

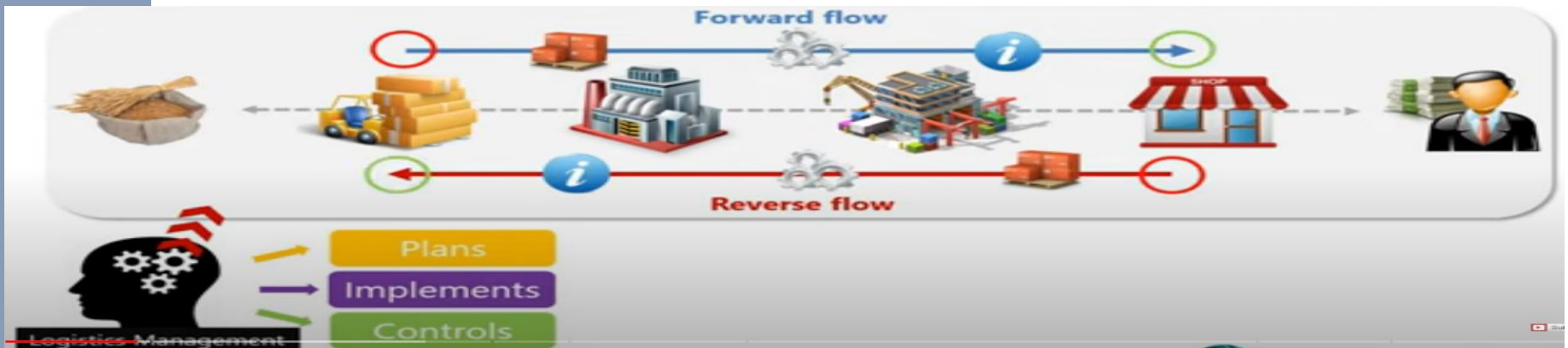


# logistic management

second semester 3ed stage

Lecturer

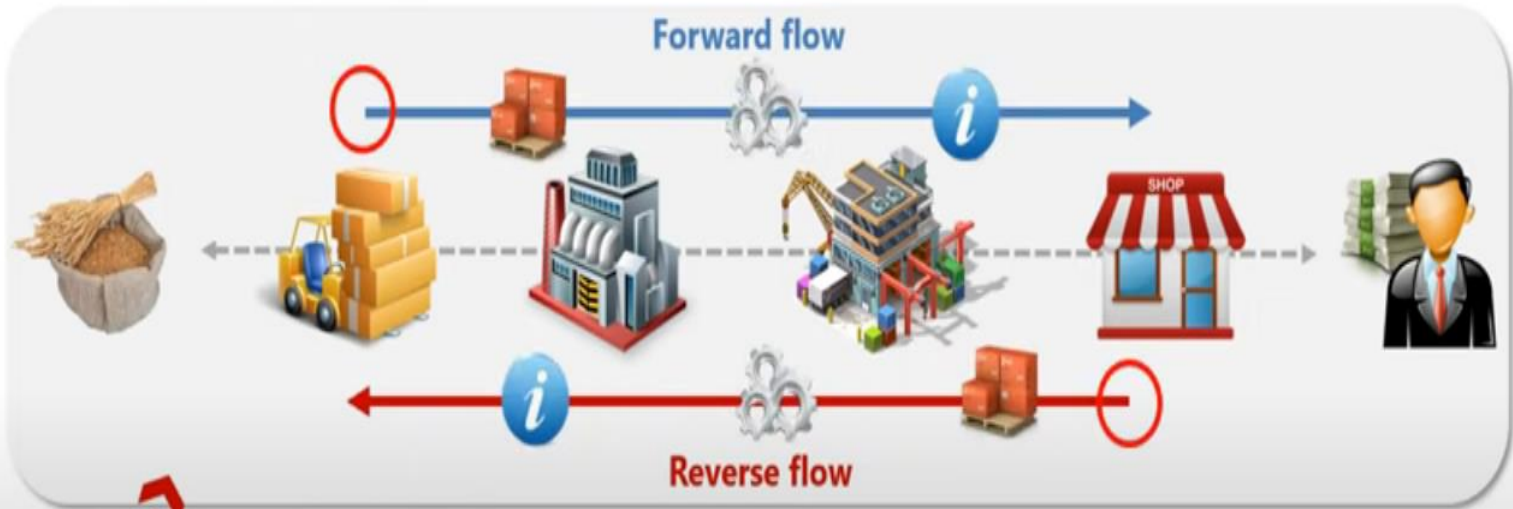
Soran hama saeed



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Art and science of **obtaining**, **producing**, and **distributing** material and product in **proper place** and in **proper quantities**.



