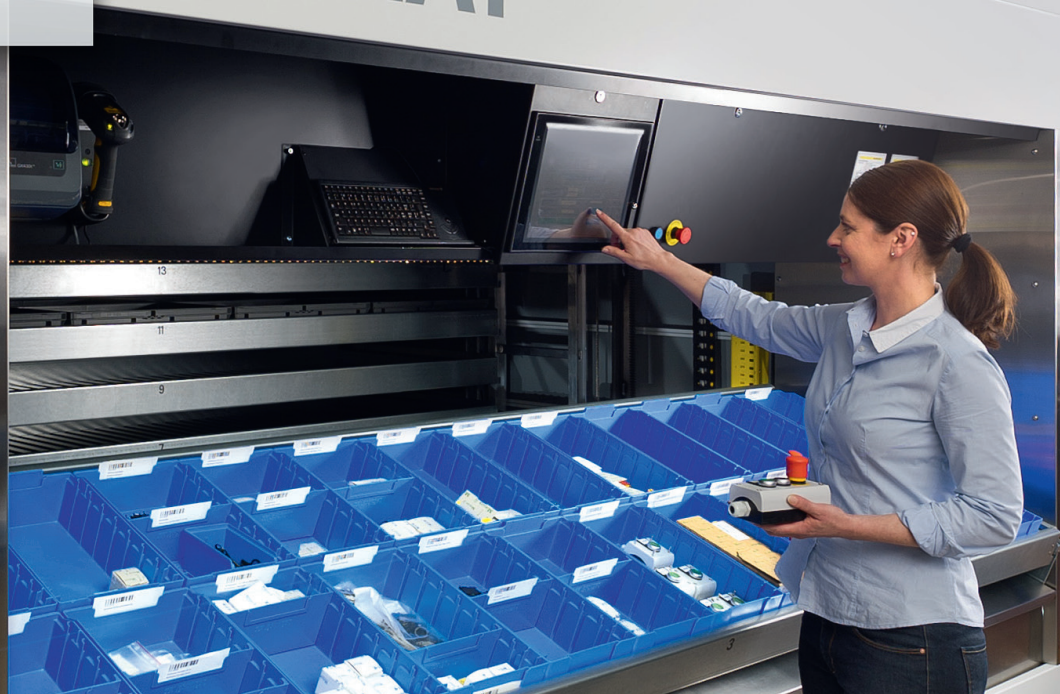
You increase your success.

We increase your

Efficiency.

Worldwide.

LOGIMAT



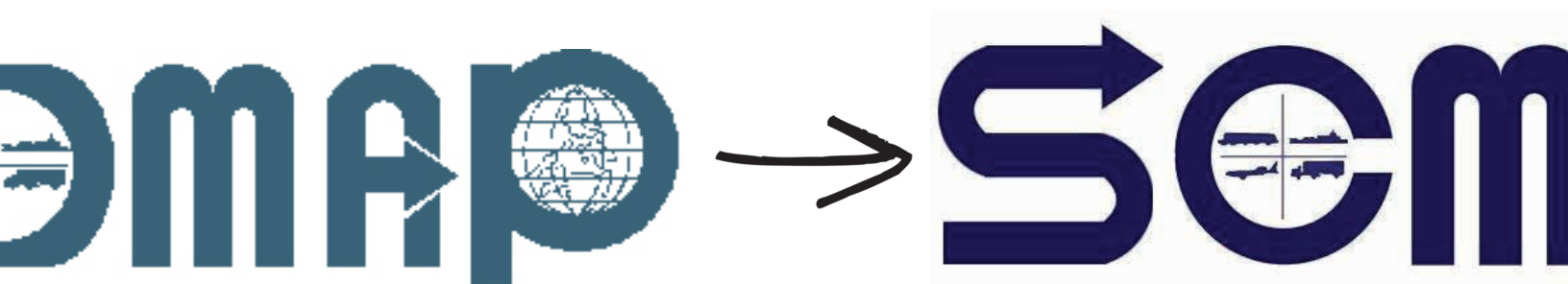
LogiMat® - your ideal storage and picking solution for small parts

Working according to the convenient principle of “goods to man”, this automated storage and order picking solution can efficiently reduce the proportion of travel time by more than 70% and increase the commissioning speed by 6 to 10 times. LogiMat® provides efficient space utilisation that helps reduce energy and storage costs, thanks to its extremely compact design. Contact us today for more information.



