

# LOGISTICS TIMES

Department of Management and Finance  
General Sir John Kotelawala Defence University

## The Best Location for Logistics

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### Dawn of a New Era

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Winner of:  
ESSAY COMPITION  
**LOGISTICS DAY-2016**

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## Editor's Note

### MAGAZINE

An idea goes a long way, but to initiate and implement this it requires a lot of courage and motivation. As final year undergraduates who are looking forward to join the corporate sector in another three months, we started to think whether we are capable enough to be productive employees and we were curious to educate ourselves on facts that we weren't aware of. We were looking for an opportunity to talk to experienced and prominent personalities in the corporate sector and share what we've learnt as undergraduates. Then came the idea of publishing a magazine. As they say "dream big" we dreamt bigger, it was not just a magazine, it was about publishing a Logistics magazine, "Logistic Times" for the very first time in Sri Lanka, giving prominence to Logistics and Transportation. This became the dream of each and every undergraduate of Intake 31 of the Management and Finance Department at General Sir John Kotelawala Defence University. We started to work tirelessly in order to achieve our desired targets. The question did arise "Do we really have the capacity to do this". Nevertheless realizing what an important role a magazine on Logistics would play on individuals who are involved in the industry and those outside the industry always kept us on our toes and here we are today, overcoming all the difficulties we've had, clearing all our doubts and successfully passing yet another milestone in our University Life.

"Logistics Times" features interviews conducted by our own undergraduates with prominent personalities of the industry. The magazine consists of educating articles on some major companies like Hemas and also articles written by our own lecturers, students of Intake 31 and Students of Intake 32

on different topics relevant to Logistics and Transportation. The magazine also features the winning Essay of the Essay competition of Logistics Day 2016.

The writers of the magazine focused on the finer, often controversial aspects of University Undergraduates and the Industry requirements of Logistics undergraduates. We hope that we have achieved our objective of bringing about awareness through our articles and hope you make use of all the facts provided to make you a better person. I would like to extend my heartfelt gratitude to everyone who was supportive. To everyone from the corporate sector for giving us time from their busy schedules, to the Vice Chancellor of the General Sir John Kotelawala Defence University, the Deputy Vice Chancellors Academic and Defence, the Deans FMSH and FDSS, the Head of Department of Management and Finance Mrs Namali Sirisoma, the lecturer in charge Mrs Kalpana Ambepitiya, all other lecturers, the editorial board, the designing board, all the writers, each and every one from the Department of Management and Finance of Intake 31 and lastly all the others whose names are not mentioned. This would have remained a dream if not for your support and guidance.



Gayara Jayasuriya  
Chief Editor, Logistics Times

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# GENERAL SIR JOHN KOTELAWALA DEFENCE UNIVERSITY

## ABOUT

In 1979, Sri Lanka Armed Forces recommended to the Government of Sri Lanka a course of higher studies, which would enable young officers to gain higher academic qualifications. Accordingly a study team comprising of officials from the Services as well as the universities were sent to India where they visited the National Defence Academy. On return the study team proposed the setting up of a Defence Academy to award a degree in Defence Studies. In 1980, General Sri John Kotelawala CH, KBE, LLD, having understood the necessity of a suitable location for the proposed Defence Academy, informed the Commander of the Army Lieutenant General JED Perera VSV, D.Litt.(Honoris Causa), FIBM of his intention to donate the Kandawala Estate, the 48 acres land with its moveable and immovable properties to the Government for establishing a Defence Academy. This offer was gladly accepted and initial steps were taken to set up the Academy. By this time Sir John was promoted to the rank of General and when he passed away on, 02<sup>nd</sup> October 1980, the Government and the Services decided to honour him by naming the Academy after him. It was thus named

as the General Sir John Kotelawala Defence Academy. The Academy was formally opened on the Army Day, 11 October 1980 at a ceremony held at Kandawala Estate. His Excellency the then President J.R. Jayewardene unveiled a plaque to commemorate the event.

Founded in 1981 as a Defence Academy, KDU was elevated to the level of a university in 1988 with the distinctive mission of ensuring a superior quality learner-centered education through academic and professional programmes combined with practical research across many disciplines for its students. General Sir John Kotelawala Defence University (KDU) was initially established as the "General Sir John Kotelawala Defence Academy" by the Parliamentary Act No 68 of 1981 and subsequently it was elevated to a university status by the amendment Act No 27 of 1988, thereby empowering it to award Bachelors' and Postgraduate degrees.

The university opened its doors to civil students who also wish to continue their undergraduate studies in the fields of Engineering, Law, Management, Social Sciences, Computing,

Architecture, Surveying, Quantity Surveying, Medicine (Foreign Students only), Allied Health Sciences, and IT. KDU offers degree courses at both undergraduate and post graduate levels to an eclectic blend of Officer Cadets, Officers and civilians.

## KDU Vision

**To be a university nationally and internationally known for its unique ability to engage both undergraduate and graduate students in distinctive and interdisciplinary defence related higher education that best serves the tri-services, the state sector and society at large.**

KDU is also a member of the Association of Commonwealth Universities (United Kingdom) and maintains standards for educating and grooming Officer Cadets and Civil students to successfully meet the challenges and are proud to contribute to the making of outstanding Army, Navy, Air Force officers and Civil graduates dedicated 'for the motherland forever'.

General R De S Daluwatte WWV RWP RSP VSV USP LOM ndc psc is the current



Chancellor of the University. Having served in many high ranking positions in the Sri Lanka Army, General Daluwatte became the Commander of the Army in 1996 and continued till 1998. After his retirement he was promoted to the rank of General and was appointed as the Head of the newly formed Joint Operations Command and later as the Chief of Defense Staff. He was also the Sri Lankan Ambassador to Brazil from 2002 to 2005. He was later appointed as the Chairman of the Gems and Jewellery Authority of Sri Lanka and Chairman in the Civil Aviation Authority of Sri Lanka.

Rear Admiral Jagath Ranasinghe USP, psc MSc (DS) Mgt, MMaritimePol(Aus), PG Dip in CPS, Dip in CR, AFNI(Lond), Justice of the Peace (Whole Island) is the Vice Chancellor of the General

## KDU Mission

**To ensure a high-quality, learner-centered educational experience through undergraduate, graduate, and professional programmes along with high quality research across many disciplines in the field of defence, in both residential and non-residential settings in the campus.**

Sir John Kotelawala Defence University. The Vice Chancellor has earned his MSc in Maritime Law and Policy from University of Wollongong, Australia and MSc in Management from KDU. Further he holds a Postgraduate Diploma in Conflict and Peace Studies from University of Colombo. He provides leadership to this university and coordinates all activities of the University

with the support of his staff. All other officers and the academic staff at the university is what makes KDU distinct from other universities.

Students at KDU are fortunate enough not only to be engaged in their academic curriculum but also to be involved in many extracurricular activities such as sports, club activities, dancing etc. The university is equipped with a fully fledged gymnasium, swimming pool, Cricket & football ground, Tennis court, indoor basketball court etc. The Civil students are way ahead with their discipline and communication skills due to the military background prevailing at KDU. The university ensures that KDU undergraduates are well fitted into the society and serves the national and international institutes.

## ARTICLE

**Logistics**, in simple term, is the management of the flow of things from the point of origin to the point of consumption in order to fulfil the requirements of customers or corporations. The term “logistics” comes from the late 19th century from the French word “logistique” which means lodge and for the first time it was used by Baron de Jomini. Logistics has played a fundamental role in global development for 5000 years now. During that period brilliant logistics solutions were formed to overcome different problems. As an example, the fundamental progress in invention of the sea- cargo containers and the creation of novel service systems during the 20th century can be stated.

### Historical development Around 2700- 300 B.C.

Mostly material handling. Construction technologies were used to construct pyramids because the Egyptians needed sophisticated material transport equipment to move the massive building blocks. At the same time the rowing vessels were used by the Greeks and that was the foundation of international trade.

### Around A.D.700

Procurement logistics was required due to the construction of the Mezquita Mosque in Spain, which is considered to be the largest mosque in Europe. Especially, the prod was computerised as a result of the development of computers. This opened a new door to innovations in logistics planning specially in warehouse storage for the optimization of inventory and truck routing. Two most important concepts were introduced during 1970-1980's. Those were Kanban and just- in-time. These two concepts were introduced by Taiichi Ohno of



# Evolution of Logistics



Japan's Toyota Motor Co. The main objective behind the two concepts are to improve efficiency in operational functions with special emphasis been placed on procurement. During the period of 1990's ECR (Efficient consumer response) technologies and ERP (Enterprise Resource Planning) Systems were developed. The ECR technology was applied by retail and wholesale companies more often than the others. As a result of this technology, distribution centres are tasked with moving goods instead of storing them. covered in order to expand the logistics tasks through new technologies and means of transportation. During this time the Steam engine, invented vehicles, railroads and ships were used. Apart from that, the discovery of crude oil generated new missions, tools, and opportunities for logistics. During the World War I, military logistics was a vital point in the network which supplied troops with weapons, rations and equipment. In World War II, logistics was further refined. The main focus of the logistics research was on how to use mechanization in order to improve the labour intensive material handling processes and how to make better use of space using racking and warehouse layouts. As a result the concept of unit load was popular and the pallets became widespread.

### After 1950

In the mid of 1950's intermodal containers were developed together with ships, trains and trucks to handle these containers. This was the prerequisite for the globalization of supply chain. By the 1960s, freight transportation was shifted to truck rather than rail. This led to the need for joint consideration of warehousing, material handling, and freight transportation, which emerged under the label of Physical Distribution. During 1960-1970's,

all the transitions and the record keeping which was done manually,

This allows companies to accelerate reaction times to market developments and to set up efficient goods-supply systems. Today supply chain management handles the entire logistics chain from the suppliers to the end customer.

Supply chain management is an extremely interactive, complex system requiring simultaneously monitoring of many conflicting objectives. It includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers and customers. With globalization, the global competition began to arise and it is still moving forward today. Therefore, efficient logistics is highly required. Successful logistics efforts in international supply chains can fuel the development of global markets. Businesses have yet to progress very far with boundary-spanning management, probably because the tools and skills are not well developed. If the promises of SCM are to be realized, an inter organizational accounting system, appropriate metrics for defining and tracking shared benefits and acceptable methods for benefits sharing will need to be developed.



**N.D. Asha Nirosini Senanayake**  
Intake 31  
Undergraduate BSc in Logistics  
Management

# THE BEST LOCATION FOR LOGISTICS

**ROHAN MASAKORALA**

*CEO, Shippers' Academy Colombo*

**Q: Give us a brief introduction about yourself. Who is Mr. Rohan Masakorala?**

**A:** Well I'm currently the CEO of the Shippers' Academy of Colombo, I've been in the shipping, export and the logistics industry for nearly 25 years, and I represent mainly the export and logistics industry.

I was a past chairman of the Sri Lanka Shippers' Council and immediate past secretary general of the Joint Apparel Association Forum (JAAF). I'm qualified in Economics and Business Administration, and have worked both in the private and the public sector, I was appointed as the first secretary general of the Asian Shippers' Council in 2009 and currently is involved in the Global Shippers' Forum and International Chamber of Commerce on special projects. In the past I have also served as a board member of several government institutions such as Sri Lanka Ports Authority, Ceylon Shipping Corporation, and Central Freight Bureau. Currently I also work as the senior consultant for ports and aviation to H.E the President's office, through the Strategic Enterprise Management Agency (SEMA).

**Q: What made you get into this industry (the shipping and export industry)?**

**A:** Well it was an accident, I graduated in Connecticut USA, and so I decided to come back. After my graduation I applied for a position of a management trainee in few Sri Lankan companies, and I got selected to a few, but I decided to join the export and shipping division of Hayleys Limited although my background was Economics and Business management. I enjoyed the Export industry. From there onwards I was involved in exports and shipping very much and the department I worked was known as Export Shipping Department (ESD) and at that time it was a very powerful division of Hayleys which gave me a fantastic training and an exposure (I would consider it as my MBA) and that was probably the beginning of me stepping into the industry.

**Q: In a period where the country is expecting a lot of changes, what are your views about the ports and the aviation sector in Sri Lanka for 2016?**

**A:** It is not only about 2016, I think I am very positive about

the Ports and Aviation sector of Sri Lanka. I have always been positive, just that we have had previous drawbacks because of the war, the political and the economic situation but if we could put those things aside, ***I'm a firm believer that we are in the best location on the planet for shipping and logistics and the Indian Ocean is the ocean of opportunities.***

**Q: According to the World Shipping Council, Sri Lanka stands in the top 30 for the world's best container ports, so is it possible to promote Sri Lanka as a maritime hub in the Asian region?**

**A:** It is, that's why we have started the Colombo International Maritime Conference which I initiated in 2015, so we have to market ourselves properly. Sri Lanka is weak in country marketing. Obviously the transshipment volumes are increasing, at one time we fitted in the number 22 position but clearly it does not make a difference since China has grown, and the Chinese ports have come up the ladder, but we have to be



proud of ourselves for having ended up in the first 30 being such a small country and which had so much of problems. So I would say that we have been quite resilient in that sense to be where we are, so if we put in a little bit of more effort, for me I think that the future looks bright.

**Q: Do you think that the income received from the port is enough for the government to improve the facilities of the ports,**

**since lot of private sector institutions have invested in the port, what are your views about it?**

**A:** My views have been the same. According to my personal point of view that privatization is needed for the country for gaining in new technology, productivity and improvements which is needed for a country but my concern has always been that government should have at least invested 35-40% in those terminals because the transshipment is big business

where you can earn more revenue and sadly the government has only invested 15 percent. Mind that the government has put in a bulk money to build the infrastructure and the break water, which is public money which should be recovered, so it's a burden on the government if it does not have a strong revenue base, and unfortunately in my opinion they did not invest enough, I don't know the background behind it, but the government has to maintain rest of the ports including the ports including the Hambantota port, so the revenue is not enough at this moment.

## INTERVIEW

**Q: The depth of the JCT Terminal is not enough for the future ships that are coming into the port so does the government have any plans to overcome this?**

**A:** Yes they do have plans. That's why the new east container terminal is being built, but they will have to invest a lot of money into that, so they will probably have an international partner to do that because the government does not have any self-funding to build that terminal, so hopefully they will go ahead with that project. JCT too can be modified for the future and all ships are not going to be 10000TEU vessels.

**Q: What are your views about the Hambantota port and the Trincomalee port?**

**A:** In my opinion I proposed that the Trincomalee port should be used for the feeder ships that are coming from the East Coast of India and Myanmar so that the ship doesn't have to go all the way to the port of Colombo to discharge cargo, and the cargo can be transported to Colombo using land bridge (railway) so that the ship can do less one and a half days travelling to discharge cargo so that it will speed up the operation. That was one of my proposals to the government some time back, since then I have not actively promoted it, but speaking about Hambantota the proposal for building a port was always there. But in our view point it should be built focusing on the strategic expansion and secondly it

should not be borrowing money at the levels they have borrowed, and the plan at that time was to earn money from the port of Colombo and to build a deep draft berth in Hambantota for bunkering and ship supply, I myself supported Hambantota because of the location. So it is a viable project which should be properly done. But Trincomalee is a natural harbour so you just have to have investors coming in and putting up terminals for cargo discharging and loading facilities to service East of India.

**Q: What are your views about the Galle port?**

**A:** In my view point Galle port should not be developed as an industrial port but it can be developed as a leisure port for cruise operators, yachts or boats to come, because we can't be having too many ports within a small country because it may not make economic sense and other than that Galle port is having various issues in terms of old ship wrecks, so I don't think that we should go in that road to develop Galle for container ships or for bulk cargo because Galle has a high density of population with a small tourist city so we should focus on segmenting it to tourism, yachting or that kind of activities.

**Q: In one interview conducted previously you recommended that it is much better to build an Airport in Puttalam rather than in Hambantota, So could you please explain more about this?**

**A:** Of course I strongly believe that. From the beginning I have pointed out Puttalam as a more viable place for a second international airport. Basically the requirement of an international airport for a country like us is for emergency landing, like what happened today where there was mist at Katunayake and planes needed to be diverted to Mattala Airport. Also one may recall what happened in 2001 with LTTE attacking the airport, so a second international airport should be built where the population density can be connected much faster. From Katunayake to Puttalam will take about half an hour through a highway. And there is a plan to build a highway as well, and it also connects well to central, north central, north-western & Northern provinces where the population density is higher. Mattala is technically a completely newly built airport costing over USD 300 million whereas the British has built a runaway in Puttalam which is an existing airport. So we need not have to spend so much money to clear the jungle and to build an airport far away from Katunayeka.

**Q: In your point of view is there a positive future for the shipping and aviation industry in Sri Lanka?**

**A:** Yes of course, let me put it this way, Asia is growing rapidly because there is a consumer market developing, so no matter what, trade will happen and it will expand, there will be 9 billion people sooner than later, so all these people

will have to be provided with consumer goods and essential items, so shipping and logistics will have to be very competitive and an essential service, so we are in the lower ranks of it at the moment compared to mature economies like Singapore, we have to put a lot of effort. People getting into the industry have a lot of opportunities but the problem is that the industry is finding it difficult to get professionals. The issue is not about carrying a paper qualification, I don't have a paper qualification in shipping as such except a qualification from Cranfield University UK, where I've done a supply chain competitive program but my bachelor's degree is on economics but I had lot of common sense and I have come to this industry

because I like the industry, and people who are getting into the industry should have lot of operational, quick thinking and innovative ideas.

Reading is important to be updated about the industry, industry will need solutions, I mean both companies and the government to grow in this industry they need efficiency, so it's a matter of how good your human resources are and they should have common sense as well as academic background. Academic background is very important as we need to bring in professionalism to the shipping and logistics industry because in the past in Sri Lanka most of the people who were involved with the industry did not not have any academic background but worked

through experience. They tend to bring in less innovation, so now it's time where a lot of institutions are trying to build capacity of people, but after all common sense and speed is the most important aspect in this industry.

**Q: What is your message to the undergraduates who are hoping to enter into the shipping and aviation industry?**

**A:** It's a very good industry to get into, but most people don't know what the industry has to offer. It is a global industry and the future is bright.



General Sir John Kotelawala Defence University

# Role of Finance in Logistics Management

## ARTICLE

Finance is a crucial segment in a business operation because without the finance function, continuity in the business operation cannot be predicted and the firm will not exist. Even small business organizations focus more on the finance function. Even though every company has a separate department for finance, it is considered as an integrated function which links all the departments and business activities in an organization.

The way in which the money is managed by the business operation and the actual procedure for acquiring required funds for the business can be known as finance. From the point of initiating the business to the shutdown of the business, finance plays an important role in an organization. Finance is a function which focuses more on the cost effectiveness and profitable outcomes.

Logistics Management which is a component of Supply Chain function can be explained as "The flow of goods, services and information between the points of origin to the points of consumption of the customer in order to satisfy the requirements of the customer."

When focusing on the role of Finance in the field of Logistic Management, at the time of

procurement of raw material for the company, different quotas will be called from various suppliers and the most cost effective quota will be selected. Further negotiations will be done with the supplier to get more discounts and make the transaction more profitable for the business.

For each and every function related to Logistics Management, an estimated budget will be prepared by the finance department of the Organization. Preparation of the budget will ensure the effective allocation of money and resources for each business activity such as Procurement, Production and Operation, Marketing, Research and Development and Logistics. Under the Logistics function, money and funds will be utilized for warehousing, material handling, inbound and outbound transportation. As a result of preparing the budgets, variances can be identified. This variances shows the differences between standard cost levels / revenue and the actual cost levels/ revenue. This assist in gaining a better control in the cost of the company and also the reasons for the adverse variances can be identified by carrying out a variance analysis. Therefore remedial actions can be taken in order to overcome the adverse variances in cost and revenue and can enhance the

profitability of the business. This will ultimately lead to better decision making.

Moreover when more funds are needed to expand or improve the warehousing facilities of the business, Companies will be able to raise funds through different sources of finance. It can be in the form of issue of shares, bonds or even by obtaining a loan from a bank or a financial institution. When choosing the best alternative between different sources of finance, interest rates will be taken in to account and the cheapest finance source will be selected. The raised funds will be then used for the development of logistic needs of the business.

Furthermore when making investment decisions in the logistics segment, such as purchase of a new vehicle which is required for the outbound transport or inbound transport, the cost benefit analysis will be carried out by the Finance Department. In order to recognize whether it is financially feasible to go ahead with the investment decision or not, different investment appraisal techniques such as Net Present Value (NPV) and Internal Rate of Return (IRR) will be used by the Finance Department to evaluate the investment decision and ensures the profitability of the investment.

Further when engaging in Research and Development activities to invent new systems for logistics management, which will require a huge investment with greater risk, the finance department will advise to minimize the risk by diversifying the risk by investing in a portfolio. That means the money should be invested in more than one investment or securities to mitigate the risk of incurring a loss or else to enhance the returns.

Focusing on Inventory

Management, the amount of cash tied up in stocks can be estimated and analyzed by finance department. This helps to identify whether the cash tied up in stocks provide profits for the company or not. Ultimately this strengthen the future decision making of the company. Furthermore preparation of financial statements is also done by Finance Department and it shows the profitability and liquidity position of logistic department and each logistic function such as Warehousing,

inbound transportation and outbound transportation.

All the above stated points emphasize on the contribution of finance towards the Logistics Management in the modern era and how it improves the profitability of the business operations. Therefore finance function should be carefully managed in order to strengthen the day to day business activities in the field of Logistic Management and make the business more profitable.

**H.G Nethmi Tharindi**

Intake 31

Undergraduate BSc in Logistics Management



# REPLACING FRAGILITY WITH FIRMNESS

**GAYANI DE ALWIS**

*Chairperson Women In Logistics & Transport*

**“The strength of a woman is not measured by the impact that all her hardships in life have had on her, rather the extent of her refusal to allow those hardships to dictate her and who she becomes.”**

There are so many inspiring stories of women who have worked their way to the top despite all the obstacles that came their way. These women replaced their fragile, emotional nature with passion, determination and commitment. Although the logistics sector is highly male dominated, this lady shattered all stereotypes, misconceptions and went on to be Sri Lanka's first female Supply Chain Director of a multi-national company. Her story is truly inspiring to all ladies who aspire a career in logistics.

Mrs. Gayani de Alwis received her primary education at Anula Vidyalaya Nugegoda and entered Visakha Vidyalaya, Colombo for her secondary education after passing the grade five scholarship examination. She entered the University of Moratuwa to follow her BSc degree in Chemical Engineering. Her time

at the university was a roller coaster due to the civil unrest in the late 80s with universities being more closed than open for students. So she had to take a call while in her third year to continue her studies abroad. She then applied to Reading University in the UK and was transferred to do her MSc. They originally registered her for a 2 year MSc as she had not completed her first degree. She did well in her first semester and the University transferred her to complete the MSc in one year. After receiving her MSc in Food Process Engineering, she returned to Sri Lanka. She then joined Uswatte Confectionaries as a Food Technologist. Coincidentally while she was overseas at a training program in Thailand she met the Head of Foods R&D of Unilever and she encouraged her to apply for Unilever management trainee program as she would be an ideal candidate to take over from her when she retires.