- Plans
- Implements
- Controls

Logistics Management

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## Difference b/w Supply Chain and Logistics:

### Supply Chain

*Transforming a raw materials into products, and getting it to customers*

### Logistics

*Movement of materials in whole supply chain*

## Seven R's of Logistics

*Most popular concepts* of Logistics Management is the concept of **Seven R's**.



Right Product



Right Quantity



Right Condition



Right Place



Right Time



Right Customer

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## Logistics Functions

Following areas of logistics management, **contribute** to an **integrated approach** to logistics.



Transportation



Warehousing



3&4 PL Logistics

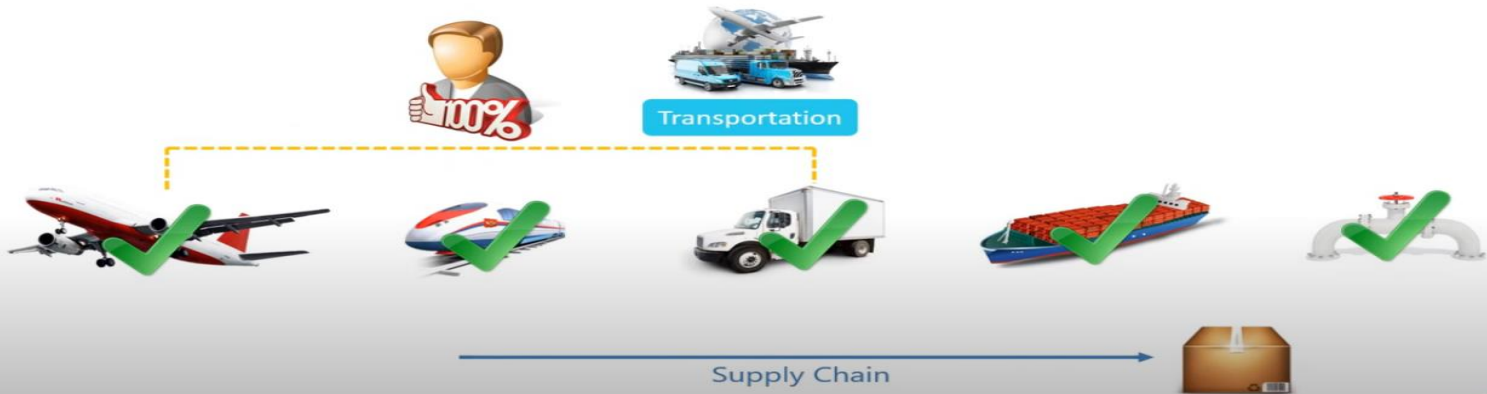


Reverse Logistics



## Logistics Functions

Following areas of logistics management, **contribute** to an **integrated approach** to logistics.