The history of SCMAP

In the second part of a series on the history of the Supply Chain Management Association of the Philippines, the organization's executive director, Ed Sanchez, looks at the SCMAP's transition from logistics and distribution to the whole supply chain



Formula for success

DMAP, and later SCMAP, has met with a good measure of success in its first two decades through a formula of CONSISTENCY + WILLINGNESS TO CHANGE + CAUTIOUSNESS.

- **The decision to go DMAP (Distribution) instead of LMAP (Logistics).** The ten charter members who formed DMAP in August 1989 all voted to go for DMAP. As they were all focused on fighting large sea freight rate increase petitions, setting up LMAP would have been a case of biting off more than it could chew. It could have disintegrated had it done so. At that time the US-based Council of Logistics Management was still refining its definition of Logistics.

- **Allowing only manufacturers and distributors to become members.** Since its first activities were opposition to shipping rate increase petitions, it was obvious that shipping lines could not be allowed as members. The early years were also spent in opposition to rate increases for cargo handlers and truckers. This

consistent stand vs. unjustified cost increases strengthened the unity among members.

- **Consistent stand against disadvantageous impositions also strengthened unity.**

Disadvantageous impositions included proposals for odd-even traffic scheme, 15-hour Manila truck ban, TRB truck ban in the expressways converted to load limits, and pass-on of payment of port worker benefits to cargo owners.

- **Disallowing reelection of the president.**

Another correct move was the cautious restriction in the early (first six) years that no individual can repeat as president. This was to protect against the possibility of a “wrong” president staying in power and leading DMAP to the wrong path. With a still small organization, this was clearly possible. After six years there were already 50 members.

- **Consistent stand vs. monopolies** (EO 59), cartels (CISO, DSA) and regulatory capture (PPA, MARINA) strengthened links with other groups.

- **Allow LSPs with conditions.** At around the turn of the century DMAP allowed the entry of logistics service providers. It adopted a cautious

The following history is derived from a collection of articles published in *Port Calls* under the column SCMAP Perspective.

stance and restricted LSP members to 20% of the membership. This was to guard against a majority of LSPs whose prime interest might be selling their services.

• **Expanding the scope to SCM.** In 2007 DMAP took this bold step which expanded the scope and broadened the horizon. The group was ready for bigger things.

• At around 2009 SCMAP allowed individual membership, but again cautiously. Individual

members had no voting power. This is to protect SCMAP from being taken over by a group of individuals from a single organization or group.

A long stretch of the second decade was under the leadership of multi-year president Cora Curay. Thereafter SCMAP started to further expand its activities in form, substance and directions under the leadership of Dennis Llovido, and continued by Ike Castillo, Gabby Patag and current president Arnel Gamboa.

The new DMAP

The SEC approved the new name and amended articles of incorporation and amended by-laws on June 29, 2007.

Actually there was no abrupt change in the activities of the association. The change had been happening all these years dating back to the mid-1990s.

For example the annual logistics conference had been using themes on supply chain since 1994. Accordingly the talks in the conferences covered supply chain topics.

DMAP seminars began to include Intro to SCM and Measuring SC Performance. DMAP began to discuss SCM in its GMMs. And the DMAP-DLSU program on Logistics Management was renamed SCM.

Other features of the new DMAP, as announced by President Cora Curay in 2007, include

• Bringing the association's activities to the provinces, with the establishment of provincial chapters

- Opening up membership to individuals
- Review of the curriculum for the DMAP-DLSU SCM program
- Setting up awards for professional practice
- Reformatting of the GMM

DMAP's change of name to SCMAP ran parallel to the change undergone by CLM (Council of Logistics Management) in the United States. Historically the CLM used to be the National Council of Physical Distribution Management in the 1960s. It evolved into the CLM in the 1990s, and later to CSCMP (Council of Supply Chain Management Professionals) in 2005.