Then came the most important step in her career, joining Unilever in 1995 as a Technical Management Trainee. She was skeptical at the beginning as it was a male dominated sector. Despite her skepticism she was chosen for the job. She was told that in one year's time she was to take over from the current manager who was retiring after

30 years of service. In her own words the lady from whom she was to take over was a 'knowledge bank' and she was able to learn a lot from her within a short period. But in less than eight months into her probation period, she was called into the office of the Technical Director and was told that she had to assume duties as Manager of Quality Assurance. This was an unexpected turn of events for her as in her own words quality assurance at the time was a critical job which was managed by a senior manager, having direct dealings with the board. Upon her return to her desk, another surprise awaited her, she had been nominated from Unilever for Asia's first quality auditor training program in Mumbai. With only eight months in the company, this was the first training offered to a management trainee by Unilever so she was elated. She was the only lady manager to be trained as an auditor at the time and the exposure she got had been great. She was then promoted to Head of Quality Assurance responsible for the entire Unilever operation in Sri Lanka, at the time we had four factories including the Walls Ice Cream and Mabile tea factories in addition to the current operations she said. With that she had to present to the Board every month and





in her own words although she was challenged heavily at the beginning everyone had faith in her as she was working hard to drive a quality mind set across the company with processes to assure the quality of products. While doing the job she also had the opportunity to work as an audit team member under experienced Unilever lead auditors and was auditing for other Unilever operations. She was soon rewarded for her hard work and was nominated as the first Lead Auditor in Asia within three years of her auditing career and brought pride to Unilever Sri Lanka. This was a challenging role where she had to conduct audits in three Unilever operations annually across the globe with an international audit team while doing her job at

Unilever Sri Lanka as well. So as a Lead Auditor she had to pick her own team and then came language issues and the need arose for interpreters as they had difficulties with native languages in some countries. Although this was a tough task, she said it provided a great exposure, gave lot of confidence and was able to learn from best practices and implement those in Sri Lanka. She considers it as a turning point of her career because managing your familiar working environment was easier but doing it in a completely new environment was rather challenging. I must say I learnt things on the way. Then she was promoted to manage both R&D and Quality Assurance which was part of the technical leadership team of the company.

In 2001, she was offered a secondment at Hindustan Unilever Research Centre in Bangalore for two years as a Senior Development Manager. Unilever's expatriate training is offered for those who possess potential for career growth and she was happy that she got the opportunity within a period of six years in the company. She took up the challenge and went to Bangalore and was working with the Beverages team responsible for coffee product development. After two years it was time for her to come back. Now that she had gone to the highest position in the field of R&D she was debating with herself as to what to do. That is when she was offered a position in the supply chain. Again an unexpected decision

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awaited her. Although she did not know the basics of supply chain management her nature was such that she was always ready to go to the lowest level and learn from them even though she was holding a higher position. Her good interpersonal skills and down to earth nature always allowed her to adjust herself to any new opportunity that came her way in life. Since the supply chain sector was male dominant and majority of the jobs were handled by personnel who were experienced but not qualified at the time, the employees were skeptical of a woman taking over that role. Her advice is that when such situations occur, confrontation is not the way to resolve but by being diplomatic and showing results you will be able to overcome these challenges. Due to her friendly nature with fellow employees she was able to influence employees to support her and get the work done. Within two years she was given additional responsibility and by now she is heading logistics in addition to procurement. Heading logistics meant she not only had to associate with different levels within the company but also with outside service providers as well. Since 2005 she was heading Logistics and this was the first time this role was given to a woman. So by this time she was heading plan, source and deliver departments of supply chain knocking on the door to get in to the Board.

At that time to become the overall supply chain director, a stint in manufacturing is required. So she knew this will be a drawback for her. Therefore she requested a position in the factory for

her to get the exposure even if it was a junior position in order to acquire the required knowledge. That is when the Chairman called her and wanted her to set up a new department for customer service which was previously handled by Sales and requested her to take over this role as part of supply chain. As the Head of Supply Chain, she now has to ensure Customer Service as part of supply chain as well which she says was a logical decision as opposed to sales managing the role. Supply chain not only plan, source, make and deliver but also has to ensure customer satisfaction through flawless execution until consumption. Again this put her in a position to deliberate. Throughout her career she was offered new positions unexpectedly, therefore this was her next hurdle. She knew that if she was to make it to the Board one day she again had to go overseas for few years for a secondment, for exposure but due to her family commitments she could not accommodate this. She always made this known to her bosses but luck came her way and she was informed in October 2008 of her impending appointment to the Board with effect from 1st January 2009.

Joining the company as a Management Trainee and getting appointed to the Board of a multi-national company like Unilever she considers it a great achievement in her life. The transition from a manager to a member of the Board was challenging, because previously her task was to work hand in hand with her employees but with the new role she had to guide, appoint right employees to suitable

positions and oversee not just her department but overall operations of the company as a Board member. "Looking back at my career with Unilever, I feel I have made the right decision at the right time though working in the same company. By working in many areas and doing different roles have opened up new opportunities with great exposure. My advice for young graduates is that be open to new opportunities that come your way, don't ever give up easily, be passionate in whatever you do, its ok to fail, but take learnings from your failures, keep boosting your knowledge and be relevant".

Her opinion is that in a country like Sri Lanka although you specialize in a particular area you will not always end up in your area of expertise as career advancements are limited. So if you are willing to learn new skills and acquire new knowledge you have a fast track career with your initial qualification as the foundation. Therefore, having an overall idea of the general operations is essential for proper management. She believes in acquiring a good understanding on the peripheral knowledge and the exposure will strengthen your core area of expertise to contribute well to the organization.

Years of experience in the corporate world prompted her to join a professional body in order to continuously develop her career and that is when she became a member of the Institute of Supply and Materials Management (ISMM) in 2005 and Chartered Institute of Logistics and Transport (CILT) in 2008. It helps to create networks

that lead to the development of one's career as well as personal development. In 2013 she had to take an important decision in her life as she completed her Board tenure. Her family commitments did not permit her to take up a posting outside of Sri Lanka again, so she decided to bid farewell to Unilever after 19.5 years and start the next journey of her life.

**Q; Do you think Supply Chain Management is a good career choice?**

**A;** I myself started off as an Engineer and ended up in SCM. I believe it's a good profession because if we take the job of an Accountant in time to come they say, this job can become obsolete because most of the transactional things can be automated. But if there is no Supply Chain there is no life. If one part of a supply chain went on strike the entire network would come to a standstill. We are in a very exciting industry and I believe we should make this industry more professional. Earlier most in this industry were experienced but not educated in the particular subject area. But now most of the youngsters enter this industry with degrees in SCM. Although we do not see it now I believe in five to six years the logistics field will be booming with professionals getting into the field.

**Q; Being a woman, was it challenging to be working in this field?**

**A;** This is a very common question that everyone asks. I personally did not think that I am a woman when I

am given a role. I did it to the best of my ability and I think I was able to do better than my male counterparts. Yes it is challenging at times, but that's very stereotypical of people to say women do not fit for certain careers. If you think you are capable enough you should go for it. If you are hard-working and possess good communication and interpersonal skills you can easily manage. Women can manage difficult situations subtly unlike men because our EQ is higher than them.

**Q; How has your family supported your career?**

**A;** I had a very supportive family. I think managing everything is so important. If you neglect your family because of your career, that is not the way to go about. You have to make choices in life. Balancing everything is important. There are women who are compelled to terminate their careers halfway through due to family pressure but I was very fortunate as I had full support from my family, and especially a supportive husband.

**Q; How important is it being a part of a Professional Body?**

**A;** When you are working in an organization, you only experience a certain culture but if you want external orientation, you need to network with others outside. Connections, affiliations and networks I had when I left Unilever were really helpful in setting up my new career. I believe being part of a professional body, you receive ample exposure which helps to survive in the industry. Because when you have a

colleague in another company, that person is willing to share information with you unlike a stranger. You can create links with professionals and even find career opportunities. Some believe that being in a professional body takes a lot of time and energy of you, but you must learn to manage your time and spare some time for activities as such.

**Q; What does WILAT do?**

**A;** Our industry is perceived to be male dominated. In order to reverse this thinking globally CILT promoted inclusion of women. That is when I co-founded Women in Logistics and Transport (WiLAT) forum in SL in March 2013 as part of Chartered Institute of Logistics and Transport (CILT). We were the 5th country to form a WiLAT. Sri Lanka being one of the pioneering WiLAT Fora to be established globally, were fortunate to hold the global forum launch in SL in June 2013. Our goal is to promote the art and science of logistics and transport and make logistics and transport a profession of choice. Our goals are to create awareness & enhance career opportunities for women, provide networking opportunities to share best practices, provide access to information sources to guide them on CPD, train & mentor women to make a positive contribution, continuously develop & nurture a talent pipeline and finally drive change in industry through diversity. We have launched our 'Ignite' mentoring program with university undergraduates to guide them on suitable career paths. So far 55 students have undergone mentoring under

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15 senior ladies in the industry. We launched a scholarship scheme in 2015 for a deserving undergraduate and each year this will be awarded. We organize lectures and panel discussions on career guidance, personal development etc. to prospective students as well.

**Q; Since Logistics and Transport goes hand in hand in issues such as emissions and pollution come up. As someone who has spoken about Green Logistics can you explain the basics behind the GL concept?**

**A;** The objective behind this concept is to minimize the ecological impact of logistics activities. In supply chain, in every point of it there is a considerable amount of emission and solid waste. Everyone thinks that pollution takes place only in the factory environment. But even in aspects such as material

purchasing and consumer usage some form of emission and wastage take place. In terms of materials, not using environmentally friendly materials and bio degradable materials can cause an impact. Not just that, when it comes to transporting, the vehicle used, its condition or the road worthiness, distance travelled, optimizing the route through route planning, using optimum space of the vehicle can minimize impact of transportation. Walmart, the world's no. 1 retailer have introduced a futuristic truck called WAVE for transporting goods, its convex trailer nose adds to aerodynamics and increase space inside the trailer in order to reduce the friction created by air when travelling with a higher load. Therefore it consumes less fuel. We also can use bio fuels in vehicles. In Germany they run trains using biogas. Also the utilization of natural lighting and ventilation

in warehouses is another method.

**Q; Do you think Sri Lanka has implemented the Green Logistics concepts if not why?**

**A;** Sri Lanka is still a bit behind with the Green Logistics concept in terms of eco-friendly vehicles because getting a vehicle alone is not sufficient but you require infrastructure to support it as well. The transport sector is fragmented and unorganized and majority is not managed professionally so investing in green logistics practices is an uphill battle. From the recent budget, taxes were imposed on electric cars, which is not the right move. Still we don't see enough charging stations for electric cars. Therefore with time when infrastructure is developed and government incentives granted this concept would be properly implemented.





# Best Wishes From LAUGFS Maritime Services (Pvt) Ltd

# E-COMMERCE SUPPLY CHAIN

**“Making a profitable e-commerce store is hard work. I love the fact that Shopify clients help each other in our forums. I love the fact that everyone feels like we are in this together and that we all will succeed together.”**

**- Scott Lake,  
co-Founder, Shopify**

E-commerce does not just mean trading and shopping on

the Internet. It means business efficiency at all operation levels which creates a critical function of operations. Further, Supply Chain Management means coordinating, scheduling and controlling procurement, production, inventories and deliveries of products and services to customers. The supply chain management is the backbone, a very critical component of E-commerce. As the above quoted situation without supply chain management the products and services which are available within E-Commerce network would not be an easy task to deliver to the doorstep of

the customer. Supply Chain Efficiency in the sense, having the right product at the right place at the right time which can save money/reduce costs while enhancing cash utilization. At present a significant number of companies in the developed countries have implemented their Internet platform for Supply Chain Efficiency in the past two to three years, and will enlarge the capacity within next few years as well.

When it comes to the global market place the competition runs within the supply chains, not within the individual companies. The facility of



distribution actually bounded by four different aspects such as, low cost, high quality, flexibility and fast delivery. For an example a rational consumer wants to purchase a mobile phone from the E-Commerce web site Amazon. The very first task that the customer would do is to compare the prices, quality, and delivery time, mode of delivery and method of payment. Then he places the order and pays for the product and wait till he receives the product. If this whole process is segmented it is clear that first there is the information flow towards the customer and then the customized information flow towards the web site, next the product to the customer and then again feedback information towards the company. This process itself creates the perfect picture for the necessity of the supply chain within E-Commerce. The more the each unit of supply chain increase its efficiency the more the customers keep creating traffic in the E-Commerce web site. If a satisfied customer invite his friends to a party, an E-Commerce website would be the host who is offering the impeccable benefits inside that party.

The key of differentiation of e business depends on the capacities and capabilities of the strategic position of the supply chain. The positioning of supply chain is like a double side sword which has two ends. One is manufacture's side or the company side and the other side is customer's side. The perfect harvest from the business can be obtained if the supply chain is positioned in a sound manner where it can cater to both parties

with its ultimate productivity. Currently the customer side is substantially powerful because of the increased use of social media on smartphones and social media's involvement in retail sales which "social selling" has become red hot. The future logistics industry requires a tremendous amount of coverage that include both manufactures' satisfaction and customers' satisfaction.

Moreover, the final result should also be a balance of both perceived customer benefit and the profit. The perfect solution to achieve this target is to taking advantages of emerging trends. Global economy is heterogeneously complex and becoming further unpredictable. In fact, there are many ways which can generate benefit from the concept and implementation of supply chain management in the critical strategic position. Setting up a supply chain management system for the company is like to put an electronic door to the company. The company is able to communicate with outside world via the electronic door while keep preferred management strategy inside but it is essential always to keep a space to learn and grasp from competitors real quick to stay tuned in the competition and be the leader.



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# *Dawn of a New-Era*

**SIVA RAMACHANDRAN**

*Chief Commercial Officer, SriLankan Airlines*

For them the sky is just the beginning for now they are on a journey to conquer the skies as the national carrier of the nation. On our hunt for the experts in the field in logistics, we would have fallen short if we ruled out Mr. Siva Ramachandran, the Chief Commercial Officer of Sri Lankan Airlines. Hence, we took it upon ourselves to dive into the airline via this expert to highlight its contribution to the field of logistics.

**Q: How did you begin your career? How has your journey been so far?**

**A:** I have been in the aviation industry for 4 decades, starting my career with Singapore Airlines spending 16 years with them, then moved to Air Lanka as it was then known and subsequently worked for Qatar Airways , King Fisher Airlines , Jet Airways and more recently Arik Air of Nigeria . I have joined Sri Lankan Airlines this year to function as their Chief Commercial Officer. My main strength in the industry has been commercial operations but I have been fortunate to have exposure in ground handling and other key aspects of the industry. I have become addicted to the industry, thoroughly enjoying every moment. I have seen the

industry evolving to what it is today with more technology and higher level of skills elevating the industry further.

**Q: How did SriLankan Airlines evolve from Airlanka to what it is today?**

**A:** Commercial Aviation in Sri Lanka has a long history and is one of the oldest in the region. Starting with Air Ceylon which was supported by major airlines like British Airways and UTA to grow into a prominent carrier. In 1979, the government decided to make a further change to improve the aviation prospect and Air Lanka was born to replace Air Ceylon. Singapore Airlines was instrumental in launching the new carrier, which had a new fleet of airplanes and a new and vibrant identity. The company went through another change in 1998 to be renamed as Sri Lankan Airlines, under the management of the investor, Emirates who acquired 43% holding in the airlines. Emirates are no longer a shareholder and the Government remains the main owners of the airline. This is where we are now, staying afloat through all the positive and negative changes the industry has gone through in the past 18 years.

**Q: What sets SriLankan Airlines apart from its competitors?**

**A:** SriLankan Airlines enjoys a very good reputation for its inflight and ground services standards, leading the way in the region. However, the emergence of Gulf Carriers who have high budgets to introduce a superior inflight product has thrown a challenge to us but we have remained competitive, especially in the region of South Asia. Pressure from the competition is increasing but we have the resolve to remain competitive.

**Q: Moving into the field of logistics, it's not a new concept but it's a new field even in Sri Lanka. What is your opinion with regard to this statement?**

**A:** Let me address logistics in terms of transportation of goods first. It is certainly not a new concept. It always existed in the form the primitive ground and sea transportation, ships were dominating the international links from pre-world war times. Air freight has added a new dimension, replacing the time consuming methods. The air Freight industry has evolved substantially with freighter airplanes being acquired



by airlines and the growth of all cargo airlines. These airplanes have the capability of moving voluminous cargo. The technology related to the documentation has also changed to a modern electronic system flow, thus saving time and facilitating a more efficient process. Such development is an important element to export oriented countries such as Sri Lanka. The absence of an efficient and modern logistics and supply chain management process can have a crippling effect on the economy of the country. Keeping abreast with the related technology is critical to the country.

**Q: Currently the field of logistics is a male dominated one. What's your opinion with regard to the participation of women in this field?**

**A:** The field of logistics, like a number of others, was male dominated at one stage in the past due to the perception that it involved physical, field related activities which were confined to males. This perception has now been proven wrong and the western world has seen more females entering the field of logistics and rising to higher, strategic roles in the industry.

**Q: We would like to know about a specific area in supply chain but somewhat different to the others. Revenue management.**

**A:** Revenue management is an important component of the aviation industry. Highly technical tools are now available for this purpose and airlines



## INTERVIEW

purchase advanced systems to achieve the optimum price for each seat in varying conditions. The process is a complex mechanism involving historical dates, accurate forecasting and price value allocation.

**Q: How is revenue management applied to cargo transportation?**

**A:** The basic principle of revenue management remains the same for cargo as in the case of the passenger seats. The main difference is only that the cargo system needs to determine the highest possible revenue for a specific volume of space available for cargo in the airplanes. The yields are driven by demand, higher rates will prevail when the demand exceeds the available capacity. When the situation is reversed, the airline will resort to attracting more volume by lowering the rates.

**Q: Where do we stand in the world market in terms of aviation?**

**A:** Srilankan airlines enjoys prominence in the region of south Asia. While we are not a dominant player in the world of aviation, our fleet of 23 aircrafts and substantial regional network has earned recognition as a strong regional carrier. With a smaller home market and limitation of the number of tourists arriving into the country, comparing us to the larger airlines of the world does not make a fair parallel. Airlines like Jet Airways of India with a fleet of over 100 airplanes and the giants in the

USA and Europe which have fleet in multiples of 100 and a work force to match, enjoy a larger share of the world aviation market, predominantly due to the large home markets and visitor arrivals. We can however, grow in our sphere of business in the region by creating a hub in Colombo but this task has challenges from the competition of other cities in the region, especially the middle east and far east.

**Q: Do we have any plans of further expansion?**

**A:** We do have plans for measured growth within the region. Being dependent of tourist arrival and travel by the ethnic community, we have limitations to grow exponentially but the traffic growth in the larger neighbouring markets like India and Maldives do give us an opportunity.

**Q: Currently SriLankan Airlines is running at a loss. What are the root causes behind this loss?**

**A:** There are several reasons for the current financial position, yields have dipped due to overcapacity in the markets we operate, caused mainly by gulf carriers deploying frequencies way above the demand. We have enjoyed lower fuel prices but this gain has been offset by the lower yields I spoke about earlier. In some markets, we enjoy a reasonable demand but the type of traffic we carry are mainly tourists who opt for lower fares, another reason why the earnings on

some routes do not achieve profitability.

**Q: What's are the steps taken to come out of this situation? How is it been managed?**

**A:** We are currently working on a restructuring plan to reduce the losses and eventually return to profitability. It is not uncommon to see airlines suffering poor financial performances but resurrecting to improved profitability through a number of measures. Sri Lankan Airlines has the potential to return to profitability but it requires a measured and disciplined approach, including a network and cost restructuring process over the next two years. We are confident that these measures will bear fruit.

**Q: What are the future strategies to overcome this?**

**A:** The strategies to restructure is an elaborate subject. This requires a careful scrutiny of all aspects of the business, with particular emphasis on revenue and costs. Shedding unprofitable routes, re-negotiating the major cost elements with the main vendors are key to this process. First step of the objective is to start covering the operating costs in full and then working towards a healthy profit after taxation.

**Q: Are you familiar with the concept of Green Logistics?**

**A:** Yes I am well aware of this concept and I'm pleased to say that the airline is a pioneer in the region with several green

initiatives. The industry does have several factors which affect the environment due to the nature of the substances used like aviation fuel, oils etc. and we have taken on the mantle seek considerable reduction of polluting elements.

**Q: What are the job opportunities available for us freshly graduating youth, in the airline industry?**

**A:** The current financial situation is only a temporary situation. Going back in time when the airline was going through a growth phase, talent was required and a management trainee scheme was in place. Talented youngsters with exceptional educational background were recruited and deployed in various fields within the airline. They have moved laterally to acquire a valuable breadth of knowledge. Such expertise is the key to the growth of the airline. SriLankan Airlines will continue to source for valuable human resources from the talented younger generation who are eager to join the industry.

**Q: Where do you see Sri Lankan Airlines in another 10/15 years?**

**A:** I envisage the airline to become a substantially formidable regional airline. We may not grow to emulate the gulf carriers, but with careful planning and effective implementation of those plans we can be a leading player in the region and also go onto achieve success. Fighting off the competition and staying ahead is key and I believe that the airline is capable of achieving this.

**Q: What advice would you give to the youth of our country?**

**A:** Always look inward to understand what you possess as your strength. My experience in working in 10 cities across the world has enabled me to see the way youngsters in different countries adapt to changes to achieve their long term objectives. Some embrace traditional vocations, a few who are more daring look to non-traditional and complex ones. Success will always come

to those who are focused and resilient. Do not limit your search the boundaries of our country, the experience and exposure you gain in stints in foreign countries if you get the opportunity, adds to your ability considerably. The world is growing and so are the opportunities. Those with the burning desire to excel and drive towards their goals will always succeed.

**Q: What is your opinion on the Mattala Rajapaksha International Airport? Is it an asset or a liability?**

**A:** An airport should meet a specific number of strategic requirements. Mainly the commercial needs. I am sure there would have been cogent reasons for setting up this airport but the dynamics have changed. To expand Colombo Airport Katunayake with more terminal space and an additional runway makes sense now to meet the future demands of air travel to and from Sri Lanka.



# Green Marketing on Practices of Supply Chain Management: Challenges and way forward

Various environmental issues have been influenced by human activities in different scales. This is due to the severe commercialization of human life with unnecessary consumption to make profits. Most recent devastated outcome of this is climate change and this caused the world to reverse and rethink of protecting the natural environment for the well being of the human's future. Many countries have paid their attention to the concerns of the environment since 1998 with the Kyoto protocol to the United Nations framework convention on climate change. Many business sectors were influenced to reverse the energy consumption, reducing GHG emissions, inventing new energy sources and reduction or phasing out of market imperfections. At the same time, societies became more concerned with the natural environment and business had to develop their business activities accordingly. Functionality work of Marketing through the practices of Supply Chain Management is one of the key areas in this development.

The term Green Marketing and Supply Chain Management appeared together in the field of environmental management and inventory control through the practice of Supply Chain. The society

developed green consumers those who are concerned about the environment and allow affecting their purchase decision through the practices of Supply Chain Management. Green Marketing and its relation to the practice of Supply Chain Management always emphasis upon how to change bad practices to best practices through the consumer consciousness in order to avoid products that likely to endanger consumer health or other, damage to the environment during manufacture, unnecessary consumption of energy, cause unnecessary waste, use materials derived from threatened species and involves the use of or cruelty of animals. When some businesses had a quick response to accept Green Marketing concept on the systems of waste minimization and integration of environmental issues to business activities, other businesses require more years to change their business practices.

