



Dar Al Riyadh Insight #41

Logistics – Supply and Demand Management; Sourcing and Procurement

Dar Al Riyadh Insights reflect the knowledge and experience of our Board, executives and staff in leading and providing PMC, design and construction management services. Dar Al Riyadh believes in the importance of broadly sharing knowledge with our clients and staff to improve project outcomes for the benefit of the Kingdom of Saudi Arabia.

A third element of logistics management relates to **supply and demand management**. This is one area where today's modern supply chain control towers are showing good results across several industries even though lagging in construction. Supply management may be better described as awareness of the dynamic behaviors and trajectories of the various elements of supply the project requires. Sourcing decisions must reflect supplier-specific lead times, capacities, and associated logistical times and costs for ultimate delivery to the site. Demand management requires interaction with construction planning to ensure project demand. The timing of those demands must meet the supply chain and its inherent logistical realities. This may necessitate a resequencing of certain construction activities, previously planned in an unconstrained environment, to reflect the very real imbalances that may exist between supply and demand.

Logistics management is an integral part of **sourcing and procurement** of labor, materials, and equipment. Logistical factors including cost and time must be part of any sourcing evaluations and final procurement decisions. Logistics management requires a high degree of granularity around supplier schedules as well as that of key sub-suppliers and subcontractors. Supply chain control towers are focused on achieving this visibility, but more traditional methods still allow focus on critical items of supply (major equipment; large bore and special piping) and major commodity categories such as concrete and steel.