The move to establish provincial chapters was first pushed by Ike Castillo in 2000. It was finally realized this year under the leadership of Arnel Gamboa. Bobby Cabaero is the president of the Cebu chapter.

The awards for professional practice have been championed by Ana Rose Ochoa, and were finally launched in 2011 as the Search for Supply Chain Excellence. •

SCMAP: AN ACHIEVER ORGANIZATION IMPROVEMENT OF SUPPLY CHAIN PROCESSES

Achievements of DMAP and SCMAP include:

- Opposition to implementation of EO 59 monopolistic provisions/no public bidding, and subsequent equivalent unsolicited proposal and single terminal operator
- Advocacy of revision of PPA charter which contains conflict of interest
- Advocacy of policy on competition
- Performance appraisal of domestic shipping lines
- Support for and inputs to EO 170 and 170A on

Road RORO Transport System and advocacy of shipping alternatives

- Conversion of TRB truck ban at expressways to load limits. Opposition to a 15-hour Manila truck ban, to a proposed odd-even traffic scheme, and to a daytime truck ban
- Participation in meetings on truck overloading
- Implementation of trucking service standards with INHTA

AROUND SCMAP



The 2014 SCMAP Board of Directors and Committee Chairpersons during their annual planning session in Tagaytay.



Magtanggol Gunigundo I, representative of the first district of Valenzuela, speaks at the SCMAP 2014 board induction on February 7.



Fast Logistics' Ike Castillo during the first ever Supply Chain Mornings held on April 24.



Transfluent's Ninoy Rollan was one of the speakers at the Supply Chain in a Day Conference last March 6.



The Red Team won the second SCMAP Bowling Fest, held on April 25.

2014 SCMAP board sworn in

This year's SCMAP board of directors and committee chairs were inducted at a simple gathering on February 7 at the Garden Ballroom of the EDSA Shangri-La. The keynote speaker was Valenzuela congressman Magtanggol Gunigundo, who was also at hand to swear in this year's board.

This year's board is virtually the same as last year's, with Arnel Gamboa of Benby Enterprises still leading as president. There are new faces, however. Rolly Lazo of Johnson & Johnson sat as director of the Inbound Logistics committee; he has since left the board after stepping down from J&J. Two new committees were formed: Smart Communication's Avel Acedo leads the Green Logistics committee, while SSI Schaefer's Henrik Batallones heads the Marketing committee.

The board later held its annual planning session on January 18-19 at the Smart Staff House in Tagaytay City. Bobby Cabaero, president of SCMAP's Cebu chapter, also attended.

Two academe events kick off 2014

SCMAP kicked off the year with the Supply Chain in a Day Conference was held on March 4 at the Unilab Bayanihan Center. The event featured talks from Ninoy Rollan, providing a bird's eye view of supply chain management, and Gus Arguelles, who tackled incoterms and documentary credit.

Then, on April 24, SCMAP launched Supply Chain Mornings, its series of half-day seminars tackling different aspects of supply chain management. The first such event was held at the Astoria Plaza and featured former SCMAP president Ike Castillo and current SCMAP vice president Cora Curay discuss the many facets of transport management. The second Supply Chain Mornings will be held on June 19.

SCMAP goes bowling

The second SCMAP Bowling Fest was held on April 25 at the Coronado Lanes at Starmall EDSA-Shaw. Like the year before, it gave SCMAP members a chance to take a break and have fun amongst peers - all while playing that looks-easier-than-it-really-is game: bowling.

36 attendees across eight member companies were split into seven teams. The team who would garner the most pinfalls across three games were named this year's champions. That honor went to the Red team, winning the title by a whisker against a similarly strong Brown team.

Individual honors were also given out to some exceptional players, all of which happen to be from Asia Cargo. Allen Gandia had the highest score by a male player in the single game, with 180 pinfalls, while Ryan Reyes was feted for getting the highest score across three games. For the women, one person took both honors: Marife Taeza.

And coming up...