Need of practicing Green Marketing in Supply Chain

1. **This will lead a win-win approach to develop cleaner technology with suppliers.**
2. **Collaborative approach to design environmentally friendly products and minimizing the environmental impact with suppliers in the extended supply chain.**

3. **Enable organizations to conduct life cycle analysis in co-operation with suppliers.**

4. **Lead product innovations.**

5. **Enable practicing recycle, reuse and remanufacture in the supply chain.**

6. **Educate consumers and the public.**

7. **Support reverse Logistics**

8. **Support waste management to lead economic benefits.**

Green Marketing is not only enhancing the process of greening the environment, but also increasing the suppliers' performances. Businesses that have drawn the people's perception in apposite angle and that business brand image have so far so developed. Manufacturers need to work with their suppliers a better manner in order to produce environmental friendly products. The purchasing power plays a major role here as the industries can set environmental standards for their supplier upstream in the supply chain. Promotion of green products and green technology is necessary for natural resource conservation and sustainable development.

## Challenges

Most of businesses say that they are green and protective

in energy consumption and environment resources. However, this needs a proper standard to measure the quality of these green marketing messages to see what they say is true or false. So far no any international level quality control board has appointed to see how businesses actually operating through green business practices. Green Marketing is still a new concept to many developing contexts, therefore consumer must learn the concept of Green Marketing and how the products have been made, what is included in the manufacturing, from where & how materials received and what technology used in the production. The results of Green Marketing required a long term and own acceptance period when consumers motivated towards it. In this case, the investors and corporate sector need to see the environmental conservation as a major opportunity in long run. This is the only possible way when supply chain management is effective in the areas of green industrial production. The first rule of Green Marketing is consumer satisfaction which should be fulfilled by the product itself. Hence, the Supply Chain Management takes a significant step to carry this from the place of production to the place of consumption. In this situation the businesses must carefully handle the financial aspects of green products; sometimes there is a possibility to lose the market acceptance if the price is very high.

### Effective Application

One of the leading concerns in effective application of Green Marketing is customer awareness. Well understanding of customer preferences and attitudes accompany the business to apply Green Marketing effectively in order to achieve business objectives. If the consumers are not aware, then the business can educate them properly and create consciousness which is useful in future to make profits. Business organizations can give opportunity for their customers to participate in environmental actions together with the business. This also leads organizations to make personalizing benefits of environmentally friendly activities to make customized products. The members of the supply chain can be encouraged to use environmental friendly transportation and renewable energy in their manufacturing. This should convey to the customer in a proper manner to make them assuring the quality of the product they purchase and fulfilling their green expectations. It is important to maintain the transparency of business activities with all stakeholders. What organizations say in marketing campaigns must be truly performed by the products and society should accept them. Green products must available at an affordable price which is accepted by the consumer. Many environmentally preferable products cost more in

the introductory stage due to economies of scale, use of high quality ingredients and technology. Therefore, organizations must be careful of selecting appropriate suppliers who provide quality and environmentally friendly materials at affordable prices. Green products should be branded and always talk about the green practices of business through marketing campaigns. Environmentally friendly practices and materials available through the mode of supply chain create a positive impression on the concerned brand.

Effective Green Marketing requires applying proper marketing principles to make green products desirable for customers. The businesses can design environmentally friendly products to perform better quality than other products by minimising the cost of making them. This can result to transfer the benefits of affordable price to customers. Marketing campaigns can be designed to promote and deliver the consumer desired value of environmental products and target relevant consumer segments. Sri Lanka is in a right time to implement Green Marketing practices on Supply Chain Management in all industries. This concept is not just a technique to market a product, but also it persuades a greater vigour in the sake of environmentally clean and save forever.

### Kalpana R. Ambepitiya

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# Absence of Visibility; The Downfall of Supply Chains

In a nutshell, supply chain would encompass each and every effort made in the production and delivering of the final product, but to those of us who see the bigger picture and know how the pieces fit together, supply chain would go beyond the ordinary perceptions of been centred around the function of procurement or purchasing of raw materials as the old timers call it. However, the classical definitions of supply chain are long gone and instead replaced by the modernised versions which define it as an integration of the sourcing, manufacturing, assembling, warehousing, inventory tracking, distribution and delivery functions into a seamless process. With promising benefits that range from mitigation of risks to elimination of waste and overall cost structure and proven success rates, several firms of the industry yet show signs which shun the proven success of supply chains. The question that then arises is what went wrong?

The answer is simple. It's the point from which firms begin to implement a so called 'supply chain'. As theory points out, the most essential ingredients in formulating a successful supply chain includes speed, visibility and measurement, flexibility, collaboration and connectivity. However, when the economy starts catching up with the firm, it increase the complexity of a

supply chain and creates the illusion that when one part of the supply chain improves, the other falls just as quickly. This is because the more partners that are added to the supply chain, the more information that is required. Hence, the bottom line is that supply chains lack 'visibility', the clear cut view of what takes place in a supply chain and inventory management process.

I would stand corrected if I say that every executive involved in the supply chain desires visibility even though the supply chain itself says otherwise. The primary purpose of having visibility across the supply chain, is to gain control over the information that is required for the smooth functioning of the supply chain. Simply put, to know where the inventory is and what happens to it. When a firm decides to perform a reality check, it is then that they realise that the goods are available in the wrong place or not available at all, supply issues have risen and lack of clarity in orders undertaken have been hindering the pathway to reaping the benefits of a successful supply chain. The question that is then put forward is, what measures and action should be taken? It is an industry belief that events should be dealt with before they convert into problems. Accordingly, focus should be drawn on creating visibility via proper planning measures,

budgeting and optimum resource allocation, linking supply and demand with the use of sense and demand policies and creating agility which provides the capability of dealing with any unexpected situation in an efficient manner.

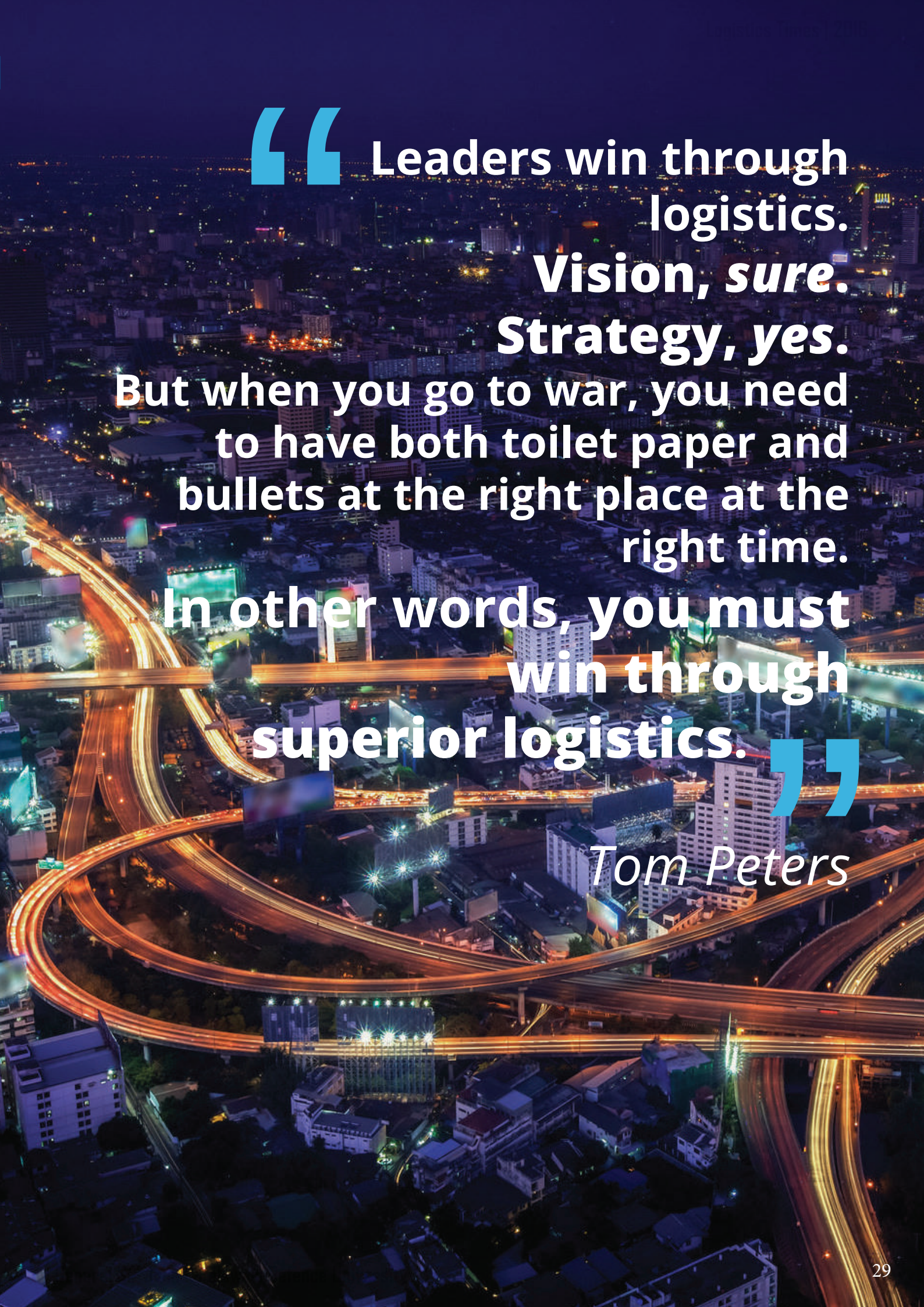
In today's battlefield of business, there isn't any card unturned to ensure survival. To the players in the battleground, if this means shunning the traditional aspects of survival, so be it. Supply chains have undoubtedly resulted in complexity due to the various pressure exerted by both internal and external sources and has thus created the requirement for information that allows close control and monitoring bringing us to the phrase of 'visibility'. It is against this backdrop that companies ideally need to move out of the box to disrupt existing beliefs with regard to sharing of information with partners such as suppliers, for the inability to do so would be its greatest regret and downfall.



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“ Leaders win through logistics.  
*Vision, sure.*  
*Strategy, yes.*  
But when you go to war, you need to have both toilet paper and bullets at the right place at the right time.  
In other words, you must win through superior logistics.”

*Tom Peters*

# OUT OF THE BOX GRADUATES

## DR. NAMALI SIRISOMA

*Head Of The Department, Management And Finance, General Sir John Kotelawala Defence University*

**“my expectation is not to produce people who are good only in theories but I want to produce people who can easily fit into the industries and who can face challenges as well as who can work under any environment”**

Dr Namali Sirisoma is the current Head of Department of Management and Finance in General Sir John Kotelawala Defence University. Dr. Namali Sirisoma, obtained her primary education at Dharmasoka College, Ambalangoda. She did her G.C.E (A/L)s in the field of mathematics. She was fortunate enough to secure a place in one of the leading universities in Sri Lanka, University of Moratuwa to do her BSc in Civil Engineering. After successful completion of her university education she was able to complete her PhD in Transportation Engineering at the University of Moratuwa. Before she was recruited as a lecturer at Kotelawala Defence University she has worked at several other places, she was the aerodrome Engineer in Civil Aviation Authority in Sri Lanka, consultant to KDU in developing Logistics Management degree programme, a senior lecturer at the Department of Transport and Logistics Management in University of Moratuwa, post-doctoral fellow in Department of Civil Engineering in University of Calgary, Canada, a research

assistant in Department of Civil Engineering in University of Hong Kong, a research assistant in the Department of Civil and Structural Engineering in Hong Kong Polytechnic University and later she became a senior lecturer in the department of management and finances in the year of 2013.

**Q: When you were offered the post of Head of Department (Management & Finances) at Kotalawala Defence University, Did you accept it despite the military background, didn't you have any second thoughts?**

**A:** No, I have worked here as a visiting lecturer for a long time. When I was given this offer, many people asked me not to accept it due to the military environment and the situation at that time in the country. However when I came down here I realized that more respect is given to the lecturers compared to other conventional universities. Individuals with a military background tend to look after all the civilians very well and also respect them. The environment at KDU is very appealing and anyone could work here with a free mind and therefore I didn't have any second thoughts of joining KDU and was very keen to get my appointment as head of department. Further, working at KDU is very easy since we could easily get help from the military people. It makes easy

to make things happen and enjoy the happy endings of our hard work.

**Q: What do you think about the work environment at General Sir John Kotalawala Defence University?**

**A:** Our working environment is very much similar to other conventional universities but as I think we don't have more freedom here. Punctuality and fixed working hours may discourage some people to join this place but I think working in the office for all five days allows us to interact with students much closer compared to other universities. We look after our students much better than any other universities for sure. The disciplined environment and formalities within this university help us to build our very own self-discipline.

**Q: If you have a friend who is a lecturer at another institution, would you recommend Kotalawala Defence University for them to work for?**

**A:** Yes certainly, I have recommended KDU to so many friends. Actually some have joined and are already working with us while some are waiting to join. I would really like to recommend this place. When they adjust with the system here, which gives many opportunities, they will enjoy the work life here.





**Q: What do you have to say about the degrees offered at the Management Faculty?**

**A:** Logistics Management degree started in 2011 and the curriculum was made in 2010. This is a new area which has a vast job market and the industry also looks for qualified people in this discipline. When we observe the existing logistics field, most of the engineers are now working as logistics managers. Some are from other disciplines but have been trained for a long time and are in top positions now. However when we start to train students from the beginning, it's good for the industry since they get knowledgeable people who could very easily fit in to the system. One advantage in KDU is that we are always ready to introduce new modules or subject areas that

are required for current job market. Industry can get many benefits over that and they can recruit out students who are updated with the current systems.. Before we started this program and developed the curriculum, a faculty industry consultative board (FICB) was formed and the main idea of this was to obtain views from industry experts and other academia. We have addressed many proposals raised by the industry and therefore they are happy to employ our graduates.

**Q: The degree program here is 3 years while it is 4 years in other universities, do you think that this will be a plus point for other universities?**

**A:** It depends, the industry doesn't require a 4 year degree. If the students have the

foundation and they have the knowledge and the capacity, industries will appoint students. Only thing is if someone is willing to join the academic field they will need a 4 year degree, therefore we are concerned about it at the moment, since other universities have 4 year degrees. However if we take a country like UK, most of their degrees are 3 year degrees. To add to this, we have fulfilled the requirements of UGC, they have Sri Lanka Qualification Framework guidelines we have designed our courses according to the UGC guidelines. So I think we don't have any major issues. The advantage of a three year degree is that if the student performs well he/she can find a job in 3 years rather than waiting for 4 years. Furthermore they can start their masters early and move forward with their careers.

## INTERVIEW

**Q: There is a visible gap between students' knowledge and expected qualification levels of the job market, what do you think about it?**

**A:** Most of our courses starting from the school level, we want to teach many theories to students and when they join the industry they don't really apply all these theories. Industry needs people who can think out of the box, decision makers, leadership qualities etc. Further communication skills are vital and is one of the major areas that the industry look into. In every degree program in Sri Lanka we have this issue and that is the main reason the Sri Lankan education system was changed into semester system so that student can get more hands-on experience through assignments, field work and improve their skills other than the knowledge disseminated in lecture rooms. Now a days most of degree programs consists of areas such as communication skills, leadership programs other than theoretical knowledge but in KDU compared to other universities we have more of these elements. We have many activity based learning for example, for some of the assignments we have given real projects where the students can show their capabilities. One example is the ESPLEDIDO 2015 the tale show was organized by the students as a part of their project management module. So I think we have taken enough steps to overcome these gaps and groom students before they leave the university. The industries are very happy with our graduates. During the

internships they have absorbed some of our students for permanent positions.

**Q: As the Head of the Department what is your expectation from a graduate of Kotelawala Defence University?**

**A:** Well my expectation is not to produce people who are good only in theories but I want to produce people who can easily fit into the industries and who can face any challenges as well as who can work under any environment. We see that most of graduates migrate to other countries because they are not satisfied with their working environment, salaries or the facilities provided. That is not what we should expect, we should produce our graduates who can fit into any environment and who are willing to work for this country and help this country to reach into a greater developed level and this is our ultimate goal. KDU motto is 'for the Motherland Forever'. So we should produce graduates who can work for this motherland. If I can see that my graduates are doing well in higher positions and they do many productive accomplishments to our country and if they show results for their employers, if our students become commanders of tri forces that day my dream will come true, I will be the happiest Head of Department in KDU.

**Q: Do you think the students of Kotelawala Defence University have the capacity to compete with other local university students?**

**A:** Yes of course they have the knowledge and capacity to

compete with any other university students. Though the other universities take the cream out of the A/L results we can't judge the capacity of a student from the results because A/L result is a single unit to measure the knowledge of a student. Other than the knowledge student gain from studies they should have communication skills, leadership skills and also should be good in physical and mental health. Our students can score more marks during the enlistment process if they have done extracurricular activities during their schooling. And we check their Z-scores as well. All these students are eligible for university entrances from A/L results. They have the capacity to compete with any university student in the country.

**Q: What advice do you have to give for the students who are planning to join Kotelawala Defence University?**

**A:** Well my advice is if you come to General Sir John Kotelawala Defence University just for the sake of getting a degree certificate you shouldn't come here. You should be ready to accept all the challenges and be ready to work in any environment and also join in extracurricular activities, learning and enjoying life is a must here. You should love this place because this is a fortune for them, not many people get this opportunity to work with the defence and then learn and get a degree certificate. This is a very rare opportunity for the students so if you come here you should get the maximum benefits we offer for you all and have loads of fun too.

# HEMAS

## LOGISTICS

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# Reverse Logistics

Reverse logistics is the process of planning, implementing and controlling the efficient and cost effective flow of raw materials, work-in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal. Indeed reverse logistics is the process of moving goods from their typical final destination for the purpose of capturing value, or proper disposal. Remanufacturing and refurbishing activities may also be included in the definition of reverse logistics. Reverse logistics is more than reusing containers and recycling packaging materials. Redesigning packaging to use less material or reducing the energy consumption and pollution caused by transportation is also equally important, but they might be secondary when considering the real importance of the overall reverse logistics process.

If no goods or materials are being sent “backward”, the activity probably is not a reverse logistics activity. Reverse logistics ideally includes processing returned merchandise due to damage, seasonal inventory, restock, salvage, recalls, and excess inventory. Further it also includes recycling programs, hazardous material programs, obsolete equipment disposition, and asset recovery. The elements of reverse logistics management which attempt to improve the reverse logistics processes are as follows,

- Gate keeping
- Compacting Disposition Cycle Time
- Reverse Logistics Information Systems
- Central Return Centres
- Zero Returns
- Remanufacture and Refurbishment
- Asset Recovery
- Negotiation
- Financial Management
- Outsourcing

Return of goods from customers for non-performance, short term rental returns, reusable containers, returns sent to manufacturer for re-

pairs, exchange of new product for the old ones,

goods sent for modification and recycling of products are a few of the causes behind reverse logistics. Further, the reuse of products and materials, waste paper recycling, deposits systems of soft drink bottles and metal scrap brokers are a few of the examples for reverse logistics that have been around for a long time. The concept of reverse logistics has been gaining more and more attention in recent years simply because many companies all over the world reveal that reverse logistics can generate benefits to their organizations as well as to their stakeholders. The advantages that they can gain from implementing it are immense. Minimising the overall costs of an organization (transportation, administrative and aftermarket maintenance, repair and replacement), improvement of productivity and growth, increasing speed of production, ability to retain customers by improving service goals and meeting sustainability goals, improved customer satisfaction and loyalty by paying closer attention to faulty goods.

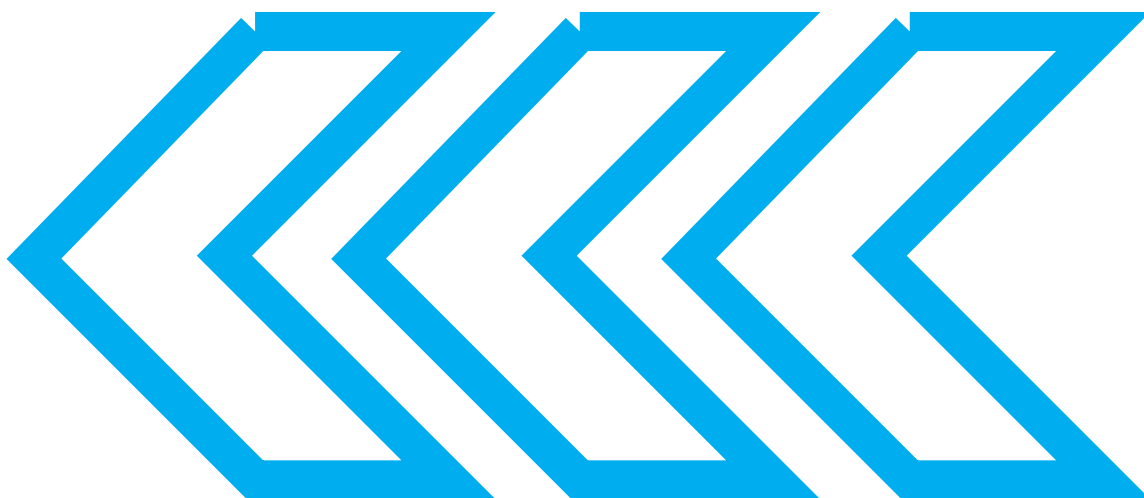
The publication houses, Beverage industries, Heavy industries, Consumer goods industry, Pharmaceutical industries and Automobile industries are amongst the few industries where reverse logistics plays an important role. However, their objectives of using reverse logistics are different. For an instance the purpose of using reverse logistics in the beverage industry is to collect and reuse the empty bottles while the purpose of reverse logistics in the automobile industry is to confirm the commitments of after sale services and buy back guarantees. On the other hand in pharmaceutical industries it's quite different to it all since its purpose is to collect the expired formulations and drugs for environmental friendly disposal. In today's competitive market more manufacturing firms are planning on incorporating the reverse logistics system in their supply chain processes for several reasons such as the growing concern

on environmental pollution, government regulations on product recycling and waste disposal, growing consumption of consumers and stiff competition.

The success of reverse logistics systems depend on the efficiency and effectiveness of a few sub systems namely the location of products after sale which is one major aspect that organizations should pay attention to. Once the product location is identified, the collection mechanism gets underway, this can be done either through a company's field force, channel members or any third parties and requires product introduction in order to motivate the customers to return the products. Thereafter the disposal or recycling depends on the nature of the products, objectives of the system and cost implications. For better management it's necessary that proper documentation is maintained throughout each level in the channel.

Sustainability is a growing concern of most of the countries due to the environmental issues that have risen in the world. Logistics contributes to a significant amount of carbon emissions and wastage. Therefore implementing sustainable logistics practices will help reduce the impact on the environment in the long run and that's where concepts such as Reverse Logistics come into limelight. As Mike Huckabee once said

***'The most important thing about global warming is this. Whether humans are responsible for the bulk of climate change is going to be left to the scientists, but it's our responsibility to leave this planet in better shape than we found it, for the future generations'***



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# TRINCOMALEE HARBOUR – The Second Largest Natural Harbour in the World

## ARTICLE

In a world where Man attempts to overpower nature in every aspect, any gift from Mother Nature is considered a reward most unexpected. The pearl of the Indian Ocean was for many centuries envied because of some such natural resources it owned. During the peak of battles, the Trincomalee harbour which is located in the east coast of Sri Lanka grabbed everyone's attention. It has a great value due to the availability of greater space with deep water and ability to accommodate anchorage for ships. It is overlooked by terraced highlands and its entrance is guarded by two headlands. This harbour has 1630 hectares of water while the entrance channel is 500m wide. The available water and land area is about 10 times as

much as the Port of Colombo. It caters to bulk and break bulk cargo and port related industrial activities including heavy industries, tourism and agriculture etc.

