

Methods of Supply a concern when Exporting & Importing

By Janice Wickes

Lean Manufacturing has become the latest trend for manufacturers to adopt but before entrenching this approach, it needs to be more carefully scrutinised.

Many will remember an earlier concept called "Just in Time Supply". The idea is to order stock at the last possible moment to avoid having money tied up for however long it takes to use or sell it. Lean manufacturing is really just a reinvention of the same thing only now it's specifically targeting manufacturers.

Whichever term you prefer, there's more to consider than a delayed spend.

Both are like revolving credit facilities. **A business has to be extremely disciplined in all areas for the process to truly make a difference in the end.** While the concept itself makes sense, the practicalities can fall short on actual performance.

When it comes to international shipping and customs, Just in Time Supply leaves little room for problems that you've absolutely no control over. Nor does it seem to provide the flexibility companies need in order to adapt to a changing trade environment, particularly where changes in legislation and rules are concerned.

Shipping companies and airlines prefer to service trade routes with plenty of traffic so they can make money. New Zealand is a very small fish in a very remote pond. A drop in our international trade often sees fewer ships and planes calling fewer ports which means delay as more businesses have to line up for less space.

Security at borders worldwide was tightened as a direct result of 911 yet few trading on the international market have actually made any changes to their systems to adapt. Many continue to operate like this extra layer of bureaucracy either doesn't concern them or won't cause problems.

Enforcement of New Zealand MAF regulations at the border are constantly becoming more obstructive yet many importers have little or no time-margins built-in for such delays.

Consider the following everyday examples that can bog down purchasing/sales systems and create stress...

- Late, missing or incorrect shipping documents
- Customs stops, exams & X-Ray (days involved)
- Late payment of shipping costs at origin
- MAF Permit processing (days involved)

- MAF exams & Treatments (days involved)
- Ships running behind schedule
- Cargo off-loads
- Faulty/damaged stock
- Staff absences (not just your staff)
- Schedule changes for ships & Aircraft
- Vessel changes
- Waiting for shipping company charges
- Cargo to/from South Island routed via Auckland & often via another international port
- Consolidation & Transport methods for cargo moving between the North & South Islands
- Cargo co-loaded with a second co-loader
- Weather
- Port & Depot pick-up/delivery requirements
- Port & Depot queues
- Cargo unpack queues
- Availability of MAF Transitional Facility for full container unpack & Accredited person to supervise
- Road & Rail capacity
- Human error

The list is endless but every single one of these issues is real, causes delay and can add significant costs. You can only imagine what combinations of these issues can cause right through the supply chain. And it happens on an almost daily basis.

So who does Just in Time Supply or Lean Manufacturing really benefit? Ultimately, it's possibly only the company accountant.

Given that delays in delivering your goods to market can damage your reputation and ongoing sales, particularly if production is consequently rushed, this practice can add to costs and staff turnover. Unless the company bean-counters have an intimate knowledge of shipping and customs, it seems unlikely that they've built issues like these into their money-saving recommendations?

The overriding and concerning message is that Just in Time Supply in any form, ultimately passes more control of your business and its success to not just one outside party, but multiple, probably unknown outside parties.

To be brutally frank, there's probably no real substitution for good old-fashioned common sense and planning.

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