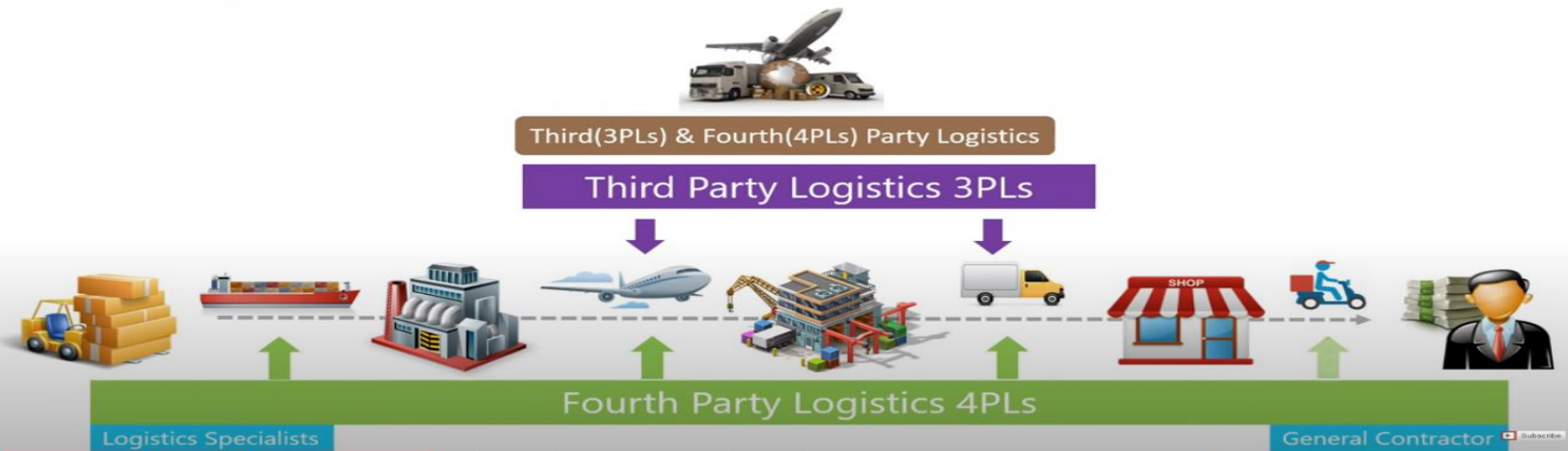
### Logistics Functions

Following areas of logistics management, **contribute** to an **integrated approach** to logistics.



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## Logistics Functions

Following areas of logistics management, **contribute** to an **integrated approach** to logistics.



Reverse Logistics





## Logistics Value Proposition



Achieve Customer Satisfaction at the Lowest Total Cost

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## Logistics Goals and Strategies

Logistics shares the **goal** of supply chain management, to meet *customer requirements*

### Logistics Goals

- 

**1**

Rapid Response Capability
- 

**2**

Minimum Variance
- 

**3**

Minimum Inventory Expense
- 

**4**

Consolidated Shipments
- 

**5**

High Quality
- 

**6**

Support Product Life Cycle

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## Logistics Goals and Strategies

Logistics shares the **goal** of supply chain management, to meet **customer requirements**

## Logistics Strategy



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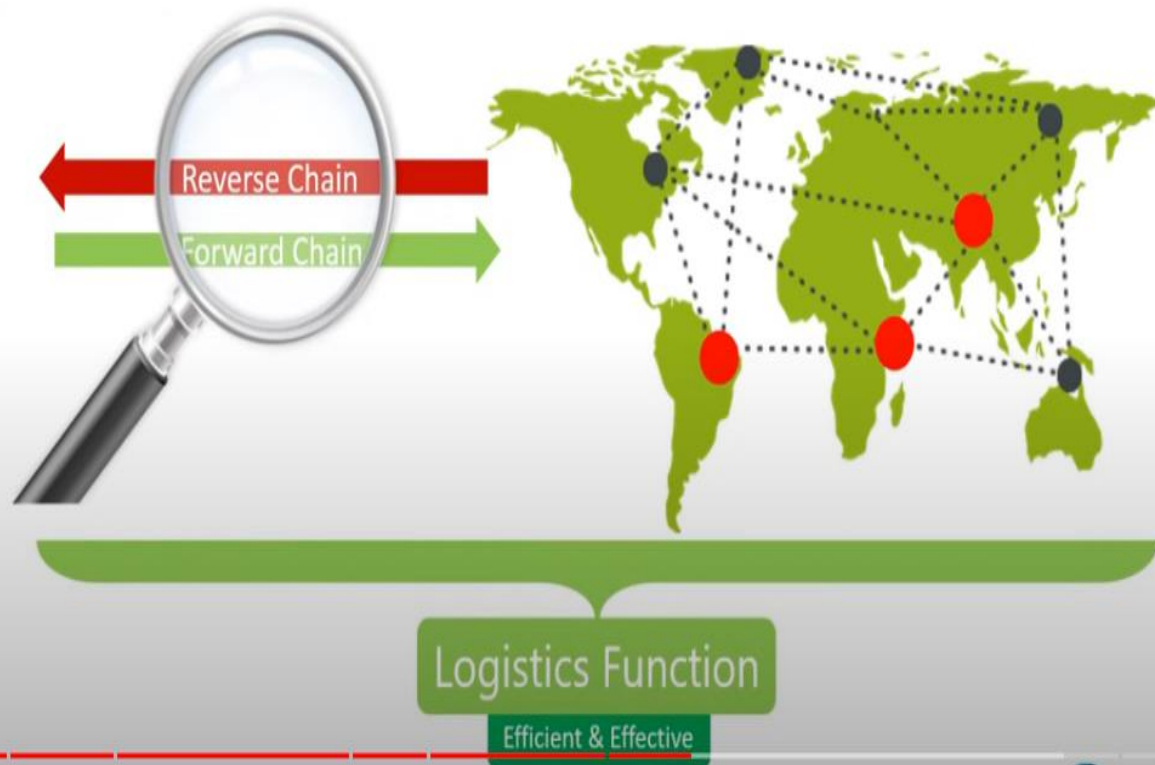