Walk the Watershed, in partnership with the Philippine Disaster Recovery Foundation and Smart Communications, on June 7 at the Marikina Watershed ... the second **Supply Chain Mornings** of the year, tackling inventory control management, on June 19 ... the third **General Membership Meeting** of the year, also on June 19 ... and, of course, the **2014 SCMAP Supply Chain Conference and Exhibit** on September 18-19 at the EDSA Shangri-La Manila. For more information on these events and more, like our Facebook page: www.facebook.com/supplychainphilippines

Helping the Marikina Watershed: SCMAP takes a walk for the environment

Henrik Batallones talks about SCMAP's new efforts to give back to Mother Nature

This June, the Supply Chain Management Association of the Philippines, in association with Smart Communications Inc., will hold a nature trek event at the Marikina Watershed in Rizal, called Walk the Watershed.

The event, which is in support of the Philippine Disaster Recovery Foundation's efforts to preserve the forest area surrounding the Marikina River, will include a nature trek, a clean-up drive, and an immersion trip and gift-giving session with a local community near the river's banks. Spearheaded by SCMAP's Green Logistics committee, the event aims to raise awareness of the plight of a major waterways system that serves (and, in some cases, destructs) Metro Manila, as well as the need to protect the environment in general. It is also seen as a way for SCMAP members to give back

to the community in a meaningful and fun way.

So why the Marikina Watershed? It is a place you don't usually hear on the news - you're more likely to be aware of the La Mesa Watershed in Quezon City. While the latter is important, too—it being a primary source of Metro Manila's water supply—the Marikina Watershed is much bigger in scale.

Despite the name, the Marikina Watershed is not located in Marikina. The 26,000-hectare area covers several cities and municipalities in Rizal, such as Antipolo, Rodriguez and Tanay. The Marikina Watershed is, in fact, the home of Wawa Dam, which provided Metro Manila's water supply until the Angat Dam was opened in 1967. The watershed gets its name, however, from the Marikina River, which flows through Marikina City before its mouth empties to the

A map of the Marikina Watershed area. The map shows the coastline of Manila Bay to the west and Laguna de Bay to the south. A network of rivers is depicted in light blue, with a prominent river flowing from the north towards the bay. A specific section of this river is highlighted in a darker blue. The labels 'Manila Bay' and 'Laguna de Bay' are placed near their respective bodies of water.

Manila Bay

Laguna de Bay



Pasig River.

Rampant industrialization and neglect has polluted the river, reducing the quality of the water we drink. Deforestation along the river's banks also led to siltation. Only 20-30% of the Marikina Watershed's forest cover remains, and the soil that is eroded during rainfall further clog waterways, leading to worse flooding. When Typhoon Ondoy hit the country in 2009, Metro Manila received a month's worth of rainfall in 24 hours; it ultimately led to 464 deaths. Experts have since concluded that most of the floods that inundated the capital region came from the Marikina Watershed, which was unable to cope with high amounts of rain. What more the residents who live in or near the watershed itself?

Since its establishment in 2009, the Philip-

pine Disaster Recovery Foundation has made reforestation of the Marikina Watershed a flagship program, and SCMAP is proud to now be taking part in this endeavour. Walk the Watershed will be held on Saturday, June 7. Apart from a nature trek, we will be cleaning trash on the river banks, and also give school kits and other gifts to residents in the area.

We would like to thank those who have already donated for the school kits, and we would like to encourage all of you to help out however you can, either by donating items or by taking part in the event. We believe it is definitely a worthwhile cause—because, in the end, when the environment wins, humanity wins, too. •

Photos in this article are provided by the Smart Communications Public Affairs Office.



Introducing Supply Chain Mornings

This year SCMAP introduced Supply Chain Mornings, a new series of half-day seminars tackling different principles of supply chain management.

The idea is that it will complement SCMAP's existing academe offerings: the full-day seminars (details of which will be released soon) and our major events such as the Logistics Immersion Course and the SCMAP Supply Chain Conference. Attendance to all five events will get you a certificate of training, but you can also choose to attend only the seminars whose topics are relevant to you.