Since ancient days the Trincomalee port was well known all over the world as the port of Gokanna and it was used for both Military and commercial uses. The earliest recorded reference to the port of Gokanna is found from Mahawansa in the 5th century BC, when King Wijaya's brother's youngest son Panduvasudewa landed in Sri Lanka, Gokanna to be specific.

During the colonial expansion in the Indian sub-continent, Trincomalee port was occupied by the Portuguese,

Dutch, French and finally by the British. Both the Portuguese and the Dutch built forts and expanded the existing ones. The British used the Trincomalee port to provide anchorage for Royal Navy Ships. When sailing ships got replaced by steam powered ships the Royal Navy established a coaling station as part of their large network of support bases throughout the empire. This was the beginning of a permanent Royal Navy shore establishment in Trincomalee.

The strategic importance of Trincomalee Harbour has shaped more in its recent history with Western Involvements. Although Sinhala kings who ruled the country during the Dambadeni, Yapahu,



Kurunegala, Gampola, Kotte and Kandy eras did not maintain a strong naval fleet against incoming invasions, the European powers were based on their greater maritime strength. They were concerned on the strategic value of the control of Trincomalee harbor. The Portugese, the Dutch, the French and the English, each held it in turn, and there have been many sea battles nearby. The harbor is overlooked by terraced highlands, its entrance is guarded by two headlands, and there is a carriage road along its northern and eastern edges. Geographical landforms elevated the strategic value of the harbor for protection of fleet against adverse natural conditions as well as from potential enemy threats.

Naturally the Trincomalee harbour consist of two segments; Inner Harbour and outer harbour. The outer harbour is composed of the Trincomalee Bay, which has the approach to the Harbour and Koddiyar Bay in which the river Mahaweli drains. Trincomalee Harbour is the Home to major Sri Lankan Naval bases and a Sri Lankan Air Force base. Trincomalee Harbour, a natural deep water harbour, is at least the second largest natural Harbor in the world. The bay of Trincomalee Harbour is renowned for its large size and security; unlike every other in the Indian Sea, it is accessible to all types of craft in all weathers. The harbor is flanked by high cliffs on the seaside. It is therefore, well

protected from the monsoon winds. The sheltered water of the harbor is capable of accommodating a large number of vessels and offer water depths that is suitable for movement and berthing of small, medium and large sized drafted cargo ships, oil tankers and supertankers. During the period of sailing ships, the harbour could ensure the safety of a whole fleet from October to March. A fleet, so protected, was in a position to dominate the Bay of Bengal and the Eastern Sea. Thus any power that controlled this harbour had a great advantage from a naval and strategic perspective. It's our responsibility as Sri Lankans to be aware of the great wonders we possess and sustain them for the generations to come.



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*The Trincomalee Harbour*

# BEST OR NOTHING

## RANJITH PANDITHAGE

*Chairman, Diesel & Motor Engineering Plc*

**“Almost every successful person begins with two beliefs; the future can be better than the present, and I have the power to make it so.”**

The current Chairman/ MD of DIMO, Mr. Ranjith Pandithage is one such personality who firmly believed in his capabilities and potential and always dreamt on reaching the top. His determination and dedication helped him realize his dreams. After all, as the famous saying goes the only place where success comes before work is in the dictionary.

Mr. Ranjith Pandithage is the third of a family of eight and his father was an entrepreneur who started Diesel and Motor Engineering PLC with three others. He received his Education from Ananda College Colombo and later he went to Germany to pursue his higher studies in Engineering. After graduating he joined a German Company and worked until he

came back to Sri Lanka and joined DIMO as a Management Trainee. Even at that time he knew he wasn't going to remain as a management trainee for long. He is an ambitious person whose vision was to go up and sit at the top. He was first assigned to work at the factory and later he was exposed and given responsibility in overall operations. His advice for youngsters aspiring a career like his is, to be eternally hungry to achieve, succeed and always exceed scope set by others if you have the potential and the capacity. Then step by step he climbed to the top of the company to become the Chairman of DIMO.

### **Q: What is sustainability?**

**A:** “In my words Sustainability is behaving like a true human being ethically and truthfully”. Due to this conceptual frame work, he believes that what matters is a culture of being responsible towards all stakeholders. DIMO was adjudged the best Corporate Citizen in year 2013 by the Ceylon Chamber of Commerce which made DIMO champions of sustainability. “I believe I got

it through my upbringing and of course the culture at DIMO. According to my belief truth is the only one thing that one cannot keep improving upon. If I'm to quote my teacher at Ananda College, “Aththa Kiyannai, Padure Budiyanai Baya wenna epa”. This is what I believe and firmly practice.”

### **Q: What are the diversified products and services that your company offer to the market? Is it just motor vehicles?**

**A:** It was a thoroughbred automobile company at the beginning, when my father and three other gentlemen were working under a German Gentleman called Mr. Heller who was categorized as an enemy during the World War 2. Due to the situation the four gentlemen lost their jobs and started a small scale vehicle repairing shop. Once the war was over Mr. Heller came back to Sri Lanka with German agencies such as Mercedes-Benz and Bosch. Due to this long association and strong brand representation the company was well known as the Benz



Company. Even now a majority of the top line and bottom line come from automobile related businesses.

We have diversified our businesses and created a strong presence in the areas of Medical Engineering, Agricultural Machinery, Bosch Service , Total Tyre Solutions, Building Management Systems, Construction & Mining Machinery, Fluid Management, Lighting Solutions, Power Solutions, Storage & Material Handling, Tools & Equipment, Total Marine Solutions & Marine & Railway Solutions.

Our company is mainly focused towards providing world class engineering solutions. We are proud to say that we touch the lives of Sri Lankans 24 hours & 365 days in some form. If you turn on a light, if you travel from A to B etc. there is a high probability that DIMO's solution is involved somewhere. I have a dream – 80% of the automobiles on the road should have something of DIMO. No other company can boast of such a portfolio. For three consecutive years

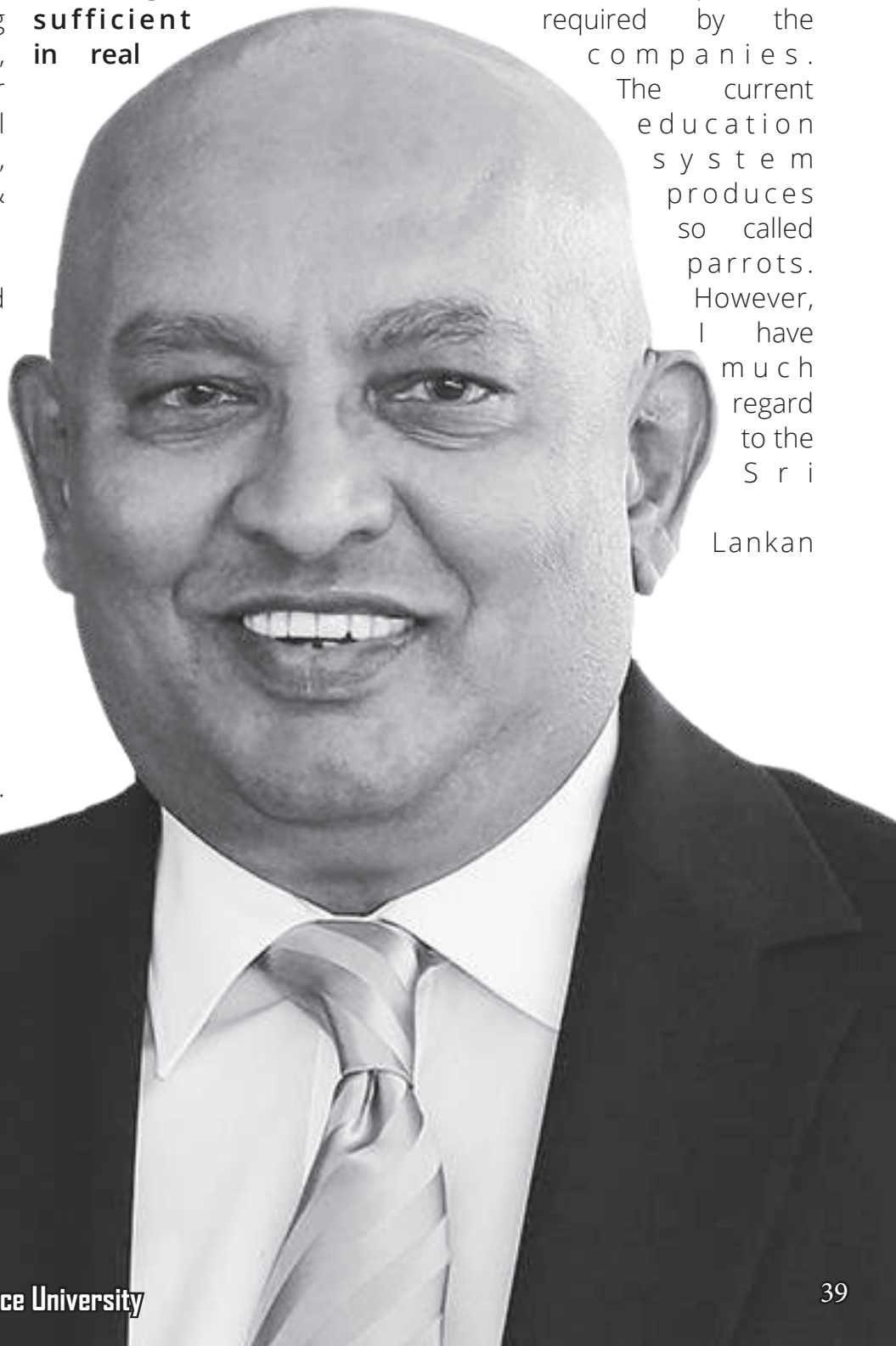
we have been recognized as one of the Great Places to Work in Sri Lanka and we've won the sustainability award for 2 consecutive years.

**Q: Most of the university students receive theoretical knowledge but it is generally accepted that their practical knowledge is not sufficient in real**

**working environment. What are the qualities you expect from prospective students who wish to join a company like this?**

**A:** It is very sad to see this situation with most of the university students. Basically most of the universities don't cater to produce human capital with the competencies required by the companies.

The current education system produces so called parrots. However, I have much regard to the Sri Lankan



## INTERVIEW

Universities for their academic excellence, just that they need to be managed properly. Lots of students come to DIMO for practical training and we try to structure them the best possible way.

**Q: Basically in most of the companies the basic ticket to enter would be the degree certificate. But what about the raw talent, those who don't receive the opportunity to enter a university for higher studies?**

**A:** The German Ambassador to Sri Lanka once said at a function, that during the recession in 2009 when most of the countries in the world were going down only two countries survived and those two countries were Germany and Japan. It's because they do not have management institutions such as Stanford and Harvard. Germany's skills development programs are very much advanced. The German economy is not being run by big companies like Mercedes, Siemens or Bosch. Majority of their GDP come from SMEs - because they have a feeder point of top skills. It's not that the entry point is the degree but if you have a degree the process becomes much faster. There's a big demand in the country for skilled personnel. At DIMO we have provided different avenues for an employee to progress. A career path is defined for each area. Even a mechanic or a sales officer has

the opportunity to become a Board Director one day.

**Q: Why don't you think Sri Lanka is not considering manufacturing a "Made in Sri Lanka" vehicle?**

**A:** Producing automobiles today is a very sophisticated activity. Sri Lanka does not have the right amount of resources nor the financial stability to begin vehicle manufacturing. What we do here is basically assembling vehicles. Now if we take a country like India their economies of scale is extremely high. Also the population to cater to is high. Therefore manufacturing vehicles in India, is sensible. Singapore is a developed country. Yet, they do not manufacture vehicles. We should understand our core capabilities and the market first.

**Q: Vehicle import taxes were recently revised by the 2016 budget in an attempt to reduce the number of vehicles on roads. This led to increasing of vehicle prices significantly. Do you think it was a wise move?**

**A:** First of all we should understand why a person needs a vehicle. Yes it is to get from point A to B. Everyone prefers to travel in a safe, comfortable manner. People feel reluctant to travel by buses or trains because of unpleasant experiences with regard to public transportation. So it's natural for people to feel the

need to own a private vehicle. Therefore instead of increasing taxes it would have been much better if the standard of public transportation was increased like in developed countries. Then the general public would get motivated to use public transportation modes. This would lead to the reduction of number of vehicles on the road. In Germany, even the high ranking officials of multi-million euro companies travel by train.

**Q: Since DIMO was a business of your family, do you think you would be where you are today, if it weren't for your family?**

**A:** First of all I am extremely grateful for my parents for establishing a company like DIMO. I was very fortunate to have been born to this family. My father was a very ordinary man. He wasn't born with a silver spoon. Yet he and his partners managed to establish a company that would one day grow up to be what DIMO is today. However, I did not inherit the chairman's post just because I'm a family member. This is a Public Limited Company. I had to work hard and prove my worth. It is the shareholders who vote to choose a chairman. Had I wasted, my parents' fortune and spoilt the company's reputation, there would not be a company to talk about. Today close to 1600 employees work at DIMO. So in a way I believe I have made my parents proud.

# A logistics "BOW TIE" to the region

## ARTICLE

A lady in the Indian Ocean ringed by the sea, is rising as a new epicenter of trade. She is parched to expand her network of trans-continental trade routes once known as the 'Silk route'. As ladies take time to get ready she is also taking her time to increase infrastructural, economic and political endeavors that aim to bolster connectivity between economies of countries from China to Western Europe. Her strategic location adjacent to one of the world's busiest shipping routes makes the other competitors jealous. This gorgeous lady is our realm Sri Lanka. Her ultimate goal is to become the logistics (maritime and aviation) hub by 2020, to be the logistics bow tie of the region where she is the key contact point of maritime and aviation.

"It would be foolish to describe the logistics hub as merely ugly, for it has the horrifying, soulless, immaculate beauty characteristic of many of the workplaces of the modern world." (Alain De Botton, 1969) As per this British author, Effervescent logistics and shipping industry in Sri Lanka will elicit an increase in economic activity, while transporting fortune to the country. Qatar, the UAE, Oman and Sri Lanka stand out with smaller markets with bright economic visions and stress-free market access where ships sailing be-

tween East and West offload Indian cargo in Sri Lankan ports rather than Visakhapatnam or Chennai. So, around 75% of the cargo handled by the Colombo port are trans-shipments. Other than Sri Lanka, UAE, Singapore and Malaysia are also key hubs for Indian cargo which we need to compete with. We are at the mouth of the Indian market where it leads to greater opportunities. As a country with a political stability and an educated workforce we have the potential to become a better logistics hub. To calculate the potential, we can use the World Bank's 2014 logistics performance indicator rankings where Sri Lanka is ranked in the 89th place out of 160 countries with Germany been number one in year 2010 as well as 2014. India is competing with a ranking of 54th in year 2014. China, Singapore, South Korea, Malaysia are regionally challenging us. Sri Lanka's declined rank in 2012 and 2014 from 81st to 89th, is not a good sign as we are aspiring to become a logistics hub. The Logistics Performance Index (LPI) ranks countries on timeliness, customs, infrastructure as well as international shipment, logistics competence and track and trace. Though Sri Lanka has focused on increasing capacity by having the Colombo south port and a new terminal building to the Bandaranaike

international airport, we need to increase the demand for its capacity faster than our competitors. However becoming a logistics hub will not depend on increasing the capacity faster than its competitors. Although vast investments have been made on infrastructure, LPI ranking have not increased. LPI measures not only infrastructure but also other indicators as mentioned previously. As a nation with a lot of potential, we need to keep a track of our LPI because it tracks the perception of the main clients and it measures the logistics competitiveness holistically, not only the infrastructure development.

The key features of a logistic hub, port or an airport, is the distance to the surrounding destinations, expenditure and the waiting time in the terminal with regard to passengers or cargo. If we have proper control on the spoke system and traffic flow, we can achieve greater competitive advantage by providing a qualitative and reliable service. To be ranked in at least the top 50 in LPI, physical and technical upgrades are needed. In year 2012, 33 percent and in 2014, 49 percent of the shipments were physically inspected whereas in Singapore only 5 percent of the shipments were physical inspected. This shows the weakness of our systems in

## ARTICLE

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# Humanitarian Logistics

Logistics can be defined as the management of all activities that facilitate product movement and the coordinating of supply and demand in the creation of time and place utility. Logistics plays a major role in disasters and is centered around disaster relief in humanitarian logistics. In reason to it connects the disaster preparedness and response for major humanitarian programmes such as health, food, shelter, water and sanitation. Disasters are more than common emergencies such as personal injuries or traffic accidents. It comes under the environmental emergencies (hurricanes, floods, and tsunami), complex emergencies (conflicts and war) or pandemic emergencies (Ebola, AIDS)

Humanitarian Logistics is involved with organizing the delivery and warehousing supplies in natural disasters or complex emergencies to the affected area or people. Mobilizing people, resources, skills and knowledge to help vulnerable people are needed to face such situations. Humanitarian Logistics included with activities such as procurement, transport, tracking and customs clearance, local transportation, warehousing and last mile delivery.

The process of Disaster management plays an important role in this Humanitarian logistics



The process of Disaster management plays an important role in humanitarian logistics

When Humanitarian Disasters hit headlines, we hope and expect that rescue and resources are rapidly and effectively applied to help affected individuals. Sadly we know that this is sometimes not the case and slow response and inefficiencies can lead to unnecessary suffering and delays. The disciplines developed from commercial and military logistics can be applied to avoid chaos that often follows catastrophes such as the "tsunami" that took place in South East Asia, 2004. Tsunami highlighted that disaster response wasn't achieving the level of coordinating on that was needed amongst all the major agencies. Supply chain management is all about how to manage the linkages in complex networks, recognizing that there is much that

can be gained through better supply chain coordination across different relief agencies and this has already borne fruit and will continue to do so but there is still a lot more to be done given the difficulties of bringing together different agencies from different countries and cultures.

To ensure successful and efficient provision of humanitarian aid, the way in which those involved in humanitarian logistics under take their role and activities is critical. There is now much a greater willingness for all parties to come together, share ideas and improve practice. Humanitarian relief agencies can learn a lot from commercial supply chain management and military logistics and this is increasingly recognized.

ARTICLE

When it comes to services in Humanitarian logistics, services have always been an essential part of logistics. They are becoming increasingly important in today's world. Especially in Humanitarian Logistics considering the interaction of different kinds of organizations and the globalization of relief community embrace new strategies, techniques and technologies for improving productivity and quality in services operations. Designing the service level to deliver high levels of customer satisfaction and quality is one of the major issues facing service organization today. In a humanitarian context where the customer could range from an INGO's like Oxfam and NGO's like Red Cross and UNICEF. Those immediately respond to the conditions. So it's implementing partners to beneficiaries in humanitarian crisis, or to some extent, even the donors funding an operation.

By examining the theories through the lens of humanitarian logistics, it could give service operations a means of extending its research in to high reliability contexts and there by contribute to theory development. The humanitarian logistics context provides three opportunities.

- 1) To apply service operations to enhance humanitarian logistics
- 2) To give service operations a means of extending its research in to high reliability context.

3) To develop understanding of the role service operations plays in supply chain logistics.

The 7th Annual Conference on Health and Humanitarian Logistics , held in 2015 in South Africa addressed many topics out of which one topic was " planning for and responding to complex Humanitarian Emergencies" following that topic they discussed food insecurity, epidemics, conflicts and expatriate. Populations are examples of complex emergencies that can result from a combination of natural disasters and manmade causes including political instability or other sources of vulnerability. The logistics of providing food, medical, care or assistance to displayed person is much more difficult to plan for and respond to under these conditions. Panellist will discuss how to anticipate the need for action approaches for collaborating among organizations to effect change and how to strengthen capacity to respond regionally.



**M. Duneeshya Jayathilake**  
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# MATURITY; MIRAGE?

**HANIF YUSOOF**

*Executive Director/CEO, Expolanka Group*

**“Where are we now” is not close to maturity, but still on the path of discovery.**

**Q:** What is your opinion about the current logistics operations in Sri Lankan context as the former president of Freight Forwarding Association of Sri Lanka?

**A:** From the time I started in 1984, the industry has been gradually evolving and as one of few privately held organizations for logistics in those days, we have witnessed many changes over time because logistics is growing rapidly, I think we have a vast path to discover and more to achieve. “Where are we now” is not close to maturity, but still on the path of discovery. We are just moving goods from one point to the other point but logistics is a vast chain of operations and this process can remarkably change in the next 3 – 4 years so there is a lot more to do.

**Q:** Is there a particular reason for you to

enter into the freight forwarding industry because in the year 1978 you were in the export industry

**A:** Yes, it was part of Vertical Integration. In 1978, we faced a new era of the government Exports were the priority and we were a small exporter for vegetables and beetal leaves during that time. When you are a small exporter you focus on your bottom line and then like any other entrepreneur we wanted to find ways to reduce our freight costs and ventured into the forwarding business. To make it easy we opened a department which I headed and I founded handling our own exports and allowing us some control over the supply chain.

**Q:** What is your idea about the Sri Lankan exposure to the Airline business industry? As an example in 1986 your company started business with Saudi Cargo in international trade.

**A:** Initially we were in the Cargo business, just handling the exports and that led us to explore the idea of representing an airline. So we started off with Virgin and today have about 15 airlines such as Air France, KLM, Saudi and many more. The idea was to become a general sales agent and have the capacity to meet our own needs but the challenge was that as a freight forwarder no airline wants to give you the agency

since you would be dealing with other freight forwarders. We were the first to break that barrier by getting firstly Saudi Cargo and then the market knew that we were neutral in our dealings. Subsequently, many more airlines came in to the business and it is an accepted practice now for a freight forwarder to be a GSA.

**Q:** With the economic opportunities what do you think of the current position of Sri Lankan economy for Logistics? How do we develop this logistics field?

**A:** As I said earlier, we are in the path to discovery and still have a long way to go to be globally competitive in Supply Chain Solutions. Sri Lanka has not much to offer other than as a service hub. As an island we have the ports and a rich history in trading and the birth of logistics has largely been backed by our growth in exports. However, this just one element of the whole chain and we should be focusing to position ourselves as a hub despite any drawbacks as even the government and surrounding nations are focusing on the logistics space. We need to be like Singapore and Dubai in term of systems and processes if we are to be competitive. One of the strong potentials we have is our human resource capabilities. Most of us who started in the business including those I recruited in those early days were from simply O/Ls and

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A/Ls and are still part of the industry today. Today, it is a lot tougher for anyone wanting to become a part of this field as we have a new era coming up where its beyond just freight forwarding. It's about the entire supply chain and you need technical knowledge backed by some engineering expertise as well as a good understanding of how businesses operate globally.