## Substituting Information for Inventory

One of the *tactic*, used to design *effective logistics strategy*. It requires taking a series of steps.

Step-1: Locate in the right countries



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## Substituting Information for Inventory

One of the **tactic**, used to design **effective logistics strategy**. It requires taking a series of steps.

Step-2: Develop an effective export-import strategy



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## Substituting Information for Inventory

One of the **tactic**, used to design **effective logistics strategy**. It requires taking a series of steps.

Step-3: Select warehouse locations



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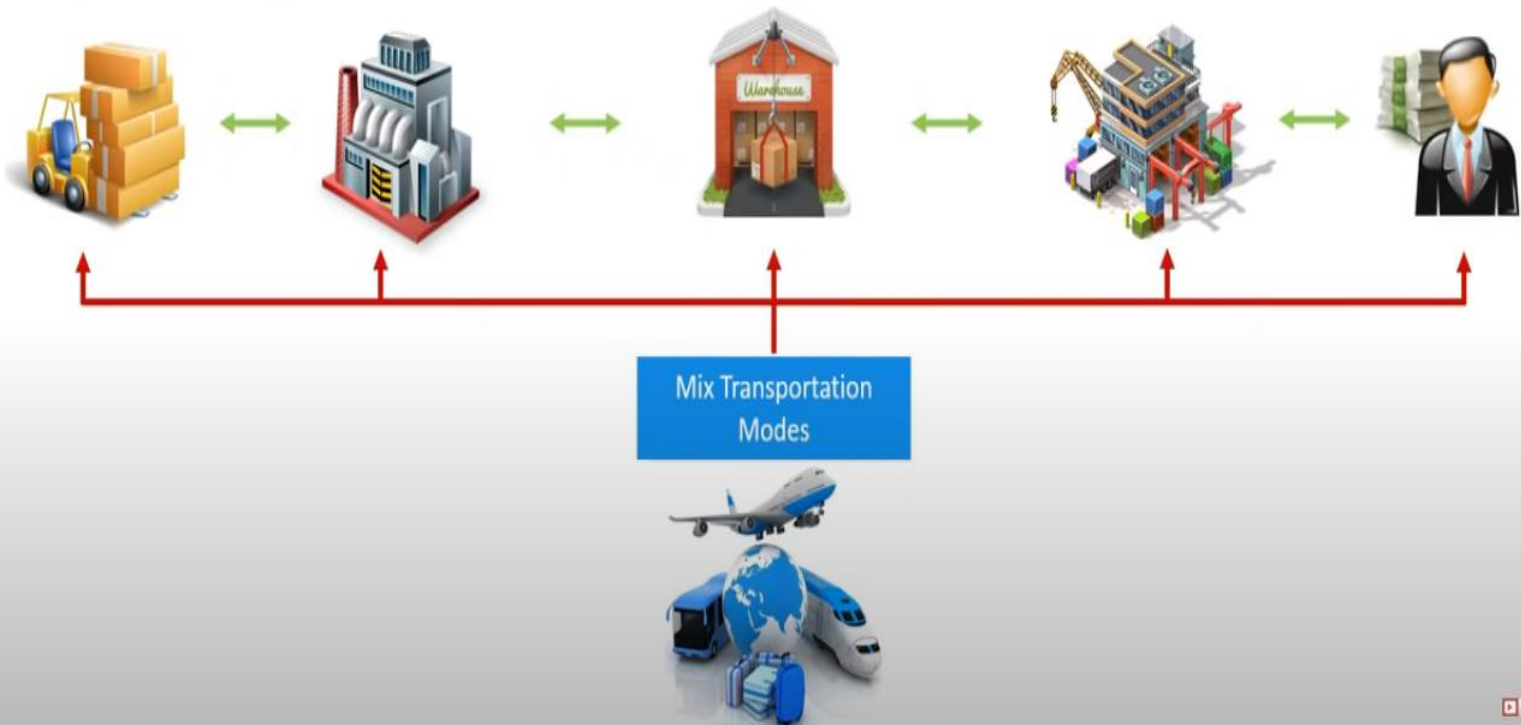




