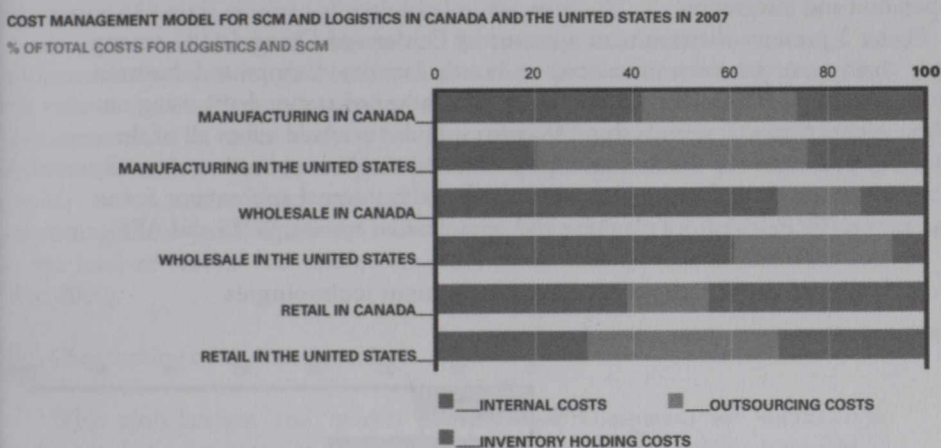


Figure 2: Distribution of logistics costs in Canada and the United States



Source: Industry Canada (2008)

4. Innovation in the supply chain for Canadian companies

In Section 2, we demonstrated that companies that have adopted best or innovative practices for supply chain management enjoy a higher organizational performance level than other companies. We will now examine the nature of these practices and then determine, where applicable, the extent to which Canadian companies use such practices.

4.1 Supply chain management best practices

A number of authors have proposed lists of supply chain management best practices. Our objective is not to produce an exhaustive list of all of these nomenclatures, but rather to provide an overview of the main practices that in our opinion have garnered fairly broad consensus.

1) The use of information and communication technologies

To properly manage the supply chain, companies must adopt new information and communication technologies to facilitate the integration of upstream and downstream activities and enable the various stakeholders in the chain to collaborate among themselves. These technologies include information systems such as integrated business management systems (enterprise resource planning – ERP), warehouse management systems (WMS) and transportation management systems (TMS). Other communication technologies referred to are on-board computers, global positioning systems (GPS) and radio frequency identification tags (RFID). By extension, these practices also include all optimization software designed to develop the best delivery routes, better manage inventories and obtain the optimal configuration of a logistics network including the number and location of production and distribution units, and to perform other tasks. In short, the use of technology provides greater visibility for products