The first ever Supply Chain Mornings was held on April 24 at the Astoria Plaza Hotel in Pasig. The morning's event was a Transport Management Workshop, with Fast Logistics' Ike Castillo and XVC Logistics' Cora Curay providing an overview on the different modes of transportation available; their pros and cons; and the challenges of managing your transport fleet. Considering the issues of the day, there was also a discussion on the challenges posed by the truck ban and the resulting congestion of the ports.

There are four more Supply Chain Mornings

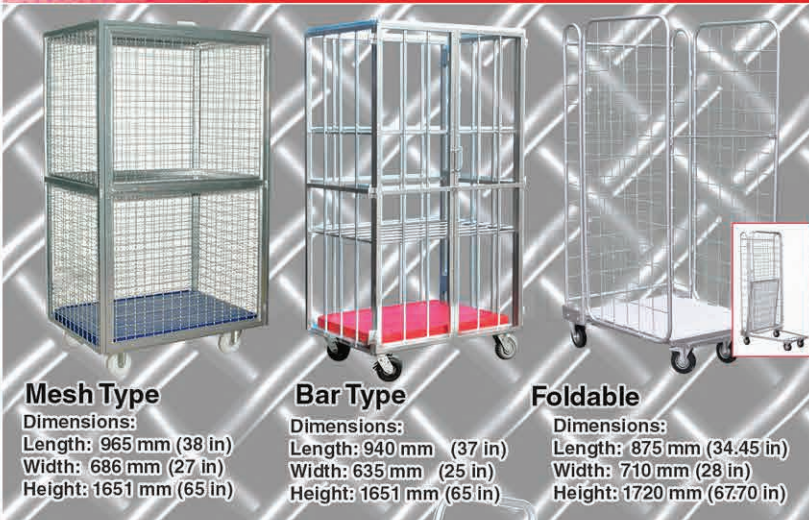


events lined up for the year. A seminar on **Inventory Control Management** will be held on June 19; **Quantitative Approaches to Logistics Planning** will be on August 14; a **Leadership Training** workshop will be on October 16; and finally, **Strategic Procurement** will be tackled on November 20.

Registration for the four remaining events are still open. You may contact the SCMAP secretariat through secretariat@scmap.org for details on how to register, or how to be a sponsor. Also keep your eyes peeled on our Facebook page (facebook.com/supplychainphilippines) for more details on the courses and the speakers. We hope to see you there! •



STEEL CAGE WITH WHEELS



120 LITER WHEELIE BIN FOR WASTE SEGREGATION



La-la-la Palawan

Seven questions about the destination province for this year's Logistics Immersion Course (and one that's very much in the news in recent months).



This Palawan town is considered a potential port in the ASEAN RORO Project.

_____ **P** _____

This is the first of two UNESCO World Heritage Sites in Palawan.

_____ **A** _____

This Palawan town's name is Spanish for "little Cagayan".

_____ **L** _____

The largest pearl in the world, found in Palawan, was named after this Chinese icon.

___ **A** ___

This native Palawan tribe's name translates to "people of the world".

_____ **W** _____

This lake, based in Coron Island, is considered the cleanest lake in Asia.

_____ **A** _____

This Palawan resort town was formerly known as Bacuit.

___ **N** ___

SCMAP 25 PAST PRESENT FUTURE

The Supply Chain Management Association of the Philippines marks 25 years of serving the supply chain industry with its biggest annual conference yet. With over 400 delegates and 1,500 square meters of exhibit space, it is two days of connecting with your colleagues in the industry and learning about the latest developments in our profession.

