

Supply Chain Trends and Opportunities for Panama

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How can the knowledge of international trends in supply chain management help Panama improve its competitive advantages in logistics and trade?

In trying to answer this question, several other questions surface. For example, how do we define a supply chain? In what supply chains do Panamanian logistics and trade services participate? How can logistics operations in Panama be integrated to be able to take advantage of these supply chain management trends?

Starting with the first question, and paraphrasing from the definition from CSCMP and other sources, a supply chain starts with unprocessed raw materials and end with the final customer using the finished goods. Therefore, the supply chain includes manufacturing, suppliers, transportation systems, warehousing, retailing, distribution, and the customers themselves. Functions such as new product development, marketing, operations, sales, distribution, finance, customer service, disposal, etc., are also included in the supply chain. Logistics is an important part of supply chains participating in material production and sourcing, product manufacturing, and distribution.

With this broad definition at our disposal, we realize that supply chains depend on many organizations and people, a great deal of information and all of this configuration varies with the type of product being traded. This takes us to the second question: in which supply chains do Panamanian services participate? If we focus solely on the movement of millions of containers from other countries to Panama, from Panama to other countries, and from a country of origin to a country of destination through through Panama, we discover the multitude of possibilities that exist for Panamanian services to be a part of many different supply chains.

A more precise answer is needed, and one is now being crafted. Georgia Tech Panama researchers are analyzing the container flow through Panama, including Panama Canal transits, import, export, and transshipment operations through Panama Sea Ports, re-export operations at different Free Trade Zones, etc., to understand what are the possible origins and destinations of products that could be traveling inside those containers if we know all the maritime routes that define the sea connectivity of Panama logistics.

It then becomes clear that a necessary and challenging next step is to be able to visualize world, regional and local trade flow within a period of time in order to approximately identify the dynamic dimension of all of these products, and their origins and destinations, that flow through Panama. In this way we can concentrate on improving Panamanian services for the corresponding supply chains for such products. With that in mind, a number of trade databases for 2012 are being processed and analyzed to assign products to containers and in this way define probable products and corresponding supply chains supported by Panamanian logistics services.

With this list of supply chains that likely go through Panama in mind, we can finally consider supply chain management best practices and trends to make Panama more competitive. These are briefly presented below.

In a recent report on Game-Changing trends in Supply Chain, published by The Supply Chain Management Faculty At The University Of Tennessee, four areas were identified as key in the future of supply chain management: 1) Relationship management, 2) strategy and performance, 3) planning and execution and 4) talent and information.

Relationship management calls for a customer relationship that depends directly on a virtual integration and collaboration of all stakeholders. Not only clients, suppliers, sellers and logistics services providers do business together, but they integrate their business operations to maximize performance. In this respect, the implementation of collaboration and integration schemes among all supply chain stakeholders must be improved.

An agile versus a fixed strategy better responds to the dynamic nature of supply chains and must be linked to world-class performance metrics that provide valuable feedback to value-based management processes for each chain.

It is understood that process integration adds significant value to supply chain management, but when combined with a demand management system, it helps reduce inventories and tune product features for consumers, generating a more competitive planning and execution operation.

The last category presented in the report highlighted the need for increasing information visibility in all processes. This is one of the options with the most potential for Panama. It is relatively easy to achieve with extensive use of Information and Communication Technologies.

A knowledge-based learning approach is essential. This approach is one that is distributed throughout the chain, to help capture all available talent and the right knowledge to improve processes and make the right decisions at every point where these decisions are distributed.

I have described here in a cursory way, a process of discovery in which product supply chains are identified and supply chain management trends are considered, with the ultimate aim to improve Panamanian logistics and trade services. We invite readers to visit the Panama Logistics Portal for more information and to send us your comments and questions on issues that due to space could not be treated here.

* Game-Changing Trends In Supply Chain
First Annual Report By The Supply Chain Management Faculty At The University Of
Tennessee Spring 2013