**Q: How do you stand as an example to upcoming logistics companies by setting up competitive benchmark?**

**A:** Usually, the bottom line is one of the easiest way to measure but today the whole business has changed. The customer is exposed to many elements and information and mostly is just looking to solve a simple problem. I actively find that upcoming companies focus on what they offer without listening to the customer and not knowing what they want to be offered. It is much easier for a young company to be different and stand out of the pack among ExpoLanka, Haleys Advantis, Aitken Spence etc. I consider myself a David among Goliaths in international business but here in Sri Lanka we are among the Goliaths. The David's then need to find the niche markets and see what they can provide to the new age customers. You need to run for the value rather than for the margins because margins will come in when the value comes in.

**Q: Do you think there is enough information, statistics and knowledge regarding the logistics operations gathered in Sri Lanka or is there a gap to fulfill?**

**A:** Data is obviously lacking and we struggle to get information when we need it. Other countries have a preserved bundle of data and here we have no central point to go to. We talk about advancement of logistics but we have no proper government institution that can consolidate all of this and disperse to those who need it. We have been really slow and all this talk about e-trade, e-commerce and documentation is only on a certain degree in some places. In this area, we cannot compare ourselves with the Indian continent but must compare ourselves with which are real logistics hubs like Singapore and Dubai. Even if we exclude Dubai for a moment, the reality of the flow of information is important as the flow of cargo. Information is an asset. The institutions must have one single line for trade information and the departments of shipping, airlines, customs and even for the freight forwarders must be linked to obtain better results. We are currently making a small amount of effort but it is not enough. We have a lot more to discover.

**Q: Do current logistics graduates satisfy the industry requirement and what are the expected quality level from upcoming graduates?**

**A:** Being practical is the main thing. You learn alot of things in universities but rather than just theories they need to get their hands dirty in business because a company who is competing globally is looking for outstanding, knowledgeable graduates coming in and taking on more than just a task project. The

industry is full of people who started from the bottom and have come up today purely on their experience. The logistics field is changing and moving towards technology and that's where we need to fill the gap.

**Q: What is your message to those in this logistics field within the path of higher education (academia) as well as the industry?**

**A:** Higher education is essential and if combined with industry exposure, you are bound to be successful. One of the main things to keep in mind is the field is very vast. Logistics is not just freight forwarding; it is required for military purposes, movement of goods and even people in the best possible manner. Basically moving things across different modes of transport. Since it is such a large playing field, opportunities will be in the region so you need to keep in touch with what is happening and be updated with beyond what you learn in universities. Take Uber Taxi or PickMe. These are basically logistics companies. We use to send goods from one manufacturer to a single buyer and now the whole scenario has changed as the final customer is all around the world. If you are manufacturing, you can no longer just ship to one location as the buyers expect their goods in small parcels or small packages. 70% of the world's cargo movement is on these small packages and the companies like FedEx, DHL, UPS, are leading the pack. The model is changing even more with Amazon get into logistics and Uber looking at package deliveries. The big companies have planes, trucks and people but today movement of goods is not just dependent on those



who have the infrastructure. With the evolution of the shared economy, we can even go a step further now.

**Q: What is Expo Global Distribution Centre?**

**A:** Sri Lanka is a place that you can't do manufacturing all the time because it is increasingly becoming expensive. While I was fortunate to have started in the logistics business, we could never ever bring goods from other countries due to customs situations, exchange control problems and consolidate with local cargo. About 4 years ago I kept pushing that if Sri Lanka needs to be a hub, then we should have an open policy for free ports. After 3 years of back and forth, the last government added a new Act extending from the existing Finance Act and included the opportunity to start a free port. As soon as they allowed this option,

I took a step and opened a company named EGDC – Expo Global Distribution Centre. The idea is to capitalize on our geographical advantage and become a regional hub for consolidation/distribution. All the big fashion industry such as ZARA are buying their products from this same region and send goods to Spain or United States for finishing and store ready packing before sending it back to Asia. I thought why can't we collect the parts from several countries and bring it to our country and we'll do the packing and send it out. To do that, I need a channel where we can work around routine customs procedures because this has nothing to do with Sri Lanka and does not impact the local consumer.

With EGDC, we are able to bring goods from anywhere from the world, bring those here mix and match, put a

stich, put a tag and send. This is not an easy task as you have to build awareness and attracting customers with established supply chains. But it's happening and we are pushing to bring the logistics chain closer to the manufacturer rather than keeping it close to the customer as it is now. Large Retailers accept cargo in bulk at their distribution centers do their processing and send it out to the store. For us, being so close to manufacturing, we can actually do the store ready activities and eliminate the work at the DC's saving costs on labour and storage while also allowing the brands to have just-in-time inventories. The world of fashion has more than four seasons, and the colors keep changing so we need to adapt and be able to drive more value throughout the entire supply chain.

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# Women Empowerment in the Field of Logistics Sri Lanka

As an Asian country, Sri Lanka has a great culture which influence heavily on women employment. Initially the women's role was limited to family and as a result there were very limited opportunities for them to engage in an occupation. Further women did not have the benefit of obtaining a proper education since they were bounded only to play the maternal role. So it further hindered their opportunity to become a leading professional in the industry as well as in the society. However, along with the evolution, these attitudes of the community changed in a favourable manner. As a result, it paved the path for a woman to obtain a proper education and there was a gradual increase in women's engagement in occupations in different sectors.

Yet when the industry is analyzed, there is lack of women participation in certain fields. The women population in Sri Lanka amounts to 51.7% of the total population and out of the

total economically active population, women represent only 33.4%. This means that approximately 70% are economically inactive women. As per labour force survey of 2013, the highest percentage of women is in the service sector accounting for 39.5% of the labor force. Today Sri Lanka's biggest foreign exchange earners are migrant workers among whom, women comprise a large percentage, mainly in the form of domestic labour. Also there is a positive contribution to the economy of our country from the garment sector employees which comprises more women workers. It also highlights the fact that women in agriculture and industry are as 35.5% and 25.1% respectively. Although this survey does not provide the statistics of women in management in Sri Lanka, it is estimated that the figure is below 10% of the total cadre.

Logistics Management field in Sri Lanka is a sector in the industry with ample evidences which reflects this disparity. Ac-

ording to my opinion I believe that the gender gap and the glass ceiling effect prevailing in our country are the two main reasons for this disparity in the logistics field. In a country like Sri Lanka the tradition and the perception of local community is an influential factor that cannot be ignored. Empowerment of women in hardworking occupations related to the field of logistics is not accepted in our culture. The common perception is that women are suitable only for office jobs, not on site jobs. Further the women in our country is burdened with the responsibilities and duties of the home maker. Historically, it is expected for a Sri Lankan woman to perform the household activities and to help the male from a distance. Not only that since the field of logistics is male dominated there is a fear developed in the minds of the women as they are incapable of performing tasks related to this field. Due to this demotivation and discrimination women lose many career opportunities and job development opportu-

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nities in logistics sector. Some believe that lack of knowledge and interest among women to employ in this field as another reason for less women participation. But the validity of this idea is questionable because today there are many government as well as private owned educational institutes offering academic qualifications in Logistics Management field and its related areas. Also there are many such upcoming educational institutes establishing in the country.

However, currently there is a high tendency of young women moving towards this field by obtaining academic and professional qualifications. Also the Sri Lankan government has paid their attention in supporting and encouraging women participation in supply chain and logistics fields including other fields and thereby paving path for them to contribute to the growth and the evolution of the economy of the country. Further to overcome above barriers the role performed by institutional bodies specially Women in Logistics and Transport Sri Lanka (WiLATSL), supported by The Chartered Institute of Logistics and Transport Sri Lanka (CILT-SL) is immeasurable. They contribute their maximum effort to promote, educate and encourage women to see and achieve the potential opportunities in Logistics by conducting mentoring programs, career guid-

ance workshops, women's day celebrations, annual walks and many other events. In addition, DHL, one of the giant logistics companies in this field has identified the gravity of this issue and has taken initiatives to change the poor perceptions about career opportunities for women by highlighting that logistics field requires a more diverse workforce. Further with the digital transformation, the introduction of new technological devices and applications of communication have led the capacity for a woman to strike a balance between work and family. For an example a woman can perform her office tasks while staying at home using home-office call centers, skype, cloud etc.

In the modern world, there is a trend of women changing the gender stereotypes and taking up positions in the field of logistics by giving a satisfactory challenge to complement their male counterparts. Currently Sri Lanka is also influenced by this trend. So to promote this attraction and development of female talent in logistics roles further effort should be taken. This approach can be achieved by providing more information regarding logistics industry in schools and universities, conducting special events catering for women, giving opportunity for far more female logisticians to inspire and encourage the next generation, conducting fruitful training programs and

workshops with the aid of leading multinational organizations. Further the industry needs to continue to innovate its workplace practices, ensuring that the work environment, career opportunities and policies on work life balance comply with the growing female work force.

In a country like Sri Lanka, a long process is required with a heavy effort and endurance to increase the acceptance of women empowerment in the field of logistics. But since the initiative step has been taken, it is in the hands of the local women to show that they would not quit easily in this challenging male dominated field. If they succeed it will pave more opportunities in this field for the future women logisticians in our country. As stated by Diane Mariechild, "A woman is the full circle. Within her is the power to create, nurture and transform."

"This proves that although women are more sensitive and less physically able in nature, if their true value and effort are utilized effectively they will become prominent personalities in the society."



**Anushi Seneviratne**

Intake 32  
Undergraduate BSc in Logistics  
Management

# Hemas Logistics

## Hemas: An Introduction

Hemas Logistics has ventured into many logistics verticals including container depot, transport and third party logistics and customs brokerage. Currently Hemas Logistics has the largest car carrier movement from the Hambantota port to Colombo. Some of the other activities include the movement of export and import containers to and from the Colombo port and movement of special project equipment. Warehousing is another key service provided by Hemas Logistics which commenced operations with only 30,000 square feet of space and has grown to 240,000 square feet. The company recently opened their first regional warehouse in Kurunegala and

are looking to expand its hub and spoke warehouse model. Hemas recently entered the space of third party logistics providing both warehousing and distribution solutions to key clientele.

Hemas Logistics has strived to expand its competencies to different segments of clientele by undertaking to provide 'seamless logistical solutions' offering services from port to the customer points across the country as well as warehousing solutions as and when required. Our services also extend to the main line operators in container storage, washing and repairing. The company has invested in new technologies to track their vehicle movement and thereby increasing efficiency and transparency to our customers.

Hemas' recent venture into regional warehousing has opened up opportunities for cross-docking decreasing transportation costs for our customers and improving efficiencies. This would also entail deploying an accurate route planning mechanism to control stock-outs as well as situations of excess inventory. Hemas is looking to adopt new technology to drive and grow these initiatives in the future.

The company is looking to grow its footprint within the spaces of both maritime related businesses as well as third party logistics over the next few years.

## Logistics industry in Sri Lanka

After the devastation caused



by civil conflict which lasted over three decades, Sri Lanka is now focused on fast tracking its development projects to drive economic growth. With Sri Lanka being portrayed as a logistical and maritime hub the logistics industry has seen a significant growth during the past few years. The growing maritime industry has helped maritime related logistics including container depot and transport businesses, while the drive for local companies to focus on their core businesses has contributed to the growth in third party logistics.

### **A rail solution to logistics**

Sri Lanka's railway network could be a very practical transportation solution to bring in efficiencies and cost saving. However the current network structure requires a significant upgrading and the focus of the department should be aligned to facilitate cargo movement using this mode of transportation. The current

structure does not facilitate the movement of cargo from port to customer warehouses across the country, increasing the necessity to use a second mode of transportation pricing in the inefficiencies.

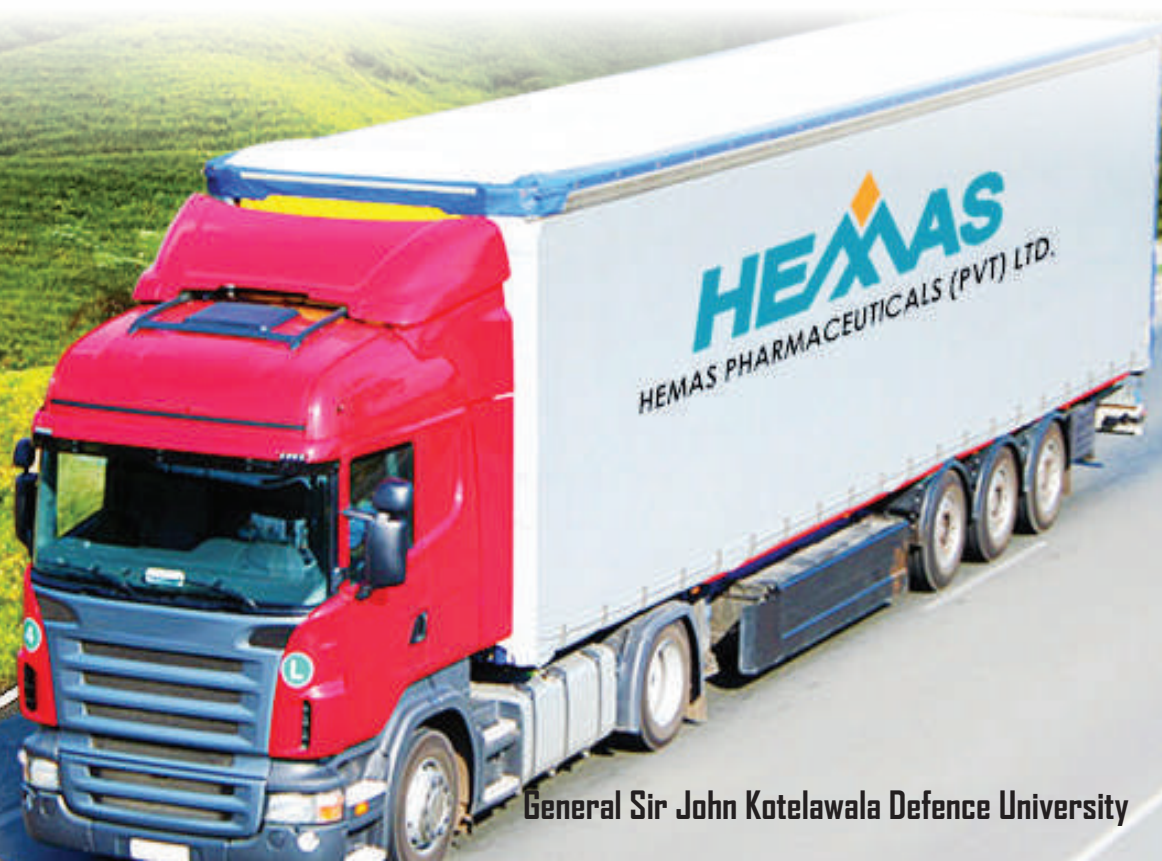
In order to drive cargo movement through the railway network the government should look at extending the network to key warehouses across the country. Adding cargo trains to the schedule would also contribute toward reducing traffic along the road network improving the cost structures and enhancing the speed to delivery.

### **Logistics: A negative impact on environment?**

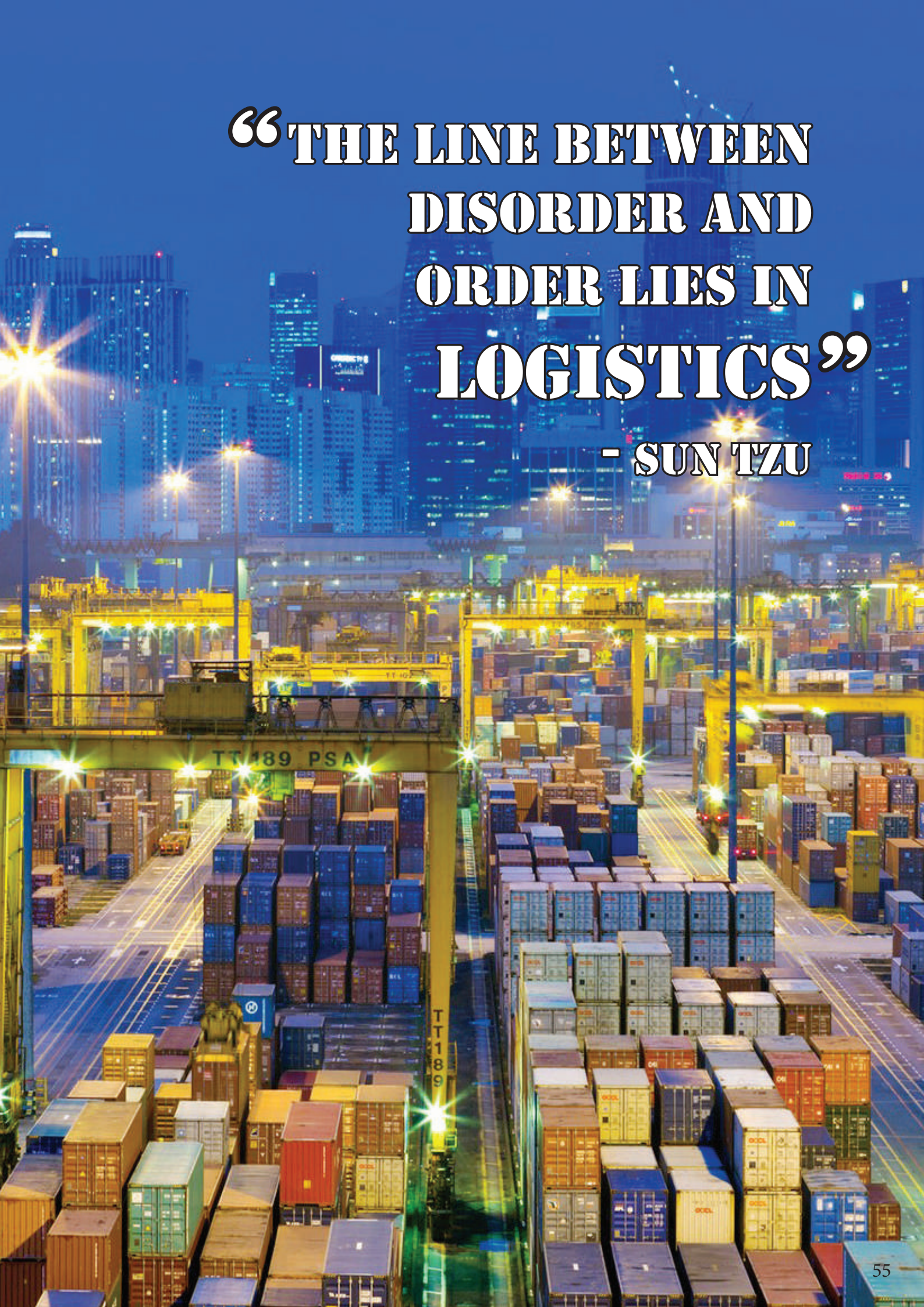
Certain maritime related logistics as well as third party logistical solutions inherently have an impact on the environment. For example the prime movers used in the transport would emit a significant amount to carbon

dioxide into the environment, while container depots would also contribute towards sound pollution to its immediate vicinity.

While eradicating pollution from business operations is next to impossible Hemas has taken measures to minimise the negative impact of our activities on the environment. We are committed to operating our business within the set ethical and environmentally friendly parameters. For example Hemas ensures that each vehicle on the fleet undergoes regular eco-tests and ensures that they are in top condition. Additionally the company ensures that an environmental impact assessment is carried out prior to undertaking any new project. As environmental friendly initiatives are not incentivized there is little motivation for logistics players to invest in and adopt such practices.







**“THE LINE BETWEEN  
DISORDER AND  
ORDER LIES IN  
LOGISTICS”**

**- SUN TZU**

# REACHING BEYOND BOUNDARIES

**W.K.H. WEGAPITIYA**

*Group Chairman, Laughs Holding Ltd*

**“success cannot be measured by how much wealth you have created, how popular you are or how educated you are, It’s about the positive contribution that you have made to the society”.**

**Q: When we study the subject “Entrepreneurship” in class the number of times we hear your name is uncountable. How do you define yourself? How have you come to this position?**

**A:** Entrepreneurship is something that creates wealth. If you learn more about management, economic all these theoretical aspects from Adam Smith to Ricardo and even Michael Porter, what they say is that there are two reasons how a nation becomes rich or poor. One is the factor endowment. What are the factors endowment? These include weather, natural resources, and climatic conditions. Due to the factor endowment of nature the country becomes rich, some become poor, like African sub Saharan countries are poor due to weather and climatic conditions. The second thing theoretically what they say is location specific advantage.

Where the country is located in the world map. Singapore is situated in a strategic location because it is in the Malacca straight. Now if you go by that, Sri Lanka should also be a very rich country. We have all the natural resources, good weather and manageable population and it’s located in the most strategic place in the Indian Ocean. Whoever controls the Indian Ocean will control Asia. Similarly to control the Indian Ocean Sri Lanka is situated in the best location. Now we have both the factor endowment and the strategic location, but we are a poor country because the third element a country becomes rich or poor is entrepreneurship. There is no point in having natural resources or location specific advantage if the nation is not entrepreneurial. In the world there are two types of people. Inventors and innovators. Inventors find something, for example the telephone was invented by Alexander Graham Bell, but the innovators make those inventions change or add up to the human needs. So that is always done by entrepreneurs. Like Apple they innovate things, looking at different needs and human requirements they create value. So that’s the importance of entrepreneurship. So entrepreneurs are very rare.

We are Habitual Entrepreneurs. Habitual entrepreneurs if you take 100, you can’t find 1. The moment they see the opportunity they want to go for it. They are complex, very diversified. Our company is like that. We are in to 21 different, from looking at this is unrelated but it is a rationally justified business. So that’s it about the theoretical aspect. So the entrepreneurs create wealth. They create employment opportunities and opportunities for innovation. Now say if you are an engineer can you create another engineer but entrepreneurs can create another entrepreneur, it’s called the breaking ability. You say you are a pilot. You are the most qualified and experienced pilot. But you can’t create another pilot because pilots are created by someone else. So all the professions are like that but entrepreneurs can break. So I am trying to tell you the uniqueness of this. **“Today all the wealth created for any nation, community and society is by entrepreneurs”.**

When talking about me, I was born to a very poor farming family. My father was a poor farmer. During my childhood I didn’t have anything to enjoy. So my father gave me education. He told me **“If you want to achieve, you learn”.** So therefore becoming an



## INTERVIEW

entrepreneur for me was not by choice, that was the only option. When you don't have anything you have a desire to earn that. From childhood I wanted to become a passionate creator. That was initially for me, but when I create something it is for everyone else. I didn't inherit any family business, none of my family members were involved in business. The childhood experience or difficulties, the harsh environment I grew up created all the ingredients with in me to become a successful entrepreneur. That's how I started.

**Q: When you were small did you have the dream of becoming who you are today?**

**A:** Not exactly this but I wanted to be a very independent and a different person. "I wanted to become an achiever" that was my dream.

**Q: Stepping in to the Logistics side of the story, how are logistics activities managed in your organization?**

**A:** With all the supporting services we now have logistics. That means when you take a business there are supportive services. If you take the mainstream there are other streams supporting that. So within the company we have logistics and supply chain arm that supports all the activities of the companies. In addition to that we have a separate logistics company. We have

owned ships carrying duks. we are soon going to be the only and the largest ship owning and operating company in the Indian Ocean. Now we have 2 ships and just about to buy the 3rd one. Within 10 years we will own 10 ships. Every year about 45 000 ships pass from the Red sea to Malakka straight and Sri Lanka is the closest point. Out of 45 000 almost ¼ carrying energy from gulf and America to East. So Sri Lanka is the best place to be a logistics hub. Using Hambanthota as a hub, we are going to start investing there. So logistics is like another live wire.