## Substituting Information for Inventory

One of the **tactic**, used to design **effective logistics strategy**. It requires taking a series of steps.

### Step-4: Select transportation modes and carriers





## Substituting Information for Inventory

One of the **tactic**, used to design **effective logistics strategy**. It requires taking a series of steps.

Step-5: Select the right number of partners



Forward & Reverse Logistics



## Substituting Information for Inventory

One of the **tactic**, used to design **effective logistics strategy**. It requires taking a series of steps.

Step-6: Develop state of the art information systems



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## Substituting Information for Inventory

**Another tactic**, used to design **effective logistics strategy**. Physical inventory can be replaced.



Improve Communications

Talk with suppliers **regularly**, and **discuss plans** with them.



Collaborate with Suppliers

Use **continuous improvement** tools and **share observations** about trends.



Track Inventory Precisely

It could be done by using **GPS** and **Bar-Code systems**.



Keep Inventory in Transit

It **reduces** inventory costs



Use Postponement Centers

**Avoid filling warehouse** with the wrong mix of goods setting **postponement centers**, delay product assembly.



Mix Shipments to Match Needs

**Match deliveries** more **precisely** to customer needs, by mixing different **SKUs**.



Don't wait in Line at Customs

**Reduce** the **time spent** in customs by **clearing freight** while still on water or in the air.



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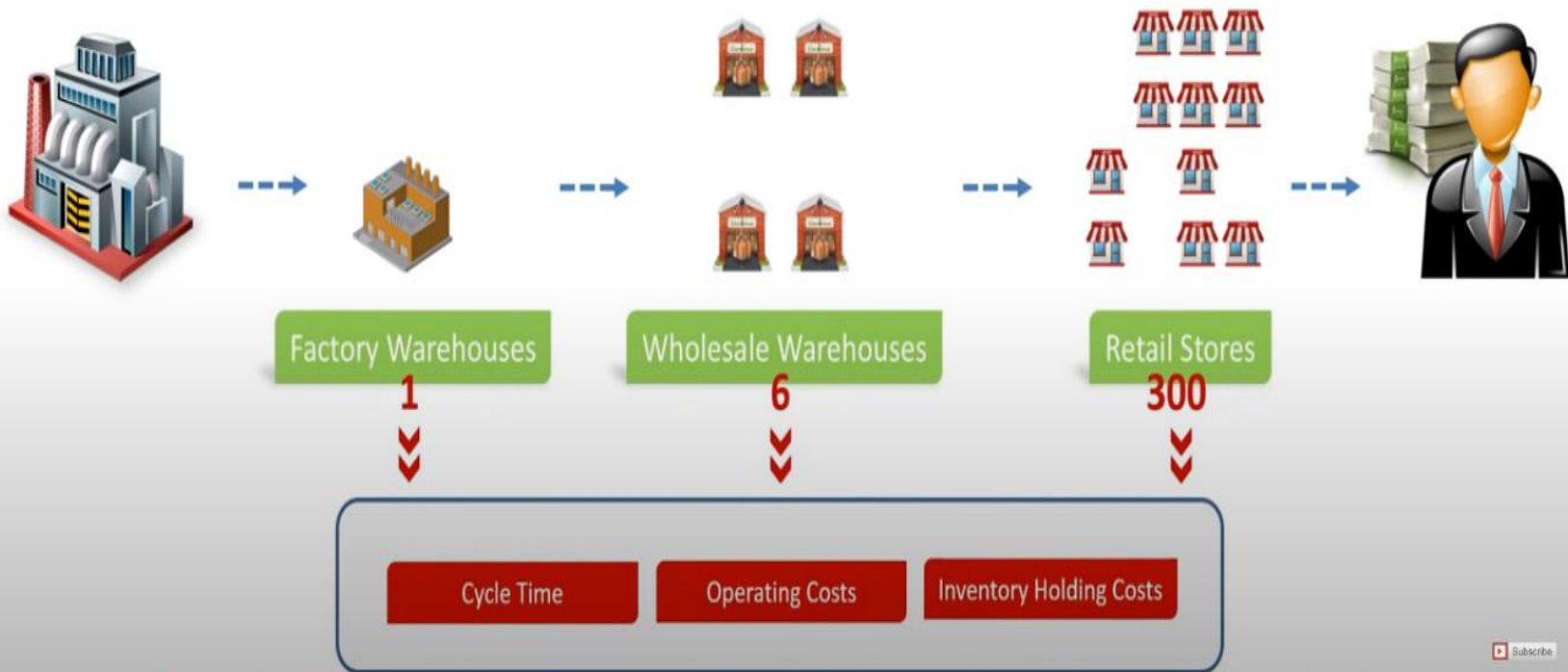
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# Reducing SC Partners to an Effective Number

*More partners* there are in chain *More Difficult* and *Expensive* the chain is to manage.

*Consider*

## Supply Chain of Three Echelons



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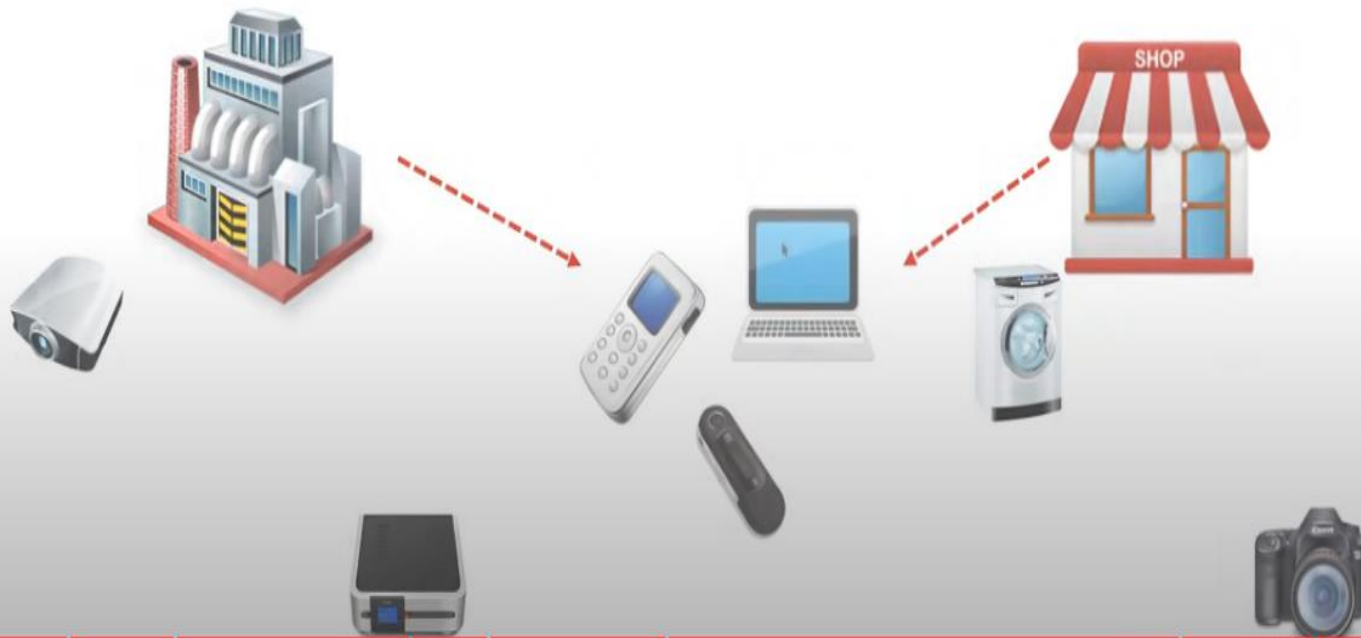
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## Pooling Risks

