

# Continuous Improvement Process for Logistics in Panama

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With Panama's significant potential as a logistics platform for global, regional and local trade, the prospect of improving the country's logistics capabilities to levels similar to that of leading countries and of fine-tuning logistics services performance in accordance with current and future logistics sector demands is a national priority that can not be delayed.

In response to this challenge, the Georgia Tech Panama Logistics Innovation and Research Center is implementing a continuous improvement process for logistics capabilities that includes a number of coordinated activities in research, education and competitiveness. It is supported by the Georgia Institute of Technology, the Panamanian National Secretariat for Science, Technology and Innovation and the Ministry of Commerce and Industry of Panama. The Center's approach to analyze and enhance the capacities at the country level is innovative, and requires an increased visibility of the most important logistics services in the country achieved by developing chains and processes models for each service. This activity clearly benefits all users of national logistics services, allowing the identification of bottlenecks or technology gaps that may exist. In this way, it provides feedback to the decision-making process in order to improve logistics performance as a system.

In spite of Panama's 500-year tradition in logistics, the country had not been able to continuously or fully capitalize on its geographic position and history in world trade because of the absence of a long-term integrated strategy that systematically monitors and adjusts to an evolving global economic reality. This is changing thanks to a renewed attention and commitment to a sustainable and strategic initiative for improving Panama's logistics performance, nurtured by a unique partnership among public, private, and civil society entities led by the Georgia Tech Panama Center.

Conceptually, the continuous improvement model starts with an operational digital representation of the Panamanian Logistics Environment that includes key logistics assets, the infrastructure that connects them, and all of the services surrounding their operation. This representation requires data collection and organization into information repositories to serve as the basis for decision-making processes. Technology and dynamic modeling support analytical capacity, including computer-based scenarios for developing insights that are actually informed by empirical realities. From here, effective proposals for concrete actions to improve logistics environment services can be generated.

With Panama's logistics information at our fingertips, we proceed to develop logistics performance metrics and to evaluate the corresponding indicators. This evaluation

process allows a clear identification of the current national logistics performance while linking this performance value to each of the country's logistics services as well as to each of the different actors involved in creating and utilizing them. Additionally, the language of logistics permits us to document the country's competitive advantages and analyze them to facilitate local, regional and global trade. The information fed back can then be compared to the values of the indicators that relate to the goal of achieving top-level global logistics performance to determine existing logistics gaps. This comparison is made recurrently and consistently to measure and monitor the effects that actions completed or under implementation have on performance.

This trade facilitation component benefits from the knowledge of Panama's connectivity with international markets, the existence of free trade agreements between Panama and the rest of the world and also from near-real-time regional and global trade information. Understanding the characteristics of logistics performance and its impact on the promotion of new trade activities supports "One Vision" for the country. It also enables identification of additional trade potential to be exploited, and empowers actors in the logistics sector to set future logistics performance targets. As Panama climbs the international ladder in logistics performance and trade, all of these goals are reviewed, revised, measured, evaluated, in a systematic process carried out again and again. The outcomes of continually improved efficiency and performance compel that the process underpins decision-making, despite the ever-changing national or global context; indeed even as a strategic response to this dynamic.

Once the concept of Continuous Improvement has been fully adopted within the national logistics strategy, it requires an operational and executive structure as a basis for effective coordination of national activities related to achieving logistics performance and trade goals. In addition, it can serve as a dynamic driver for the generation of new proposed initiatives as a result of its strategic process. In particular, the Georgia Tech Panama Logistics and Innovation and Research Center promotes a collaborative mechanism within its competitiveness agenda, through the actions of the major logistics players in Panama which participate on the National Logistics Council (NLC) and its respective committees on Infrastructure, Information and Technology, Performance and Pro Panama. The Council was launched in October 2010, and is shaping up to be a truly collaborative body that brings together representatives from government, business, academia and society. Its primary objective is to support all activities of the logistics continuous improvement process in Panama. This includes identifying challenges and opportunities, documentation of best practices, and coordination of activities with common objectives developed within and outside the country.

To date, these committees are contributing to analysis and decision making activities to propose new actions (committee on Infrastructure and Information and Technology), the development of metrics and evaluation of logistics performance indicators (committee on Logistics Performance), and the analysis and documentation of the potential for local, regional and global trade that Panama has under its "One Vision" focus (Pro Panama Committee).

Currently, a new structure for an executive committee of the National Logistics Council is being formulated (Logistics Cabinet) with the representation of the Ministers of State directly involved with the development of logistics, trade and financing activities as well as those responsible for the execution of communications infrastructure projects that are vital for the logistics sector. This initiative is led by the Minister of Trade and Industry with direct support from the National Secretary of Science, Technology and Innovation.

The ongoing coordinated and strategic action towards a sustainable process of improvement in the logistics performance of Panama places the country on a path to realize the trade potential of this nation: blessed by geographic position, benefitted by historical tradition, and finally realized by the country's innovative commitment to a system for continuously enhanced logistics performance.

## Continuous improvement model