**Q: Do you think that Logistic activities play a major role in the success of your business?**

**A:** Today it's like we live in a flat world. We are living in a global village. Unlike those days we are very close. Therefore logistics is basically the driving force in this changing technological and business landscape. The concepts are now changing. Long time ago people defined transport in a different way. In the beginning it wasn't called logistics, it was called transport. The fundamentals have changed. The way that services are offered have changed.

**Q: As for your opinion can't the private sector involve in the refinery industry and make an oil hub?**

**A:** Oil and energy businesses are highly volatile businesses. There are basic fundamentals

that somebody should understand before entering in to the energy business. Firstly, there are heavy entry barriers, entry barriers are due to heavy investments. If you want to enter the energy business, it's a prerequisite that you need to make heavy investments. Secondly, it is highly regulated in most countries. In Sri Lanka if you want to enter the energy business, weather it is petroleum, lubricants and refining anything you need to get the government approval. We have made a proposal to the Government, to give us permission to do refining in Hambanthota, to export refining. Thirdly those who were there will never allow a new player to come in. good example is when we entered in to the LP business it was shell, they made our lives miserable. The energy business is all about geo political influence. Some economic fundamentals do not apply. For example we started oil exploration 10 years ago but India is taking oil, few kilometers away from our territorial borders in the Carvery basing. Why can't we do that? They will never allow us to take oil or gas out. These are all geo politics. There are local companies to do it, but they won't be allowed.

**Q: Is there a possibility that we can import gas from India?**

**A:** Yes, if you're referring to natural gas. Natural gas we can. If you want to import

LNG, you need to have huge infrastructure on the ground. For an import terminal your minimum investment is \$500 million. For that investment you need a minimum captive consumption. Its Technically and practically possible. To consume that quantity, essentially you need to do power generations but the power sector is another corrupted industry. They will promote coal which is more expensive and with more pollution but natural gas, they don't want to accept because of some other reason. There was a proposal made by two Japanese companies then there were another company which came to set up the LNG import facility. Then every house can have a pipeline. Even we can lay down a pipeline from India. But the problem is, because of the Indian economic growth the local production is sucked by the local market. For example LPG, they are one of the largest importers and they locally produce and it's not enough for the local consumption. So therefore they can't export. Within India total distance covered by the pipelines are 5 000 kilometers. For India to Sri Lanka is about 15 kilometers, this is nothing but there are lot of politics. One example is that we took second largest LPG Company in Bangladesh. The problem is Nepal doesn't have gas but India is not allowing us to cross. So they are now promoting electricity. All these resulted due to political issues.

**Q: In our small days there were some gas powered vehicles, now we don't find such vehicles. What is the reason for this?**

**A:** Actually we are the pioneering company to introduce proper auto gas conversion in 1995. The problem here is our perception. We converted about 25 000 vehicles. After converting if there is a tire punch, it's because of auto gas conversion. This is the only country where you impose 50 percent tax on electric cars whereas all the other countries if you run an electric car government gives a subsidy, Sri Lankan situation is like that.

**Q: What is the most satisfying moment in your business life?**

**A:** There are so many thing. I was recognized as the 'entrepreneur of the year' not only in Sri Lanka, but also as the Best Asia Pacific Entrepreneur. Other than that the most satisfying moment for me is where I invite everyone and I am happy that how I contributed to make their lives happy. When we have company events where they come with families and think that they are all fed because of the little business I started. That's my happiness. **"success cannot be measured by how much wealth you have created, how popular you are or how educated you are, It's about the positive contribution that you have**

**made to the society"**.

**Q: If you had to go back in time, if you had to correct something what would have that been?**

**A:** I don't go back. One is that I live in my present moment. Most people are suffering because we always carry two bags. One about what happened yesterday and the other one is about what you are going to do tomorrow. "You have to live in your present moment". All the problems and sadness is all because you worry about yesterday. You can't go back and correct anything. You have to make sure that good things will happen tomorrow. To do that you have to live in the present moment.

**Q: What advices can you give the younger generations who are stepping in to the entrepreneurship?**

**A:** Today, the environment that we live in is totally different from the era that we spent in our young days. Opportunities, new technologies etc. but one advice I would give to the younger generation is that "Don't move away from the nature. The more close to the nature you are, the more useful and creative you will be". Today the technology has taken you away from the nature. So make use of every minute of the day and live for the moment.

# BUS TRANSIT SERVICE QUALITY IMPROVEMENT – BETTER SOLUTION TO COLOMBO TRAFFIC CONGESTION

Public transport accounts for 73% of the total motorized passenger transport which serves as the only means of transport for majority of the population. Of this, bus transportation accounts for nearly 68%, with state owned bus service share of 23% and private operator share of 45% provided by small scale operators. Sri Lanka Railways accounts only for 5%.

With over a 100 year history of bus transportation in Sri Lanka, at present there are approximately 23,000 buses active around the country of which approximately 18,000 buses are of the private sector. There were 5,222 Sri Lanka Transport Board buses operated in 2014.

Bus transport industry in Sri Lanka had an annual turnover of Rs 30 billion. Public transport has been a very important factor in the economy as its performance is affecting the economic activities in several ways. Therefore, an efficient public transport system is considered a mostly required condition for faster economic growth and social progress. However, the public transport sector in Sri Lanka especially the bus transport, suffers many deficiencies due to lack of effective and consistent policy

to guide the sector to maintain it as a viable economic venture. The city of Colombo attracts about 1.5 Mn. floating population on an any working day and with the addition of the resident population in the city, the total population in the city increases to more than 2 Mn. during the daytime. It is estimated that about 50% of the commuting population arrives in the city for employment or to engage in commercial activities and or to attend educational institutions. The rest comes to the city for various other purposes. Commuting population uses various forms of transportation to enter the city. According to estimates about 27,215 buses, operated both by private and public sectors, transport 958,000 passengers daily to the city. Another 560,132 use about 243,459 private vehicles. The number of commuters who use the railway is estimated to be around 165,000. Both the number of vehicles and the commuters entering the City are increasing year by year. At the same time the residential population and the ownership of vehicles within the city limits will also experience an unprecedented growth. Vehicles that enter the City from 9 entry points on working days have been estimated to be around 275,000, and this is

in addition to the contribution to the traffic floor by the use of vehicles of the residents in the city.

This paves the way for around 15% of the road space utilized for bus transport even though it transports 62% of road passengers and 65% of the road space is used by private and hired vehicle which carry only 38% of the passengers.

The transport problem that is currently experienced by the city of Colombo has reflected in the increasing traffic congestion. As a consequence the average vehicle speed has reduced to around 10 Kilometers per hour within most parts of the city during the day. The main implication of traffic congestion is that it causes higher running costs to the owners of vehicles and results in a considerable loss to the national economy. This problem is likely to exacerbate in the immediate future since the road networks are severely inadequate to meet even the current demand.

Following table figures out the proportionate transportation of passengers by the different types of vehicles in the city of Colombo on an average working day.

Table 01: Daily passenger transport by the different types of vehicles on an average day

Type of vehicles	Average Daily Traffic (2 way flow)	Percentage	Passengers transported	Percentage
<b>Motorized private vehicles</b>	443,586	87	828,788	44
<b>Goods vehicle</b>	36,598	7	74,965	4
<b>Public/mass transit</b>	29,064	6	977,024	52
<b>Total</b>	509,248	100	1,880,777	100

Increase in private vehicle has resulted in severe traffic congestion in roads in Colombo and average speed is reducing up to 10 Kilometers per hour in most parts of the city during day hours. It incurs a massive financial and man hour loss of Rs. 32 billion on road which is 1.5% of the Gross Domestic Product of the country.

Transport problem that is currently experienced by the city of Colombo is reflected in the increasing traffic congestion. A few years ago, the traffic congestion was largely limited to the central business districts (CBD), but now it has spread to the entire core area lasting sometimes most of the peak period. The number of vehicles in the city is not the only factor that contributes to congestion. Shortage of parking areas, inadequate facilities for pedestrians, parking of heavy vehicles on busy highways during normal working hours and poor public transport facilities are also

equally significant contributors to the congestion problem. As a consequence the average vehicle speed has reduced to around 10 kilometers per hour within most parts of the city during the day.

The main implication of traffic congestion is that it causes higher running costs to the owners of vehicles and results in a considerable loss to the national economy. This problem is likely to exacerbate in the immediate future since the road networks are severely inadequate to meet even the current demand. Given the projected growth in the demand for transport facilities in the coming decade, upgrading, modernizing and expanding the transport sector must receive urgent priority.

Promoting more sustainable modes of transport to alleviate the problem resulting from excessive use of the private car in most metropolitan areas (congestion, pollution, noise

etc.) has been one of the main concerns of transport planners. They also say that consumer based public transport service and ongoing quality enhancement would lead to higher customer satisfaction in public transportation.

Hence increasing service quality to the bus transportation in the city of Colombo would be an ideal solution to attract more passengers towards buses from car ridership which can result in reduction of traffic congestion. Increasing reliability, safety, security, comfort, convenience and environmental standards enable the public transit systems more efficient and attractive.



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# MILITARY LOGISTICS

Logistics play a very vital and pivotal role in any form of battle. A tactical plan which may be considered as brilliant may end up in a catastrophic disaster if it is not knitted with a dependable, practical and also a sustainable Combat Service Support plan. World military history has provided ample historical examples to prove the importance of logistics in all phases of war and Sri Lanka is no exception. It was logistics as well as training and morale of troops that decided the course of the war. The word logistics is derived from the Greek adjective "Logistikos" meaning "Skilled in calculating".

Military logistics is the science of planning and carrying out the movement and maintenance of military forces both in peacetime and during operations. The five principles of Logistics accepted by NATO are Foresight, Economy, Flexibility, Simplicity and Cooperation. Basically the aspects involved are design, development, acquisition, storage, distribution maintenance, evacuation and disposition of material. It also includes the ability of the National infrastructure and manufacturing base to equip, support, supply, resupply and transport, the armed forces to achieve its desired objectives.

With real knowledge of supply and movement factors, (military logistics) adapting to the operational scenario is an essential feature for success. Military leaders should know how and when to take risks with available resources, supply and movement factors. It is logistics that will determine the force that can be delivered to the war front. Field Marshal Bernard

Law Montgomery from United Kingdom once stated that "During the war 80 percent of our problems were of logistic nature". This derives that logistics plays a key role for the victory in any battle field. Efficient logistics Management is one of the main strategies for any war and when managed properly can be taken as a key element for the success

of a conflict.

"The Way to Wealth" is one of the famous essays written by Benjamin Franklin where at one point he mentions the phrase below stating the importance of missing the slightest item for the loss of war;



**For want of nail, a shoe was lost,  
For want of shoe, a horse was lost,  
For want of a horse, the rider was lost,  
For want of a rider, the message was lost,  
For want of the message, the battle was lost,  
And all because of a horseshoe nail !**

- Benjamin Franklin -



The Sri Lankan Army had experienced difficulties in providing logistics support during the long conflict with the LTTE. The

Sri Lankan Army is organized with Logistic Regiments to provide combat service support as given below.

- Engineering Service Regiment
- Sri Lanka Army Service Corps
- Sri Lanka Army Medical Corps
- Sri Lanka Army Ordnance Corps
- Sri Lanka Army Electrical & Mechanical Engineering
- Sri Lanka Army General Service Corps
- Sri Lanka Army Corps of Military Police
- Engineering services including access to water
- Ration, FOL, transport and other services
- Health and prevention of manpower wastage
- Provision of ammo, weapons, soldiers kit & equipment and other Ordinary services
- Vehicles and equipment maintenance
- Agriculture, pay & records
- route clearance & MP duties

During the early stages of conflict, there were no movement restrictions for the logistic support compared to later stages of the conflict. Movement of all logistic resources by all means of transport (road, rail, sea, air) was possible for areas in the North and East. However, when the LTTE resorted to various tactics including explosion of landmines and claymore mines, the availability of Main Supply Routes (MSRs) were gradually restricted to security forces. Availability of air transport was also restricted due to missile attacks. Sea transportation was restricted due to LTTE "Sea Tiger" threats and rough seas during monsoon season. However, the Sri Lanka Air Force operated a few flights and the Sri Lankan Navy operated a few vessels on daily basis to support the troops on ground. The CSS is a difficult task especially during dynamic and volatile battle conditions.

- Use innovative and improvised methods.
- Decentralized control and optimum usage of resources with minimum wastage.
- Cohesive and concentrated team work.

Logistics, occasionally referred to as combat service support, must address highly uncertain conditions. During battles perfect forecasts are not possible; however forecast models can reduce uncertainty about what suppliers or services will be needed, where and when or the best way to provide them. Ultimately, the responsible officials must make judgments, taking calculated risks, using intuition and scientifically weighing alternatives as the situation requires and permits. Judgments must be based not only upon professional knowledge of "Military Logistics" but also upon understanding of the interplay of closely related military considerations such as strategy, tactics, intelligence, training, personnel, morale and finance.

Especially during the humanitarian operations at the final stages of the conflict, the Sri Lankan Army had successfully provided required combat services support with foresight and commitment. The professionalism displayed by the officers and men of logistic regiments had been decisive. The experiences gained by the logistic commanders during the three decades of conflict with the LTTE together with the understanding of the complexities and the practical applications of logistic concepts had paid rich dividends during the decisive final stage of the ops. Some of the significant factors for the success of the humanitarian operations are listed below;

Subjects of operation research grew out of World War II military logistic efforts. Military logistics has contributed to the evolution of a number of techniques that have since become widely deployed in the commercial world.

- Adhering to the basic principles of logistics had been very evident.
- Total commitment, positive attitude and decisive leadership.
- Communication and coordination between all concerned.
- Doing the right thing right" to achieve productivity.



**Gayara Jayasuriya**

Intake 31

Undergraduate BSc in Logistics Management

# SAGT PROPELLING THE PORT OF COLOMBO

CHANDANA WIJAYANAMA

*General Manger, SAGT*

## South Asia Gateway Terminals (Pvt) Limited

South Asia Gateway Terminals (SAGT), the first private container terminal operator in Sri Lanka commenced operations in 1999, propelling the Port of Colombo as a gateway hub to South Asia for global trade. Today, the terminal is one of three operators in the Port of Colombo and continues to offer the international container shipping community a competitive world class service. Journal of Commerce USA has ranked SAGT as #1 in South Asia and #4 in the world for Berth Productivity.

SAGT is a Sri Lankan Board of Investment Flagship Company enjoying a 30 year Build Operate and Transfer agreement. The Company is backed by a consortium of reputed international establishments such as APM Terminals, Peony Investments and local establishments such as Sri Lanka Ports Authority and John Keells Holdings. The company is founded on the excellent infrastructure which is modern and well maintained.

SAGT offers a distinct value proposition;

- Best in class quayside efficiency on vessels
- An "Ease of doing business" commitment backed by user friendly ecommerce platforms

- Documentation centre facility with exclusive business continuity contingencies

- Ability to leverage shareholder value in associated regional port engagements in support of carrier networks/port rotations.

SAGT aims to provide excellence in container handling services through the dedication of its workforce and the application of proven technology, equipment and systems within all its operations. SAGT is committed to the expansion aspirations of the supply chain community in Sri Lanka working collaboratively with stakeholders of the Port of Colombo.

In 1999 SAGT set out to conquer its quest of setting benchmark standards in terms of service excellence, productivity efficiency and consistency. Today SAGT pursues its commitment in maintaining international standards and its position as the transshipment hub of South Asia.

**Q: Who is Mr. Chandana Wijayanama?**

**A:** I come from a heavy industry - such as cement and consumer durables background. I Started my carrier in IT and then moved to HR. I worked in multinational companies such as Holcim, Frankie,

Coats and also in industries like telecommunication, computer services and garment manufacturing. Further, I have held Global and regional positions in Thailand, Switzerland and Hong Kong. Having had about 8 years of my carrier overseas, I returned back home to join this reputed company which I believe is a "Key Player" in the Port of Colombo. It has given me the opportunity to explore the ports and shipping industry.

**Q: What are the main facilities that SAGT provides for the container vessels that enter your terminal?**

**A:** The facilities of SAGT includes almost 1kms long berth and we have 12 QC's ( Quay Cranes ), 31 RTG's (Rubber Tyred Gantry Cranes), 70 prime movers and over 5,500 ground slots. These facilities enable SAGT to serve our customer in an efficient manner.

**Q: What is your idea about Post Panamax Ships which arrive to the Port of Colombo and how does your terminal serve those?**

**A:** There are a several factors to consider when you serve larger ships - such as depth of the basin, reach of the cranes and height of the ships. SAGT can handle Post Panamax ships, however, now you have Very Large Container Carriers that are not the kind of ships

that we serve. When you look at the Port of Colombo, SLPA is developing a few other facilities that can accommodate larger vessels and that is a useful addition to Port of Colombo. When we talk about increasing the depth of the berth - as other terminals are coming up with deeper depths, we don't currently have plans to increase the depth of the terminal as it is not an easy or a simple task. At the same time Port of Colombo is going to add the East Terminal which is also a deep draft terminal. We are definitely interested in it. SAGT has 3 Post Panamax cranes and 9 Super Post Panamax cranes including 3 twin lift cranes. These are well maintained cranes and we utilize those cranes in an efficient manner. Our customers usually have very high expectations from us.

**Q:** As one of the main terminals how do you distinguish your terminal? What is the key for differentiation?

**A:** I would start with people. SAGT people are well known for their dedication and capabilities. So this probably is the biggest advantage that we have aside from well-equipped and well-maintained facility. If you look at the quay side efficiency we are the best in class in South Asia. We are also well known for ease of doing business. Our documentation center situated in close proximity outside port is open until our last customer departs late in the night. Shareholders such as AP Moller group -one of the leading Terminal operators in the world, Evergreen, Peony Investment and Sri Lankan shareholders such as John Keels, Sri Lanka Ports Authority, have been instrumental in our success.



## INTERVIEW

**Q: According to the world shipper's council Sri Lanka stands in the top 30 of the world's best container ports. What is your opinion on promoting Sri Lanka as a maritime hub in the region?**

**A:** This is what SAGT stands for. We always promote Port of Colombo that is positioned geographically advantageous position across East-West shipping route. In recent years Port of Colombo has shown that it can work together as a unit and it has not been burdened so much with labor issues. Not only we are one of the best ports, last year, SAGT was adjudged by Journal of Commerce of USA as the No.1 terminal in South Asia, as well as No.4 in the world in terms of the berth productivity. These winning posts by international organizations of repute are good not only for SAGT but also quite good for Port of Colombo as well.

**Q: What are the main employment functions available within SAGT?**

**A:** Even though we have relatively small commercial marketing team I think that is a very important one. At the same time bulk of our employees are in the terminal operations function which is diverse, we have analytical minds in the planning department then we have people who execute things in operations department. Engineering function has break-down and servicing/maintenance teams. We also have support functions such as finance, administration, human resources and IT. Though we have several functions and departments we believe in "Team SAGT" where whichever the challenge we would take on as a team.

**Q: What is your opinion about the young generation who is willing to study in the field of logistics?**

**A:** I think it is quite sensible for your generation to take logistics as a profession. I can also see it as an upcoming area of study in Sri Lankan universities and institutes. Other than the geographical advantage Sri Lanka has, it is also blessed with many talented and well educated people. One way of leveraging this is to connect into more businesses and to provide a platform for the workforce or the talent to serve rest of the world. For this it is essential to have a very good logistics network and also to look for business solutions that are logistically viable. I think there is a lot more we can do in this regard. Therefore, I would definitely support the young generation choosing to study logistics. In today's world speed matters.

**Q: Do current Logistics graduates satisfy the industry requirement and what are the expected quality level form upcoming graduates?**

**A:** We all know that this field is relatively new to Sri Lanka. When it comes to the expectations - if you look at the individual side or the graduate's side - what freshly passed out graduates immediately think of is gaining more hard knowledge or technical knowledge. I think that is okay but I also think we should do far more in delivering part of what we know. So for that, we need to be well equipped with soft skills and experience. Today fortunately graduates are getting more exposures on top of technical knowledge. But for

graduates to meet the career demands they need to improve on soft skills. So I would ask our graduates to pick up ways and means of improving their soft skills very quickly. Good exposures and coaching by people who know the business would be instrumental in picking up soft skills.

**Q: What is your message to the young blood in this logistics field within the path of higher education as well as the industry?**

**A:** I would say get serious about what you want to be. As I mentioned earlier, when we start our education the first thing we want to do is to obtain a degree and get qualified as an individual. With that we tend to think that everything would fall into place but it is not quite like that, we have to definitely find ways and means of using the knowledge that we acquired during our education so my humble advise is, get interested, get to know the profession and the challenges of your future profession, the industry as well as your future employers who you like to work with - How would a typical employee look like in terms of skills that they possess? What sort of challenges do they have in the career? - paint your future today, then to get to where you want get ready with your action plan. My advice is to start planning and preparing early as possible. If you are lucky you would have a mentor that would guide you to the right path. I see today a lot of young people getting disappointed because they didn't think in advance. Later, they get frustrated comparing themselves with others. I think that is totally unnecessary - if you give your best shot to be what you dream of.

# The winning essay of Logistics Day - 2016

*By Chamindri Sooriyabandara  
CINEC Maritime Campus*

## **T**OGETHER OWARDS OMORROW FOR SUSTAINABLE LOGISTICS

Telephone invented by Alexander Graham Bell decades ago differ drastically from the multiple featured mobile phones handled by the current generation and this proves the fact that change is the only unchangeable thing in the universe. Change in terms of development is a positive effect to be discussed and takes place in almost every sector in different percentages including Health, Education as well as Logistics and Transportation.

Logistics which contributes to 9% of global GDP is a dynamic sector in the economy which contributes to economic growth and international competitiveness. It covers planning, implementing and controlling the movement of raw materials, semi-finished products and finished products. Pricing of products and security of supply is directly impacted by the efficiency of Freight Logistics.

In the past two decades there's

a substantial increase in the transport related Green House Gas emissions and it was stated in the IPCC (Intergovernmental Panel on Climate Change) that supply chain and logistics account for 13.1% of Global Green House gas emissions. With the developing world only prediction we could make is that this level will keep on rising unless the present generation take necessary steps to minimize this and restore sustainability.

Sustainability in simple terms refers to meeting the need of the present while ensuring the future's ability of meeting them, in other words it can be said as being more environmentally responsible. In the volatile Global economy, expansion of Logistical operations results in rising environmental sustainability issues. And green capability has become a major factor in keeping up the customers. With the increasing growth in Freight transportation, various policies and steps are initiated by various businesses such as measurement of carbon footprint, relying on clean diesel engines, launch of programs on use of renewable energy sources such as solar and windmill. Steps towards minimization of dependence on fossil fuel is another major step towards sustainability.

Safety risks, noise and air pollution are additional burden placed on the society through Freight Logistics. Though many technological improvements and developments are being developed still traffic noise and harmful emissions such as nitrogen Oxides and Sulphur Dioxides has negative impacts on Health and Environment.

These impacts could be reduced through conversion of freight vehicles to sustainable fuel and propulsion systems and also through utilization of advanced information and communication technologies. Another challenge for sustainable logistics is the urban environment due to the complexity of operations and shipment costs. Urban logistics can be improved through modern concepts such as EV's (Electric Vehicles) and FCV's (Fuel Cell Vehicles) which affects both the economy and the environment positively as it lowers the fuel usage as well as reduce the Carbon Dioxide emissions. EV's and FCV's are highly power efficient and produce less vibrations and less pollution. Urban logistics can also be improved through night deliveries which will reduce road congestion during rush hours and results in sustainability.

