



## Supply Chain Asia Weekly Newsletter for the Busy Executive

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### Editorial Commentary – New Rules for Current Crisis

Around the world, professionals and executives are being asked to do more with less. It's a demand many have heard in previous hard times, and most managers muddled through then. But the nature of the current downturn suggests that those who follow the survival techniques of past slowdowns risk betting on the wrong markets, customers, advertising vehicles, or sales approaches.

In previous downturns, many companies doubled down on large, historically profitable customers, geographies, and market segments. Today, this approach may prove ineffective because the world's economic woes are affecting customers and markets in unexpected and extremely specific ways. Companies should therefore toss out those historical expectations and focus on the emerging pockets of customer profitability.

Cash-strapped companies have also typically emphasized traditional media, such as television and newspaper ads, while cutting back on new advertising vehicles. But marketing has evolved rapidly over the past decade, with traditional media declining in importance as the Internet and social networking achieved meaningful scale. Marketing executives trying to rationalize media spending must factor this new balance into their austerity programs.

Another common approach for companies trying both to cut costs and safeguard revenue has been to slash back-office sales overhead while continuing to invest in frontline salespeople. The evolution of the sales force in recent years means that companies should take a much more nuanced approach. Companies used to regard the "feet on the street" model as their primary lever for increasing sales. Now they rely on a mixed model—customer-centric frontline product specialists and industry-specific sales managers who play a coordinating role—to provide better service and target new revenue opportunities. If executives ignore these new practices when they rationalize sales programs, hard-won customer relationships, revenue streams, and margin gains may be at risk.

Finally, new communications vehicles such as the Internet, social networking, and mobile devices are gaining scale and delivering effective results. Meanwhile, classic media such as television have become, at a minimum, much more costly. Most companies should therefore try to meet their objectives cost-effectively by using a mix of traditional and new vehicles, which is essentially more effective in this changing new world.

Paul Lim  
Founder/President

### IT News - IT Infrastructure Paving the Way to Transformation

Samuel J Palmisano, Chairman and CEO of IBM penned a very prescient opinion column, Let's Spend on Broadband and the Power Grid, in a Wall Street Journal column where he implores that we "seize this opportunity to create more and better jobs, cultivate valuable skills, and not simply repair but prepare our economy for the 21st century....This view is grounded not in the headlines of the moment, but in the facts of what is now possible technologically for businesses of all sizes." IBM recently mapped how "smarter infrastructure is by far our best path to creating new jobs and stimulating growth" at the request of Obama's transition team. Palmisano writes "...our research shows that a \$30 billion stimulus investment in just three areas -- smart grids, healthcare IT and broadband could yield almost one million new jobs in one year." He explains that "these kinds of infrastructure have significantly greater economic and societal multiplier effects than traditional infrastructure like bridges and highways".

### Industry News –10+2 rule delayed by new US President?

The Department of Transportation, and all other federal agencies, must halt any pending regulations according to an order Tuesday from the administration of President Barack Obama. The order could delay, or halt, on pending regulations may affect the timing of Customs and Border Protection's Importer Security Filing or 10+2 rule. Customs published the ISF interim final rule in November after the White House Office of Management and Budget approved it with conditions. It takes effect on Jan. 26, but the agency will continue to tweak the rule for another six months before it becomes final.

### Industry News - Hi-tech Manufacturing Slips in China

China's semiconductor manufacturing industry, a major driver of the country's high-value exports, will fall 5.8 percent this year, according to a new forecast from a technology industry research group. California-based iSuppli said the decline will be the first significant retrenchment in China's semiconductor business since iSuppli began tracking the field, although the

firm estimates revenue at China's chip factories slipped 0.1 percent in the gathering global downturn of 2008.

