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Zaragoza puts itself in the hub

By Mark Mulligan
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At first glance, Zaragoza may seem an unlikely city for the Massachusetts Institute of Technology to set up a school.

Located between Madrid and Barcelona, the Aragonese capital lacks the cosmopolitan edge of Spain's premier cities, and could never match the academic cachet provided by Salamanca, the "Oxford" of Spain.

However, when the regional government invited MIT's Centre for Transportation and Logistics to open a masters degree programme, it was not selling nightlife or ancient quadrangles.

Zaragoza, best known as the home of General Motors' massive Opel Espan-a plant, is trying to reinvent itself as a transportation and distribution hub for southwestern Europe.

Central to this plan is a high-technology, 12m square metre logistics park known as Plaza - Europe's biggest - which is in the second phase of development. Once completed, it will be a dry port, complete with Spanish customs and revamped rail haulage links to the ports of Barcelona, Valencia and Santander. There are also plans to connect it to the local airport - recently upgraded to handle international traffic around the clock.

A high-speed passenger train service will eventually put Zaragoza a little over an hour from both Madrid and Barcelona.

Inditex, creator of the Zara clothing range and a global reference in supply chain management and just-in-time delivery, was the first company to set up in Plaza. Government officials say 70 companies have already bought or rented allotments, and the park will create 7,000 jobs.

They hope some of these will go to graduates from the Zaragoza Logistics Centre (Zlog), a research laboratory and study facility being built inside Plaza for students of the Universidad de Zaragoza and MIT's international logistics programme.

MIT's nine-month master of engineering in logistics, which began in September in temporary classrooms in the city centre, represents an important overseas commitment for MIT. It has three full-time faculty members and MIT staff are working with local planners on the design of Zlog, whose classrooms and laboratories should be ready for the 2006 student intake.

"MIT was sort of looking for an international partner," says Jarrod Goentzel, executive director of the MIT-Zaragoza International Logistics Programme.

"Zaragoza was looking for research expertise and it provided fertile soil for what we wanted to do," he says.

Of the course's initial intake of 18 students, about half are from the US, with the rest drawn from Europe, Asia and the Middle East. In the long term, Zlog organisers hope to see closer interaction between the MIT classes and logistics students from Zaragoza's university.

According to Yossi Sheffi, director of MIT's Centre for Transportation and Logistics, the Zaragoza project turns the traditional study model on its head.

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"The peculiarity of this facility is that we are sitting in the middle of Plaza. The idea is that we can work day-to-day with some of the most advanced companies in the world in terms of logistics.

"So, instead of having a research laboratory inside the university, we have the university inside an enormous laboratory," says Mr Sheffi.

In the broader sense, the Plaza campus fits well with MIT's policy of working directly with business and industry. And as thousands of small companies, consultants and joint ventures have sprouted from the institute's Cambridge, Massachusetts, home, so there are hopes of turning Zaragoza into a solutions centre for logistics puzzles. Zlog will eventually offer a doctorate programme designed to keep graduates in the logistics park.

"Obviously research in supply chain management is closely tied to what is going on in the business world," says Emilio Larrodé, director of the Zlog.

"The emphasis in the doctorate programme will be on innovation in applicable supply chain models and systems," says Mr Larrodé.

Amir Samii, one of the 18 students in MIT's inaugural Zaragoza programme, says he would consider staying on for a PhD.

"You have to ask yourself: 'What does a PhD candidate want?'," he says. "First you want to have access to first-class information and people and, at the same time, be able to put into practice some of your research.

Zaragoza offers all this."

Like many of his colleagues, Mr Samii is a professional who was contemplating following a standard MBA programme when he was invited to join the Zaragoza course. Although wary of pilot programmes, he was won over by a combination of the MIT brand and the novelty of studying in Spain.

He subscribes wholly to the emerging view that efficient supply chain management is the key to maintaining a competitive advantage in globalised markets.

Specialists in the field increasingly argue that management is no longer the exclusive domain of business graduates. The globalisation of products and delivery systems demands more expertise in supply chain management. Modern logisticians are less concerned with day-to-day transportation, inventory and warehousing and more involved in forecasting, marketing, problem-solving and systems design and analysis, they argue.

Demand for post-graduate logistics study appears to reflect the new requirements of the marketplace. MIT's masters degree drew 35 applicants in 1999, its first year. Requests for places this year are running at 180.

A study this year by the Graduate Management Admission Council in the US found that supply chain management and operation was the sixth most requested area of specialisation in an MBA.

Not surprisingly, European institutions are starting to follow the US in recognising this pent-up demand. As MIT was opening its doors in Zaragoza, the Hamburg School of Logistics was launching its first specialist MBA.

At the Delft University of Technology in the Netherlands, there is a new masters course in operations management and logistics. Imperial College in the UK is proposing an engineering-based MBA, as are other colleges around Europe.

For now, MIT is among the world's most highly rated specialists in logistics and supply chain management studies and Aragon government officials hope that some of this kudos and know-how works its way into Zaragoza's makeover.



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