Increasing the competitive edge of logistics sector

while being sustainable is a challenge as the performance of this sector is directly linked with the performance of other economic sectors as well.

Though current freight logistics is dominated by road haulage other modes and combination of modes such as rail and inland water ways can be more economic. And also advancement of technology has to be utilized to achieve sustainable door to door delivery.

Sustainability can be achieved greatly in the logistics sector through better optimization of freight transport. Green Transport also called the Green Corridor is a new concept for long distance freight transport between main transport hubs. A green corridor is an area which connects wildlife populations separated by human activities or structures such as roads.

Green corridors are not mode specific and also it comprises of infrastructure and transport operations in a wide geographical area. For promotion of eco-innovation in freight logistics, transshipment facilities and supply points for alternative fuels are strategically located along a green corridor. Green corridors result in better use of transport infrastructure as well as they meet social, economic, technical and environmental requirements. Alternative fuel, new and efficient cargo handling equipment and modern terminal technologies go hand in hand with green corridors. Developments and innovations under the discussed areas have

resulted in reduction of Green House gas emissions and has paved path for sustainability.

Another solution for sustainability issues is the "car pooling of cargo" where Logistics companies are encouraged to bundle freight flows on transport modes in order to increase the load factor and to reduce the number of empty movements. Through adaption of these systems capacity used in freight transport can be increased which would result in reduction of transport costs and externalities such as Green House Gas emissions.

Achievement of Sustainable logistics doesn't mean scarification of profits, but it can be considered as win – win scenario for both the partners as well as customers. Though sustainability was considered as a cost in the past, present generation invest on sustainable technologies with the intention of reducing environmental impacts.

In the developing world no company or business could survive or achieve sustainability without integration, partnerships or collaborations. Through these partnerships and collaborations great environmental challenges could be faced

Main steps towards sustainability as discussed:

- Encouragement of Inter-modal Transportation
- Initiation of Distribution center close to customers through collaboration programs.

-Move of Freight Transport from Road to Rail and Inland shipping which is 8% less carbon intensive.

-Ensuring Trucks operated full in both directions. (full optimization)

-Initiation of Green Corridors.

-Encouragement of carpooling of Cargo.

Through sustainable logistics, Industry could have a balance between both short term demands and long term aspirations.

Everything on the today's world is on a race, adopters to the developing technology, innovative thinkers and sustainability achievers will be on the lead. Therefore sustainability can be considered as both a responsibility and an opportunity to secure the future of logistics business and society.

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# GREENING SUPPLY CHAINS FOR A SUSTAINABLE TOMORROW

Supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer demand. The supply chain not only includes the manufacturers and suppliers, but also transporters, warehouses, retailers, and customers themselves. A supply chain is dynamic and involves constant flow of information, products and services, and funds between different stages. It is through these flows that a supply chain fulfills a customer order. The management of each of these flows efficiently and effectively will be a key aspect

to the success or failure of an organization.

In conventional supply chains, the raw materials that are required to manufacture products is extracted and sourced. Manufacturing process entails the conversion of raw materials into a final product. Once the raw material has been transformed it is transported to the customer. The final stage of the conventional supply chain involves the consumption of the product and packaging is thrown away. Converting the linear thinking of take stuff,

make stuff and throw stuff mentality to circular thinking for people to follow a 'cradle to cradle' approach (figure 1) will enable the entire value chain to be viewed as a sustainable eco system. The green supply chain modifies conventional supply chains in two ways. The first is an initial focus on ensuring that each stage of the supply chain is addressed as per its environmental footprint. Second modification on the conventional supply chain involves an entirely new reverse supply chain.

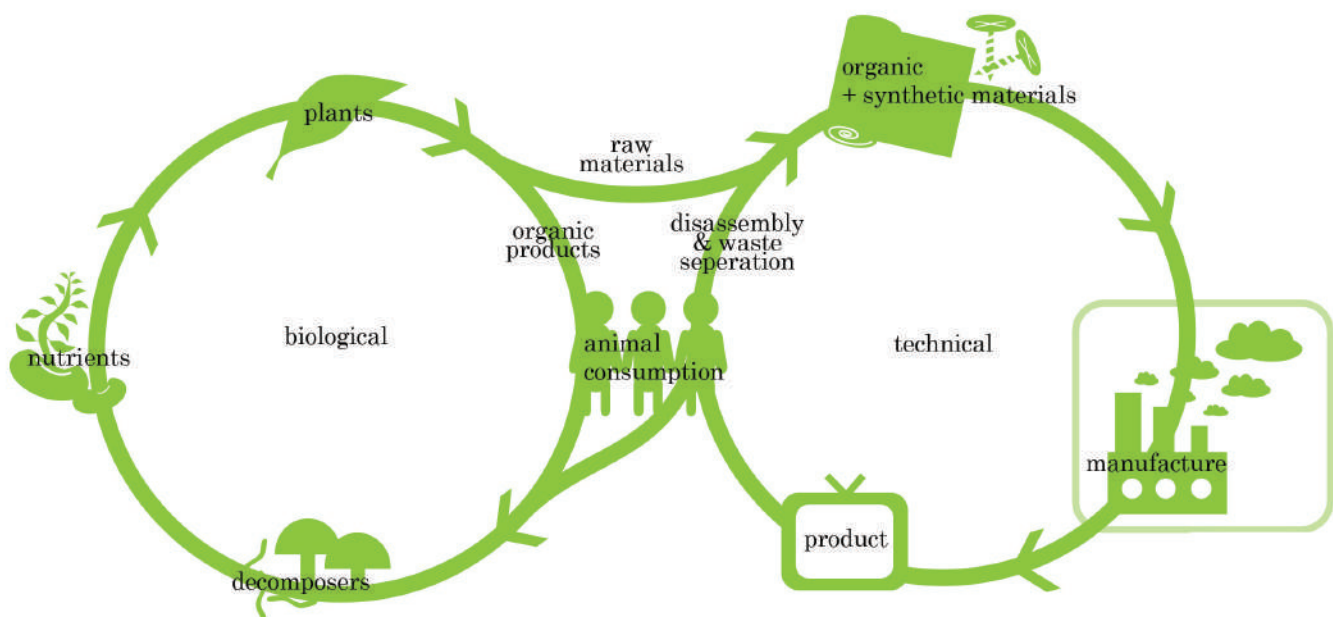


Figure 1- 'Cradle to Cradle' approach



Green supply chain management can be defined as integrating environmental thinking into supply chain management, including product design, material sourcing and selection, manufacturing processes, delivery of the final product as well as end-of life management of the product after its useful life. Sustainability can be maximized throughout the supply chain, beginning with concept and development and then continuing through all phases of production and finally the distribution to the customer.

The trend towards developing a green supply chain is now gaining popularity but most companies are still coming to terms with how this can be achieved and where do they start. For years businesses have been concentrating on improving supply chain visibility, refining efficiency and minimizing cost. As the public becomes more aware of environmental issues and global warming, consumers will be asking more questions about the products they are purchasing. Companies will have to expect questions about how green their manufacturing processes and supply chains are, their carbon footprint and how they have embraced 3R – reduce, reuse and recycle.

If companies aspire to achieve superiority over competition, greening supply chains will definitely be a key differentiator to achieve this end goal.

The companies have been compelled to move to green supply chain thinking in the past few years in response to,

- Global warming concerns
- Companies adopting corporate social responsibility initiatives
- Eco-friendly behavior of individuals and companies
- Increasing environmental awareness in stakeholders
- Evolving consumer and client demand
- Increasing fuel prices and depleting fossil fuel reserves

The following specific aspects are associated with green supply chain management practices from product design to shelf.

Green designing - The key aspect of green designing is that it should have eco-friendly features. These aspects have to be built in at the design phase of product development. Avoiding toxic and hazardous substances, complying with DfE principles (Design for Environment), complying with DfDRR principles (Design for Disassembly, Reuse & Recycle) increasing innovation capabilities, saving energy, saving resources are some of the attributes of green design. Globally recognised green labelling such as organic, bio-degradable, compostable, energy efficient, recyclable etc., is another aspect that should be considered at product design stage to demonstrate eco friendliness of the product that is marketed.

Green procurement - This involves the selection and acquisition of products and services to minimise any negative impacts over product life cycles associated with manufacturing, transportation, usage, and recycling. In many countries, governments, industries, and civil society organisations work collaboratively to purchase eco-friendly products. At present Sri Lanka does not have a Green Procurement Policy. Ministry of Environment has taken steps to develop a green procurement policy for Sri Lanka and the work is ongoing. Green procurement policy will generate benefits not only to the organization, but also to society and the economy, whilst minimizing environmental damage. Practicing Total Cost of Ownership (TCO) approach, engage & support vendors to reduce emissions, sourcing materials through sustainable sources, guidelines for usage of less hazardous materials, buying locally are some of the green procurement initiatives which will not only look at quality, cost and delivery requirements but will build in environmental thinking into procurement.

Green manufacturing - The production processes that has green credentials will have relatively low environmental impacts, are highly efficient, and generate little waste or pollution. Green manufacturing can lead to lower raw material costs, production efficiency gains, reduced environmental

## ARTICLE

and occupational safety expenses, and an improved corporate image. Companies when engaged in responsible waste management practices and resource conservation practices such as usage of renewable energy sources, minimal processing, rain water harvesting, zero waste water discharging through reuse of treated effluent for gardening and toilet flushing etc. do have the right green credentials. In Sri Lanka there are three factories which are LEED (Leadership in Energy & Environmental Design) certified; MAS Intimates Thurulie factory in Thulhiriya, Brandix factory in Seeduwa and Hirdaramani's Agalawatte factory.

**Green distribution** - Green logistics is the key criteria for green distribution. Packaging characteristics (such as size, shape, and the materials used) have an impact on distribution and transportation. Better packaging together with rearranged loading pattern can mean a reduction in the quantity of materials used, better use of space, and less need for handling. Load and route optimisation will ensure higher per ton per km travelled. The use of low emission and highly efficient vehicles and biofuels to power vehicles will reduce the impact to the environment.

**Reverse logistics** - The process by which manufacturers accept previously shipped products from the point of consumption for recycling

and remanufacturing where possible. To implement producer responsibility, the development of a reverse logistic is a must.

**Green Retailing** - With increasing shopper awareness on environmental impact, retailers are also under pressure to implement green practices. In UK, some of the Tesco stores are using wind energy to power their stores. Sainsbury is powering their stores with energy from biogas derived from food waste. The world's largest retailer, Walmart is insisting their suppliers to comply with their sustainability index, thereby committing to reduce energy consumption and pledging to make their stores green. Walmart also has introduced earth friendly product corners in their stores to demonstrate their commitment to environment sustainability. Similarly fast fashion retailer Zara has announced that they will make

all their stores worldwide, eco-friendly by 2020.

Organisations can achieve significant benefits when green supply chain management practices are adopted. The benefits stem from,

- Reduced consumption of toxic chemicals
- Less waste generation in the end to end supply chain
- Natural resource utilization in a sustainable manner
- Lowered costs from low resource consumption
- Lower waste resulting in increased efficiency
- Product differentiation due to green products
- Good brand image as an environmentally responsible company
- Risk minimization
- Increased employee morale due to higher productivity
- Ethical supply chain which is well recognized by customers and suppliers



**Figure 2 - Wind energy powered Tesco Retail stores**

Although it makes business sense to make supply chains green, there are many barriers that need to be overcome if an organization needs to embark on this journey as most producers are not viewing greening as an immediate benefit to the organization. Organizations must initially start minimizing waste in the operation and start reaping benefits which will give the confidence to do higher order improvements which in the long run will yield greater results to the organization. If organizations start adopting TCO approach, top management will get convinced to see the benefits of greening supply chains. The main barriers to overcome

**- Customer preference**

**- customer's may not immediately switch to products or suppliers, simply for them going green.**

**-Supplier's adaptability to change**

**- change is a difficult proposition when the reasons are much more altruistic than product quality centric.**

**-Implementation cost of processes**

**- Initial investments can be high. It is a well-known fact that green buildings cost more initially than conventional.**

**-Absence of a concrete way to measure return on investment**

**- green accounting practices where environmental costs are yet to be internalized is a**



**concept that has not yet been fully embraced at the board level.**

However with sustainability driving national agendas, fully supported by international developments, green supply chain management is not an option but an imperative. Greening supply chains are gaining momentum and certainly make business sense, therefore it is important that top management not only look at profits but also follow the triple bottom line approach well-articulated by John Elkington (Social Responsibility - People, Environmental Stewardship -

Planet and Economic Viability - Profit) to enable organisations to achieve competitive advantage and demonstrate doing well by doing good for a sustainable tomorrow.



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# ADVANTIS THE GAME CHANGER

**CHINTHAKA DE ZOYSA**

*Director, Advantis 3PL Plus*

**“4PL is indeed trendy but Sri Lanka is a small country therefore the question that really arises is whether Sri Lanka needs 4PL?”**

“Hayleys Advantis is the Logistics and transportation arm of the Hayleys group which is a public quoted company which has been around for more than 135 years in Sri Lanka. In the Logistics and Transportation sector, Hayleys Advantis Ltd. happens to be one of the biggest sectors of Hayleys. The 3PL arm of Hayleys Advantis, is Advantis 3PL Plus. We’ve been known as Logiwiz for the last 12 years and it was only last October that we were rebranded as ‘Advantis 3PL Plus’. This was part of our larger plans to synergize the services under the Advantis umbrella. We have different business units providing different services of Logistics; and until last year, we had different names for them. We wanted to present ourselves to the market under one common name which is now referred to as “Advantis”, which further puts emphasis on our ability to provide a truly end-to-end logistics service to our clients both in Sri Lanka and overseas.

**Q: What is your opinion about the current Logistics Industry in Sri Lanka?**

**A:** In my opinion a lot can be

done. There are many areas where we can reduce inefficiencies. I’m not trying to put down the country; but what I’m trying to say is that, for example when you study the transportation and logistics networks of other countries you realize that there is much for us to learn.

We have good skills and knowledge in the country. But we still fall behind in terms of the right infrastructure. When I say ‘Infrastructure’ I’m not just talking about the roads that the government should develop; I’m talking beyond that. I am talking about the distribution networks, the use of IT to support logistics, automation, warehouse infrastructure etc. When we invested in our Distribution Centre in Kelaniya over 10 years ago, or when we invested in equipment in the project logistics sector; many thought it was a waste of money, but there was a visionary thinking behind that. Not just the buildings; but the systems, the processes, the equipment, the vehicles and even the knowledge team was mobilised in to manage it. We were ahead of time, but today we see the benefits of that investment. Our clients see the benefits of that investment. And today we proudly watch many others trying to replicate our thinking.

I believe one of the biggest drawbacks in the development of logistics in Sri Lanka is our ‘lowest cost’ mindset. We

need to shift from ‘lowest cost’ to ‘right cost’ mind set. This is why most companies shy away from investing in their logistics infrastructure. The focus of logistics planning and execution should not be on doing things at the ‘cheapest’ cost; but rather to do at the ‘right’ cost that will make the company’s overall supply chain cost the lowest. There is a difference in these 2 approaches. If the ‘right cost’ approach is adopted, then the expenses in to modern warehouses, IT systems to support logistics planning and execution, automation, people training and development will be viewed more favorably. This mind set shift will help organizations (in any industry) view logistics not as a cost center, but a service enabler in the organization, that will help the organization get an competitive edge in the market.

**Q: Why don’t your company consider expanding your activities to 4PL? Isn’t 4PL trendier than 3PL?**

**A:** My thinking is that whether there is actually scope in Sri Lanka for this. Sri Lanka is a small country, and we lack the logistics complexities that some of the larger countries are faced with. Across the seas, in India, I would say there is a huge need for 4PLs because it is a big country with so many logistics complexities. There aren’t many 3PLs in India who has the capacity to operate

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across the whole country and provide all the services a client requires. But in Sri Lanka the complexities we have is nothing compared to most of the other countries. For example if you dispatch a lorry from Colombo it will reach the furthest destination within 10-12 hours, as against in India the time for a Lorry to reach its destination might even be 7-8 days. We don't need multiple warehouse networks to service the country either. As you said 4PL is indeed trendy but the question arises "Does Sri Lanka really need 4PL?". When you talk about the technology side you don't need the most advanced technology, but we need to bring the right technology. You need to bring what's best for the business. In the case of 4PL, I don't really see a huge scope for it because the 3PL operators can work very well. Therefore efficient, forward thinking, tech savvy 3PL operators who have the mindset to invest to grow the industry are good enough for our small island.

**Q: What do you mean by "Advantis - beyond Logistics" which is your tag line? What is actually there beyond Logistics?**

**A:** "Advantis beyond Logistics", is something more than Logistics. It's not just about execution; it's about bringing emotions in to what we do. Logistics is essentially about moving your cargo, but when we say 'beyond Logistics' it's about giving concern to our customers, understanding what they actually need. It's about taking the 'commoditizing' factor out of the transaction. It's about

having intense focus on adding value to the services we provide to make our customers satisfied.

**Q: What are the future Goals of your company in regard to Energy Efficient Logistics which is a new concept introduced to Sri Lanka?**

**A:** We've definitely got our plans. We have plans heavily focusing on that matter; not merely because it's trendy but because we at Advantis believe that we should drive this because we are concerned about the environment. We want it to not be a mere 'marketing tool'. It goes beyond energy efficient or Green infrastructure (warehouse, Lorries etc). It should go to the point relooking at the logistics networks we manage. It starts with the order quantities, the order frequencies etc as well. When we tell the clients we have energy efficient warehouses or we can support them to run a 'greener' distribution channel, we'd want to tell it to the client knowing that it'll benefit the client and the environment.

**Q: Do you think your company has opportunities in the oil and gas field?**

**A:** Certainly. We at Advantis were the pioneers in getting in to the oil and gas vertical (Exploration & Production) as a company being specialized in upstream oil and gas Logistics. This was when Sri Lanka was moving in to oil exploration in 2008. Things have quieted down in this area in the recent past; but we are very much geared up to be involved

in the logistics of the recently awarded joint study blocks in the Eastern coast of Sri Lanka. In addition, we are awaiting the award of the northern block (Cauveri block).

In E&P, we provide all logistics support services for Seismic surveys, MetOcean surveys, EIA, exploratory drilling (which includes, chase vessel, supply vessel, helicopter logistics, MedEvac/ CasEvac, shore based management services, supply base services, hospitality services, clearing & forwarding, warehousing and transport services, Material Handling Equipment supply (heavy cranes, super low beds, and other specialized equipment) etc. Over the last few years, we have also been managing the regional Logistics Hub of Weatherford International, which is located in Colombo, for their regional O&G logistics operations.

We also operate a BPO center for drafting and engineering services for UK North Sea oil companies, who outsource their drafting work.

**Q: There is a Lack of information needed relevant to the Logistics Industry. Will you be having more room for Research and Development on this matter?**

**A:** Yes, Indeed. We acknowledge there is a severe lack of data. We don't have accurate statistics on the industry. The lack of data and statistics is obviously leading to a lot of guess work in decision making. Even when it comes to decision making that affects the country. If

you need to improve on something you need to know where you stand today. You need to have all the data on the 'As-is' status. I know some universities are stepping in to improve the current situation of 'lack of data/stats'. Even we as a company have invested in this area through our association with institutes and research bodies.

Further, on the point of R&D; we at Advantis are focusing increasingly on studying what's going on in the industry, globally. What are the new trends and innovations, what are the client expectation etc, and focusing on developing our solutions based on the info we gather. Advantis has been a game-changer in the 3PL industry due to our focus on R&D. the same drive on R&D will be there in the future. Our current R&D efforts are pivotal in our drive to become an international 3PL player as well.

**Q: What are your expectations from the Undergraduates? Do you think the Degree itself is enough to face the current requirements of the industry?**

**A:** When we started our journey in 3PL, the industry was just waking up, and we had plenty of time to invest in and mold a fresher who joined us with some theoretical knowledge but no practical knowledge of the business. But now the situation is entirely different. The industry is on a growth phase. Client demands are in-

creasing daily, the industry requirements are getting more complex, cost pressures are increasing, more agility is expected from the supply chain, and other countries are growing fast. Regional companies who have operations in Sri Lanka expect the logistics services in Sri Lanka to be on par with the region. They expect our people to be on the same wave length as them in logistic planning and execution. This is the environment we are in today. So we need people who can 'shorten the learning curve' when it comes to gathering practical knowledge. We look for people with the right attitude to learn and to be able to grasp more, faster. We need people who can conceptualize new solutions and models and implement them fast, in a practical way. Therefore we are in search of people who have the right attitude along with the qualifications to fit into our organization. We find it much easier to mold a person with the right attitude rather than a person with just theoretical knowledge. That is what we are looking for. Therefore attitude is the key to success.

**Q: What piece of advice would you give to the younger generation who are looking forward to enter into the Logistics Industry?**

**A:** We see a trend in youngsters getting into the Logistics industry. Which is a very good thing. This hype is needed for the industry. We need to attract good talent to the industry.

But, while we have many young-

sters coming in to the industry with the theoretical knowledge, since the industry is still developing, these youngsters don't have much opportunities to sharpen their practical skills. "Where do you go learn new things?". That exposure has to be given to the youngsters by the companies.

We at Advantis try to maximize the opportunities for our people to get exposed to new logistics concepts and models; both locally and internationally. We also encourage them to implement what they see in to our business. Not a mere 'cut and paste', but after analyzing and re-modeling to suit our needs. We make this investment not merely to 'grow our business', but because we also have an obligation to 'grow the industry'.

My advice is, if you want to pursue a career in the logistics industry, pick your place of work carefully. Pick a company that will give you that exposure to learn and apply new things.

There are several companies like ours which are willing to invest to grow their people. We need to change gear in Sri Lanka. We need the talent to do it. We need to mold people with knowledge and experience. I urge the youngsters to look beyond what's happening in terms of logistics in Sri Lanka. Research, and explore what's happening in other countries. And then see how those concepts can be adopted to improve the logistics industry in Sri Lanka. Join with a company that will encourage you to learn and innovate.

# 3PL TO 7PL: THE EVOLUTION OF LOGISTICS OUTSOURCING

There are various definitions for outsourcing in the corporate world. Outsourcing can be defined as an arrangement where one company provides services to another company that would otherwise have been implemented in-house. Outsourcing is the transference to third-parties, the performance of functions once administered in-house. Outsourcing occurs when one company hires another company to manage, maintain and run some portion of its business. Technology and costs are the main drivers of the changing face of outsourcing. The primary reason for outsourcing is the cost factor that is significantly less than in-sourcing what with the managing of the personnel, infrastructure and the technology. Strategic reasons for outsourcing are

- (1) Reduce cost
- (2) Increase market share
- (3) Improve strategic focus on the core business
- (4) Strengthen overall performance of the company
- (5) Improve customer satisfaction
- (6) Competitive edge
- (7) Increase flexibility
- (8) Improve productivity
- (9) Drive organizational change and
- (10) Access to vendor's resources

Third Party Logistics (3PL/ TPL) refers to the concept of outsourcing the logistics activities of a manufacturing or service firm to a logistics service provider so that manufacturing company can focus on its core competencies

of new product development, manufacturing them and marketing the product. In the "PL" terminology, it is important to differentiate the 3PL from the: 1PL, which are the shipper or the consignee; 2PL, which are actual carriers. The 1PL are the shippers, who have cargo to send from a point A to B, the 2PL are the actual transportation companies, who physically owns the means of transportation, such as Shipping Line, Airline, Trucking company, Railways, etc, and the 3PL are service providers such as Freight Forwarders, who are providing a supplementary layer of servicing for the Shippers. According to the Council of Supply Chain Management Professionals 3PL is a firm that provides multiple logistics services for use by customers. Preferably, these services are integrated, or "bundled" together, by the provider. The term "3PL" was first used in the early 1970s to identify Intermodal Marketing Companies (IMCs) in transportation contracts. Up to that point, contracts for transportation had featured only two parties, the shipper and the carrier. When IMCs entered the picture – as intermediaries that accepted shipments from the shippers and tendered them to the rail carriers – they became the third party to the contract, the 3PL. But over the years, that definition has broadened to the point where these days, every company that offers some kind of logistics service for hire calls itself a 3PL. Companies opt for third party logistics for the following reasons.