“ When manufacturers and retailers experience **high variability** in demand for their products, they can **pool together** common inventory components associated with a broad family of products to buffer the overall burden of having to **deploy inventory** for each **discrete product** ”



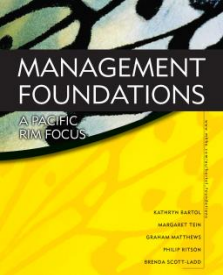
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## Flows of Goods and Information



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Logistics means having the right thing, at the right place, at the right time



Logistics' is derived from French word 'loger', which means art of war pertaining to movement and supply of armies.

- “Logistics means the art of managing the flow of raw materials and finished goods from the source to the user”
- To get goods from where they arise to the right place in the right form, at the right time, at the right cost, “Logistics or physical distribution or distribution logistics is an integral part of Marketing Process”.

## Definitions

- 1- Application of management principles to logistics operations for efficient and cost effective movement of goods and personnel.
- 2- Management of the activity of transporting goods to customers or to places where they are bought or sold

## Definition Of LM

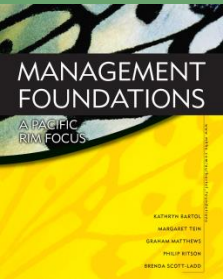
□ **According to Council of logistics management:**

“Logistics is the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services and related information from point of origin to point of consumption for the purpose of conforming the customer requirement”.

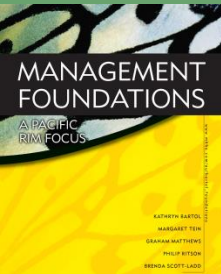
Logistical management includes the design and administration of systems to controls the flow of material, work- in – process, and finished inventory to support business unit strategy.

- \* Logistics is the **designing** and **managing** of a system in order to control the flow of material throughout a corporation.





Logistics of an company includes movement of raw materials, coordinating flows into and out of different countries, choices of transportation, and cost of the transportation, packaging the product for shipment, storing the product, and managing the entire process.



- Fragmentation 1960-This era was known as fragmentation because every thing that done was disintegrated
- A- Evolving Integration-At this stage of time new concepts of Logistical management were evolving
- B-Total integration-In the present scenario because of technological advances logistics has evolved as part of management
- There are two main phases that are important in the movement of materials: material management and physical distribution.
- 1- Materials management is the timely movement of raw materials, parts, and supplies.
  - 2- The physical distribution is the movement of the firm's finished products to the customers. Both phases involve every stage of the process including storage.
  - 3- The ultimate goal of logistics is: "To coordinate all efforts of the company to maintain a cost effective flow of goods."

Inbound logistics covers the movement of materials received from suppliers.

1- Material management describes the movements of material & components within a firm.

2- Physical distribution refers to movement of goods outward from the end of the assembly line to the customer.

3- Supply-chain management is somewhat larger than logistics and it links logistics more directly within the user's total communication network & with the firm engineering staff.

It includes manufacturer and suppliers but also transporters, warehouses, retailers and customers themselves.