**2014 SCMAP
SUPPLY CHAIN
CONFERENCE
AND EXHIBIT**

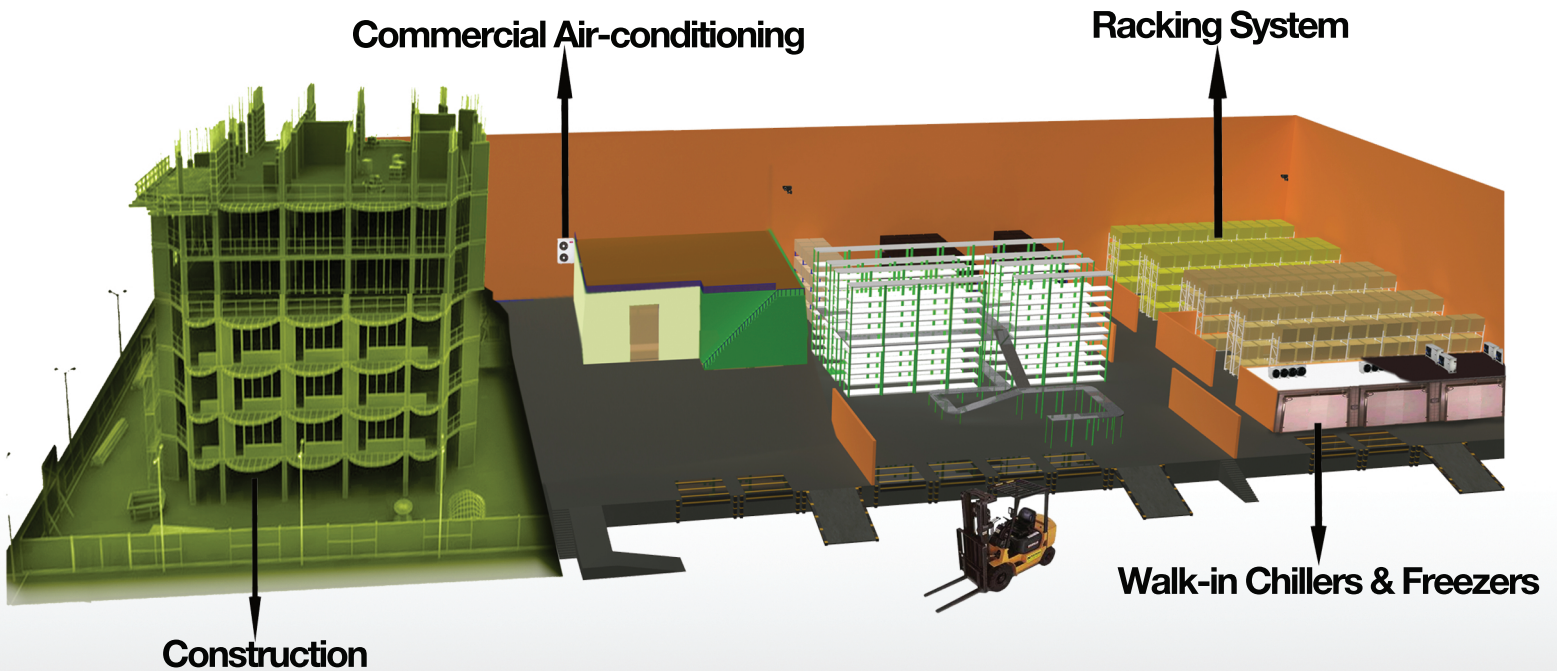
8-19 September 2014
EDSA Shangri-la Manila
Mandaluyong City, Philippines

To be a sponsor or delegate
contact the SCMAP Secretariat
671.8670 / 636.3128 / secretariat@scmap.org



Developing Excellence™

An end-to-end engineering solution from conceptualization, design, build and equip.



devEX Developing Excellence™ contact@devexsolutions.com www.devexsolutions.com

MANILA OFFICE

29 Pilar Street, Brgy. Addition Hills San Juan City, Metro Manila Tel.: +63 2 705 1315 Fax.: +63 2 725 6721

CEBU OFFICE

No.6H Bridges Town Square 143 Plaridel St., Mandaue City Tel.: +63 (32) 236 0121 Fax.: +63 2 725 6721

DAVAO OFFICE

Regina Commercial Complex C.M. Recto St., Davao City Tel.: +63 (82) 224 0547 Fax.: +63 2 725 6721



Walk-in Chillers & Freezers



Materials Handling



Shopfitting Solutions



Food Service Equipments



Refrigeration System



Devex Concepts



Commercial Air-conditioning



Devex Construction