- (1) Improved strategic focus:

Using 3PLs companies can concentrate on their core tasks and improve customer satisfaction.

(2) Resource constraints

(3) Lowered costs: According to research reports companies can reduce their inventory management costs by around 15-30 percent. Also, 3PL service providers invest large sum of money in developing processors that aim to achieve logistics excellence.

(4) Expansion of markets: Outsourcing logistics activities to 3PLs allow companies to get into new businesses, new markets or new channels of distribution.(5) For more professional and scientific approach to logistics problem.

(6) For efficient management of inventory resulting in better utilization of working capital.

(7) Increased flexibility: Building/equipment etc.

(8) Value-added activities: assembling, packaging

(9) Reverse logistics

When selecting a 3PL service provider, the manufacturing companies should define their logistics management goals/objectives and attempt to visualise their organization status after they have outsourced their logistics activities. The next step is to send out request for proposal/quotes from the short listed LSPs. After getting proposals/quotes from LSPs the companies should do their due diligence on the LSPs capacity and operational performance. Once the company has selected the service provider it must ensure that all the parties involved in the transaction are integrated and coordinated properly for



effective implementation. Both parties should be clear about the service and performance expectations of each other from the contract. It is also necessary to pay attention to the following factors:

- (1) Proper support from the top management
- (2) Major changes in the hierarchy and culture of the organization
- (3) Major changes in the thinking of the marketing and sales department
- (4) Removal of the in-house logistics staff
- (5) Service cost (the number of times the service provider meets the targeted reduction in costs.)
- (6) Reports (ability of service provider to supply reports to manufacturing firm with required information.)
- (7) Process improvement
- (8) Customer satisfaction
- (9) Handling routing (excess/ shortage)

Accenture's definition of 4PL is "a supply chain integrator that assembles and manages the resources, capabilities, and technology of its own organization with those of complementary service providers to deliver a comprehensive supply chain solution." Unlike other logistics companies, 4PL suppliers do not have asset bases: they own only computers and intellectual capital. The term "4PL" has generated even more confusion. The term is generally considered to have been introduced by Accenture, which registered it as a trademark in 1996. Accenture described the 4PL (or fourth-party logistics provider) as an integrator, but today advisors, consultants, software companies and even 3PLs lay claim to being a 4PL. The trademark was later abandoned, and the term has become a part of the public

domain. A 4PL is a company that specializes in dealing with 3PLs in order to manage the operational chain. 4PLs do not perform the operational tasks themselves, but instead manage 3PLs in order to provide logistics support. To avoid any conflict of interest, it is important that 4PLs be non-asset based, as far as logistics, transportation, and supply chain management assets are concerned. 4PLs use 3PLs to supply service to customers, owning only computer systems and intellectual capital. 4PLs are a new business model, integrating resources, capabilities, and technology of the lead enterprise(s), and other organizations with complementary capabilities, to design, build, and run comprehensive supply chain solutions. Putting it in a simple form, a 4PL is a company that manages logistics operations combining and using logistics assets like trucks or warehouses from other operators with none of its own assets.

The 4PL provider needs to possess a comprehensive set of skills to effectively deliver a 4PL solution. The following criteria can be used to evaluate a 4PL provider:

- (1) Availability of a large body of trained supply chain professionals**
- (2) If applicable, global capabilities, reach and resources**
- (3) Ability to manage multiple service providers**
- (4) Ability to transition your employees and other assets smoothly to the new 4PL organization**
- (5) Strong relationship and teaming skills**
- (6) Delivery of world class supply chain strategy formulation and business process redesign**
- (7) Leader in integrating supply chain technologies and outsourcing capabilities**

#### **(8) Understanding of organizational change issues**

An emerging sub sector is the 5PL firm attributed to logistics service providers who plan, organize and implement logistics solutions on behalf of a contracting party (mainly information systems) by exploiting the appropriate technologies. A 5PL, a relatively new concept, seeks to combine a number of core elements all functioning as a single entity via a web-enabled system. There is a company called "5PL Systems" (San Carlos, California). They have developed wireless end-to-end tracking of containers system which will allow government agencies to receive information on container shipments (all part of the process).

The 7PL is a concept describing the developing trend of 3PL and 4PL combined. Through this service, the client has one service provider that oversees the entire logistics chain. 7PL is the combination of 3PL and 4PL into one (3PL + 4PL = 7PL). One service provider can now provide a client with both 3PL and 4PL services with a complete 7PL solution. 7PLs provide all the services and activities under one roof under the concept of 'one contract, one bill'.



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# COMMITMENT TO EXCELLENCE

JAGATH PATHIRANE

*Director/CEO Expolanka Freight (Pvt) Ltd*

**“I don’t create any barrier in my life ..that’s the worst thing that you can do to yourself.”**

Throughout his life Mr. Jagath Pathirane, the current Director/CEO of Expolanka Freight (Pvt) Ltd., has held fast to this principle and applied the same to steer Expo Freight towards greater heights.

Jagath Pathirane, was born as the eldest to a family of four. He grew up in the scenic city of Ratnapura. His father was a civil servant who retired from the Ports Commission and his mother was a housewife. Following his admission to S. Thomas’ College, Mount Lavinia, Jagath worked hard to achieve his childhood dream of becoming a doctor.

Undaunted by the difficulties encountered thus far, Jagath set himself a challenge and worked towards becoming a director of a Company in the scope of 10 years. His first step was to join Finco Ltd as a management trainee and take the calculated decision to join the trading division instead of the shipping division. Jagath soon cultivated a network of top professionals in the

industry. Following a short tenure in another multinational company, Jagath decided to work with his former boss from Finco Ltd who set up his own business. Jagath was appointed as the General Manager of C&A.

During the height of civil unrest in 1989, Jagath and his team were unable to carry on with their work given the chaotic condition that the country was enduring. Head hunted by an American company who had a contract for security printing to a lottery, Jagath’s path deviated to incorporate fresh experiences in gaining insights to client needs and market status. As he had to visit all parts of the island to do his research and gather information, Jagath recalls this period as the most enjoyable time of his life.

Once the political climate of the country settled, Jagath was offered and took the chance to rejoin his former Company C&A Consultants. During this period privatization of companies gained prominence in the country and Jagath was appointed as a director for some of the companies which were under C&A consultants including Ceylon shipping lines and C&A consultants. Thus his dream of becoming a

director of a company became true in just 9 years and 3 months, 7 months ahead of schedule.

Tasked with the challenge of taking charge of Ceylon Shipping Line’s facility in Orugodawatte, Jagath proved his mettle by turning around the Company and simultaneously making a name for himself as a highly effective and a successful leader.

Jagath began his journey with Expolanka by taking up the task of establishing a joint venture between a Malaysian company and Expolanka to venture into warehousing and logistics. After accepting the offer to lead Expo Freight as the CEO, Jagath still continues his remarkable journey with Expolanka which is now operating in 20 countries with over 800 employees.

**Q: What is your ultimate vision for the company, where do you want to see the company in another 10-15 years?**

The future is quite challenging, we are just doing what most of the bigger freight forwarders are doing. We are enumerating and trying to become one of them by benchmarking some industry leaders. Yes, we are



in the right track and getting closer to our next goal very fast, but I see different challenges emerging. We are now in an e-commerce world, an era in which drones are delivering cargo in small parcels. The retail purchasing/shopping patterns is going through a revolution with online portals while 3D printing has removed many barriers. In this scenario, I don't think the world will require big distribution centres in the future. It's similar to the banking sector where the banks no longer require big

buildings, instead they have portals. The likelihood of the same change taking place in the freight and logistics sector at the same speed is slim as goods will have to be handled and transported from the place of manufacturing to the consumer. The actual challenge lies in terms of volume. The future might require B to C model in place of a B to B model with consumers demand changing to require smaller packages delivered more frequently.

We have just invested in a tier one warehouse management system 'WMS' called "HighJump". Tools like that are required to cater to the retail market helping us to fulfill B2B and B2C requirements. Our investments add up to almost USD 800,000, but we know this to be strategic move that will bear fruit later.

Most of these operations in future will end up in a back office operation where there will be a team connecting different people. It's all to

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do with coordination. And I see freight forwarding to be evolving into the point where you may not need big offices. The industry will need good distribution centres and warehouses with automated facilities. We already have a 100,000 square feet state of the art warehouse where we are trying to take Sri Lankan standards to a different level. Currently customers demand for supply chain security, they demand for brand protection as these are some of the very big concerns that the customers have and we are constantly gearing ourselves to cater to that. We are looking at the big picture and doing the small things to reach to that goal. We have obtained ISO certification in several areas and I can safely say that we know what freight forwarding is and what supply chain is.

For the very first time in Sri Lanka we started the Freeport under the logistics hub concept. We were the pioneers in establishing a free port facility and we in fact worked closely with the Government, the Board of Investment, and the Ministry of Finance to successfully commence this operation. We were core contributors in identifying the right vision and setting up the mission statement for this endeavour with our exposure helping us gain valuable insights into similar concept in other countries. Our efforts have borne fruit. Our competitors

have benefitted from this concept as well, a development which we find invigorating and encouraging. We need a critical mass to sharpen the edges and develop further not only as an individual Company but as a country. We are happy to see competitors set up inside Sri Lanka. Our vision is not only for our Company but also Sri Lanka as a country. We want to contribute to develop Sri Lanka as the preferred regional hub and we have launched several projects to that end.

**Q: Can you please explain about the Expo-Global distribution centre?**

**A:** What happens there is, that you can bring in cargo from any country, as you know that the consumer markets are not only in US and Europe, it has shifted towards Middle East, India and China. They are the emerging consumer markets, though manufacturing and trading is still happening in this region, in countries such as Hong Kong, Vietnam, Bangladesh and Sri Lanka owing to cheaper sources of labour. Most of the merchandise used to move from these manufacturing bases into the traditional consumer markets in the USA and Europe. Imagine the unnecessary work that will ensue if the same merchandise has to come back all the way to China, the Middle East and India? In this context, the ideal location to hold stock will be Sri Lanka and depending on the

demand you can immediately send the cargo to the required location. . If it is for Europe, care labels, pricing labels, etc required to that market can be attached as a value addition, picked and packed and sent from Sri Lanka. EGDC (Expo Global Distribution Centre) is well established to do this and it is deemed to be another country within a country so you don't have to pay tax duties etc. There is quite a few value additions that you can do. There is money in it, where freight forwarders, logistics companies will benefit, people will benefit because there is employment being created, foreign exchange will flow in, and critical mass for shipping lines and airlines to look at Sri Lanka. You will address the labour issue with Sri Lanka and get into the middle income category. As we foresee right now, value addition to goods will be a profitable business in the future.

**Q: What are the barriers you've come across in your career?**

**A:** I am good at adapting to any given situation. Therefore, it is difficult to think of a barrier that I came across during my career. I always think out of the box and adapt fast to any situation. . Sometimes you have to change your track. Simply put, if you want to go somewhere and there is an obstacle on that road you need to deviate your course. Often

I have changed tracks, I have found out ways to work around difficulties. I sometimes slow down, I sleep over things but I don't lose focus of what I want to do or achieve. Whatever I do, I try to do it right from a position of integrity, without resorting to taking short cuts. I am a perfectionist by nature and I think it's a good attribute in leading a business venture forward. *I don't create any barrier in my life ..that's the worst thing that you can do to yourself.* I think everything is possible provided you have the right attitude and you work hard and are resourceful.

**Q: Do you identify any need of dedicated aircraft for cargo transportation?**

**A:** It is there now. In fact we are the appointed freight forwarder for a renowned world brand out of Sri Lanka, Vietnam, Hong Kong and Indonesia to a DC in Columbus. We use passenger aircraft cargo space to feed into Sri Lanka. From Sri Lanka we operate freighters to Columbus. When there weren't freighters we chartered freighters on our own. We didn't hesitate to take that decision.. We didn't wait for airlines to come up with a freighter solution. For nine consecutive years we have won the on-time delivery award from this prestigious customer for this region. So we have gone beyond imagined barriers. Yes, if Sri Lanka is to emerge as a cargo hub we need dedicated cargo freighters!

**Q: What is your focus on the 3PL sector?**

**A:** It is an emerging market. It's slow but it's steadily catching up. At the moment we have a good FMCG customer whom we have on board and as for the apparel sector, we have gone with a 3PL solution where all import raw material which comes from various locations is being handled by us from the point of origin until it is delivered to their door by giving them visibility. In fact we are actually getting there in terms of 3PL. Customers are reluctantly giving up supply chain deliverables to emerging 3PL. But it is a slow process.

**Q: Expo-Lanka was one of the first companies to be carbon-neutral in terms of freight forwarding, so what are your views about the green logistics concept?**

**A:** We know we are polluters of the environment, we contribute to environmental pollution more than anyone else because we use trucks, aircrafts and ships which emit hazardous substance. We are mindful of it and want to ensure that we do less harm to the environment. When we first started this we thought of carbon emission management as a marketing tool. However, we realized the greater responsibility that we have towards the environment. The more involved we became with reducing our carbon

footprint the more conscious we became. We started with buying carbon credit initially to bridge the shortfall. But apart from that we saw our consumption rate go down and our efficiency go up, as we started back haulage. We witnessed a huge decrease in our fuel consumption which means lesser emissions though we have more mileage. The green certification company was very happy and every year we were lessening the need to buy carbon credit. We are very determined to sustain this positive growth.

**Q: What do you expect from the future undergraduates who are hoping to join Expolanka?**

**A:** In my point of view I have some attributes which I look in every employee who joins us. The 3 famous standards, knowledge, skills and attitude but out of those, I focus on the attitude more. By the time a potential employee comes to me for the final interview, I focus on his or her attitude. If the attitude is right I am convinced enough. When you join Expolanka you are not just thrown into the water to swim, you get good guidance and a person who has the correct attitude will only explore and succeed. So attitude is a must.

# IS ALL YOU'VE GOT, ALL YOU NEED TO CLIMB THE LADDER OF SUCCESS?

**Hear out what advice the Professionals of the industry have to give you and make it a point to meet their expectations as a Logistics undergraduate from a renowned university in Sri Lanka.**

In the local economy where job roles don't necessarily go hand in hand with skills attained by individuals, most of us are aware of the wide gap it has created leading to a 5% unemployment level but that's not in essence the only reason behind unemployment and underemployment. We might think that we've got all the ingredients to become a future leader in the Logistics Industry, but the question arises "is the theoretical knowledge we gain in class really enough to cater the industry demand or do we need to know beyond that?"

Have you crafted your past for many a years with the hope of joining the Logistics Industry one day in the future? If that is the case and if you are a passionate human being who has been focusing on the field of logistics, many questions might arise in your mind before you head off to your first interview. Find out if all you've got is all you need to climb up the ladder of success. Will your degree qualification itself be sufficient for that purpose? Do you need to inculcate certain ethics and skills? Hear out what the heads of the industry have to say to you and make it a point to meet their expectations as a logistics undergraduate from a renowned university in Sri Lanka. You might think you know it all, but here are a few tips from the heads of the Logistics industry to prepare you better for the upcoming challenges.

**"Success will always come to those who are focused and resilient. Do not limit your search for the boundaries of our country, the experience and exposure you gain in stints in foreign countries if you get the opportunity, adds to your ability considerably. The world is growing and so are the opportunities. Those with the burning desire to excel and drive towards their goals will always succeed."**

**-Mr Siva Ramachandran -**

**"Being practical is the main thing. You learn a lot of things in universities but rather than just theories you need to get your hands dirty in business because a company which is competing globally is looking for outstanding, knowledgeable graduates coming in and taking on more than just a task project."**

**-Mr Hanif Yusoof-**

**"Academic background is very important as we need to bring in professionalism to the shipping and logistics industry because earlier in Sri Lanka most of the people who were involved with the industry did not have any academic background but worked through experience. They tend to bring in less innovation, so now it's time where a lot of institutions are trying to build capacity of people, but after all common sense and speed is the most important aspect in this industry."**

**-Mr Rohan Masakorala-**

**"Most of the universities don't cater human resources to the required level of companies. The education system produces parrots but I think what ever said and done Students in Sri Lankan universities are much smarter and brighter than of others, but they have not been directed properly. Practical Training is very much important and we are looking for more practical employees who can solve any problem and fit into any situation"**

**-Mr Ranjith Pandithage-**

**“Students need to be creative and should think outside the box and for that what I have to say is that you shouldn’t move away from the nature. More close to the nature you are, more useful and creative you will be.”**

**-Mr WKH Wegapitiya-**

**“Things are moving very fast and 12 years ago a degree alone would have been good because those days we had time to get a fresher who knew nothing about the practical side of the business who just came in with some theoretical knowledge, we had time to mold them. But now the situation is entirely different, so therefore the practical knowledge and the right attitude is a must. Attitude is the eagerness one processes to learn, the ability to grasp more. Therefore we are in search of people who have the right attitude to fit into our organization. Even though you have a first class and don’t have the right attitude we might recruit someone who just barely passed for he might have the right attitude. It’s much easier to mold a person with the right attitude rather than a person with just theoretical knowledge. That is what we are looking for. Therefore attitude is the key to success.”**

**-Mr Chinthaka De Zoysa-**

**“Although you specialize in a particular area you will not always end up in your area of expertise as career advancement is limited. So if you are willing to learn new skills and acquire new knowledge you have a fast track career with your initial qualification as the foundation. Therefore having an overall idea of the general operations is essential for proper management. Acquiring a good understanding on the peripheral knowledge and the exposure will strengthen your core area of expertise to contribute well to the organization.”**

**-Mrs Gayani De Alwis-**

**“I have some attributes which I look in every employee who joins us, Knowledge, skills and attitude but out of those I focus on the attitude more. In an interview I don’t look at the knowledge side or the**

**skills side of it, because there are professionals in my organization to do that. I look at the attitude. If the attitude is right we will definitely hire that person.”**

**-Mr Jagath Pathirana-**

**“You need to be serious about what you want to be. When we start our education the first thing we want to do is to obtain a degree and be qualified as an individual. Then we tend to think everything falls on track but is not quite like that, we have to definitely find ways and means of utilizing the knowledge that we acquired during our education. So my humble message is, get interested, get to know the profession, the industry as well as your future employers who you can work with and what the challenges that future would hold are.”**

**-Mr Chandana Wijeyanama-**

As most of these great personalities mentioned practical knowledge, talent, passion and skills, all these should be combined to make a great employee. So find out what you lack and chase your dream till you reach the destination. On the sidewalk, never forget to love what you do and do what you love. Let your passion be your driving force and before you even know it you might be one successful personality.



## The journey of the Department of Management and Finance General Sir John Kotelawala Defence University

Taking a walk down memory lane across the master pieces that were executed by the management faculty within the past two years or so, it gives us great pride to know that it was all achieved as a result of the collaboration of both lecturers and students. Holistically, as a university that's dedicated 'for the motherland forever', extra-curricular activities are a part and parcel of developing productive undergraduates.

### Hope from KDU

It is with this background that we believed in giving something back to our country just as much as we receive from it. Hence, the first project made its way to the faculty; 'Hope from KDU', a cancer hospital project organized by the students of intake 31 with the aim of creating hope within those who need it the most and supporting them in our little way. As logisticians, the only hope at the time of executing this project was that someday they will enjoy their life the same way we enjoy it.

### Logistics Eve 2015

The inaugural Logistics Eve of General Sir John Kotelawala Defence University, organized by the Department of Management and Finance of Faculty of Management, Social sciences and Humanities, was held on 07 May 2015 at the university premises under the theme of "Multimodal Transportation and its way forward". The event was graced by the Vice Chancellor of the university, Maj. Gen. Milinda Peiris as the chief guest along with the other distinguished guests, Wasantha Sooriyarachchi (Chief Executive Officer - Retailers Alliance Ltd., A Member of Ceylon Biscuits Limited Sri Lanka) and Kumara Galhenage (Recruitment Manager, Nestle Lanka PLC). Parallel to the event there was a presentation and essay competition where students representing various universities took part. Many industry participants representing several companies were also present.







### Esplendido 2015

The generous, lending hand of the management faculty was once again extended when 'Hope from KDU' was implemented in the form of 'Esplendido 2015', a talent show organised for the purpose of raising funds to bring back hope for the children of the National Institute of Cancer, Maharagama. Once again organised by the Logistics Management students of intake 31, the event took place on the 18th of October 2015 at the BMICH, with students of the university showcasing their talents in the form of singing, dancing and instrumental performances. At the end of the evening, the contestants were awarded for the best solo singer, best solo dancer, best dancing group, best singing group and best instrumentalist.



### KDU Young Entrepreneurs

Not stopping from there, the Department of Management and Finance went on to organising 'KDU Young Entrepreneurs 2015', a business plan exhibition held for the second consecutive year at the university premises. This event was a partial completion of the course unit named Entrepreneurial Development in which 10 unique and innovative business ideas were presented by the undergraduates reading for the degree of Bsc. in Logistics Management and Management of Technical Sciences of intake 31.



### Disaster Mitigation Poster Exhibition

Following in the footsteps of seniors, a Disaster Mitigation Poster Exhibition was held simultaneously on the 23rd of October 2015 for the first time by the students of intake 32 with a combination of the undergraduates from the streams of Logistics Management and Man

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agement and technical sciences. The event was organized as a partial requirement for the completion of the course unit named Disaster Management and comprised of 15 different types of disasters and mitigation strategies.



**Career Guidance Seminar**

A workshop on the theme ‘successful transition from university to industry life’ was organised by the department of management and finance on the 03rd of March 2016. The objective of such event was for students to gain career guidance based on the industry, which would be beneficial for the future when entering the industry through effective interaction with the industry.

The occasion was graced by, Deputy Vice Chancellor (Defence and Administration ) Maj. General J.R. Kulathunga and Deputy Vice Chancellor ( Academic) Professor, M.H.J. Ariyaratne of the university. The keynote speakers for the day were Mr. Asoka Vasudevan, The General Manager of Taj Airport Garden Hotel and Mr. Rukmal

De Silave, CEO/Chief Visionary Officer, 361 Degrees Edge Pvt Ltd.

The main participants of this workshop were the undergraduates of intake 31 and 32 of Bsc. in Logistics Management, Bsc. in Management and Technical Sciences and Bsc. in social sciences along with the Deans of faculties, Heads of Departments and lecturers who were also present.



*The journey continues....*



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YOU LOSE”**

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