

Successful expansion into Africa to be discussed at SAPICS conference

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“Focusing too much capital expenditure on the production and manufacturing side without enough investment in the outbound supply chain – warehousing and distribution – is probably the single biggest mistake that South African companies make when expanding into Africa,” said Carsten Schubert, director (East Africa) of Transnova Africa.

“South African businesses readily accept the status quo of logistics systems and processes already in place in the country targeted for expansion, rather than challenging them and looking for more efficient ways of getting the product to market,” said Schubert.

It is a dangerous practice to decide to make do with existing warehousing facilities and distribution processes if they are not suited to the requirements for expansion into that particular territory.

Visibility and control

Another related mistake is abdicating control of the internal supply chain to distributors, with too much reliance placed on the local distributor's network. “It is important to have visibility and control over your end-to-end supply chain,” warned Schubert. “Interacting directly and managing the relationship with your new customer base when you are trying to establish a foothold in a new market is a key success factor.”

Productive interaction with a new environment relies strongly on working to understand local culture and their capabilities, and respecting the historic lessons that inform existing processes.

“Every step of a new process is needed to be designed through the eyes of the local workforce and its capabilities,” advised Bryan Baylis, associate director of supply chain of the US-based Merck & Co.

“When local supply chain owners completely understand the proposed solutions, only then can your team execute a sustainable process, which can successfully meet the needs of the organisation today and well into the future.”

Complete immersion into local culture

Baylis explained that, as an outsider in a new environment, success is realised through complete immersion of oneself into the local culture, clearly understanding any existing processes, and working together as a cohesive team to provide viable solutions.

“While new environments present unique challenges when designing supply chain systems, there is a common need to create a flexible system that can quickly adjust to today’s global environment,” said Baylis.

The key to the success of an expansion project seems to be dependent upon keeping solutions smart enough to be effective, but simple enough to be sustainable in the local environment.

Carsten Schubert and Bryan Baylis will present their unique supply chain insights at the 38th Annual SAPICS conference and exhibition for supply chain professionals in Sun City from 12 to 14 June 2016. More information is available at conference.sapics.org.

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