#### **Humanitarian Supply Chain News – IMC & Agility partner to enhance humanitarian relief**

International Medical Corps (IMC) and Agility has signed a memorandum of understanding (MoU) that outlines plans to enhance the efficiency and effectiveness of humanitarian relief. The two parties agreed to work together on both emergency relief and development settings to provide rapid response to populations in need and logistical support for long-term assistance. By combining their specialties, International Medical Corps and Agility will bring higher standards to humanitarian logistics and supply chain management. The agreement details plans for Agility supply chain management experts to support International Medical Corps' operations in the field. During emergencies, Agility will also provide logistics personnel to aid in International Medical Corps' delivery and transportation of relief supplies, including warehouse storage and shipping.

#### **M&A News - Bank Exits Hapag Sale Loan**

Shares of TUI plunged after the Royal Bank of Scotland withdrew from financing the sale of container unit Hapag-Lloyd and German lawmakers demanded a lower price for the liner operator. According to a recent report, the Albert Ballin consortium buying Hapag, which includes logistics services billionaire Klaus Michael Kuehne and the City of Hamburg, wants to renegotiate the 4.45 billion-euro (\$5.9 billion) purchase price.

#### **Country News - Chinese customs speeds up logistics**

Local Chinese customs offices are trying to help in the current crisis by supporting exports. In one instance, officials from Beijing Customs work closely with Lenovo to conduct clearance on the same day before they are shipped around the world, cutting the storage period from three days to three hours. The advantages that Lenovo enjoy are part of Beijing Customs' effort to facilitate export procedures for companies. It has also set up an online examination and approval service for companies in good standing. Customs in other places have also issued new measures to enhance clearance efficiency, such as clearing goods at ports in advance as long as the company can provide valid guarantees. The General Administration of Customs says it is carrying out the government's economic macro-control policies and helping companies survive the current downturn.

#### **Sea Port News - Suez Terminal Volume Gains**

The Suez Canal Container Terminal said throughput grew 34 percent in 2008. Container traffic totaled 2.4 million TEUs at the Port Said terminal, which is operated by APM Terminals under a 30-year lease. That accounted for around 20 percent of transshipment traffic in the East Mediterranean and Black Sea markets. The terminal stated that throughput has grown by about 35 percent since 2007, consisting mainly of transshipment volumes for the international market "in line with increasing box throughput for import/ export business."

#### **Country News - Integrated security system boosts Abu Dhabi border inspections**

US worldwide national border security and traffic management company Perceptics LLC has reported the development of an enhanced integrated border security system for Abu Dhabi Customs in the UAE (United Arab Emirates). The integration of Perceptics's Under Vehicle Inspection System and Arabic License Plate Reader imaging technology with cargo x-ray inspection systems from American Science and Engineering Inc (AS&E) at strategic border check points.

#### **People News - UPS Names Brad Mitchell as new Logistics Head**

UPS has named Brad Mitchell as President of UPS Global Logistics and Distribution. In his new role, Mitchell directs distribution services and post sales services worldwide, including warehousing, order fulfillment and delivery and returns processing for mission critical parts. He also leads UPS Mail Innovations, offering customers postal services through the USPS work share program. Mitchell's primary focus is to provide service part logistics for aerospace and high tech industries as well as for the medical devices sector of the healthcare industry.

#### **Event News – 2009 Asia Pacific Outsourcing Summit**

The 2009 Asia Pacific Outsourcing Summit (APOS) which scheduled to be held on the 12<sup>th</sup> & 13<sup>th</sup> May 2009 in Kuala Lumpur Convention Center, Malaysia in association with IAOP (International Association of Outsourcing Professionals and PIKOM (The National ICT Association of Malaysia). The event will explore and showcase the critical role Asia now plays in the global outsourcing marketplace from a high level and is designed to create a strategic platform where outsourcing is discussed from both global and regional points of view. For more information, please visit <http://outsourcingprofessional.org/content/23/154/1684/>.

### **Supply Chain Asia – Events & Activities**

#### **Supply Chain Careers 2009**

28 March 2009

Singapore | Republic Polytechnic Campus

#### **Supply Chain Asia Forum 2009**

7-9 July 2009

Singapore | Sheraton Towers

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