## Importance of logistics

- 1- Transportation cost rose rapidly due to the rise in fuel prices
- 2- Production efficiency was reaching a peak
- 3- Fundamental change in inventory philosophy
- 4- Product line proliferated
- 5- Computer technology
- 6- Increased use of computers



**Increased public concern of products Growth of several new, large retail chains or mass merchandise with large demands & very sophisticated logistics services, by pass traditional channel & distribution.**

**1-Reduction in economic regulation**

**2-Growing power of retailers**

**3- Globalization**

**4- The interrelation of different logistics element and their costs should be based on total cost rather than individual costs.**

## The objectives of Logistics

1- Rapid Response-Rapid response is concerned with a firm's ability to satisfy customer service requirements in a timely manner.

2- Minimum Variance-Variance is any unexpected event that disrupts system performance.

Variance may result from any aspect of logistical operations. Delays in expected time of customer order receipt, an unexpected disruption in manufacturing, goods arriving damaged at a customer's location, or delivery to an incorrect location-all result in a time disruption in operations that must be resolved.

**Minimum Inventory**-The objective of minimum variance involves assess commitment and relative turn velocity. Total commitment is the financial value of inventory deployed throughout the logistical system.

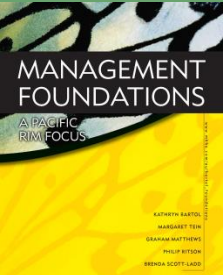
**Turn velocity** involves the rate of inventory usage over time. High turn rates, coupled with inventory availability, means that assets devoted to inventory are being effectively utilized.

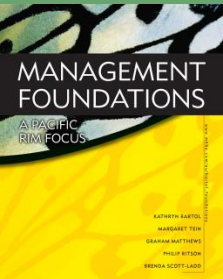
The objective is to reduce inventory deployment to the lowest level consistent with customer service goals to achieve the lowest overall total logistics cost.

### **Movement consolidation**

One of the most significant logistical costs is transportation. Transportation cost is directly related to the type of product, size of shipment, and distance.

Many Logistical systems that feature premium service depend on high- speed, small-shipment transportation.





**Quality improvement**-A fifth logistical objective is to seek continuous quality improvement.

**Total quality management (TQM)** has become a major commitment throughout all facets of industry.

**1- Life-Cycle support**-The final logistical design objective is life-cycle support.

Few items are sold without some guarantee that the product will perform as advertised over a specified period. In some situations.

The normal value-added inventory flow toward customers must be reversed.

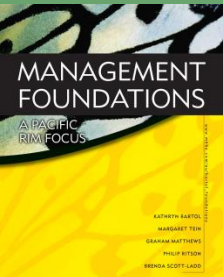
## Essence of logistics in marketing.

- 1- Marketing Process is successfully completed when
- 2- Products are produced and priced to satisfy the identified needs of the segment of buyers
- 3- Arrangements are made to supply these goods through selected distribution channels
- 4- An awareness is created among the buyers about the availability of the goods through information facilitation & □ Goods are physically supplied to the buyers at the place & time selected by them.
- 5- Besides satisfying the customers need, the marketing process must be profitable to the seller.



**Basic logistical service** is measured in terms of

- Availability-Availability means having inventory to consistently meet customer material or product requirements.
- Operational performance-Operational performance deals with the elapsed time from order receipt to delivery. **Operational performance** involves delivery speed and consistency. A firm's operational performance can be viewed in terms of how flexible it is in accommodating unusual and unexpected customer requests.
  - Service reliability-Service reliability involves the quality attributes of logistics. For logistics performance to continuously meet customer expectations, it is essential that management be committed to continuous improvement



## There are four logistics concepts

**1-The systems concept**-The systems concept is based on all functions of a organization working together in order to maximize benefits.

This concept sometimes requires certain components of the organization to operate sub optimally in order to achieve maximum goals of the system.

**2- The total cost concept**-The total cost concept is based on the systems concept; however goal achievement is measured in terms of cost.

**3- After-tax concept**-A variation of the total cost concept is the after-tax concept. This goal of this concept is after-tax profit. This concept is becoming very popular because of the many different national tax policies.

**4-The trade-off concept** links the system together in a way that is very efficient, but can have trade-offs that might be inefficient. The advantages of such high efficiency must be weighed against the risk.

