Unit 2 Introduction to Logistics Elements and Principles
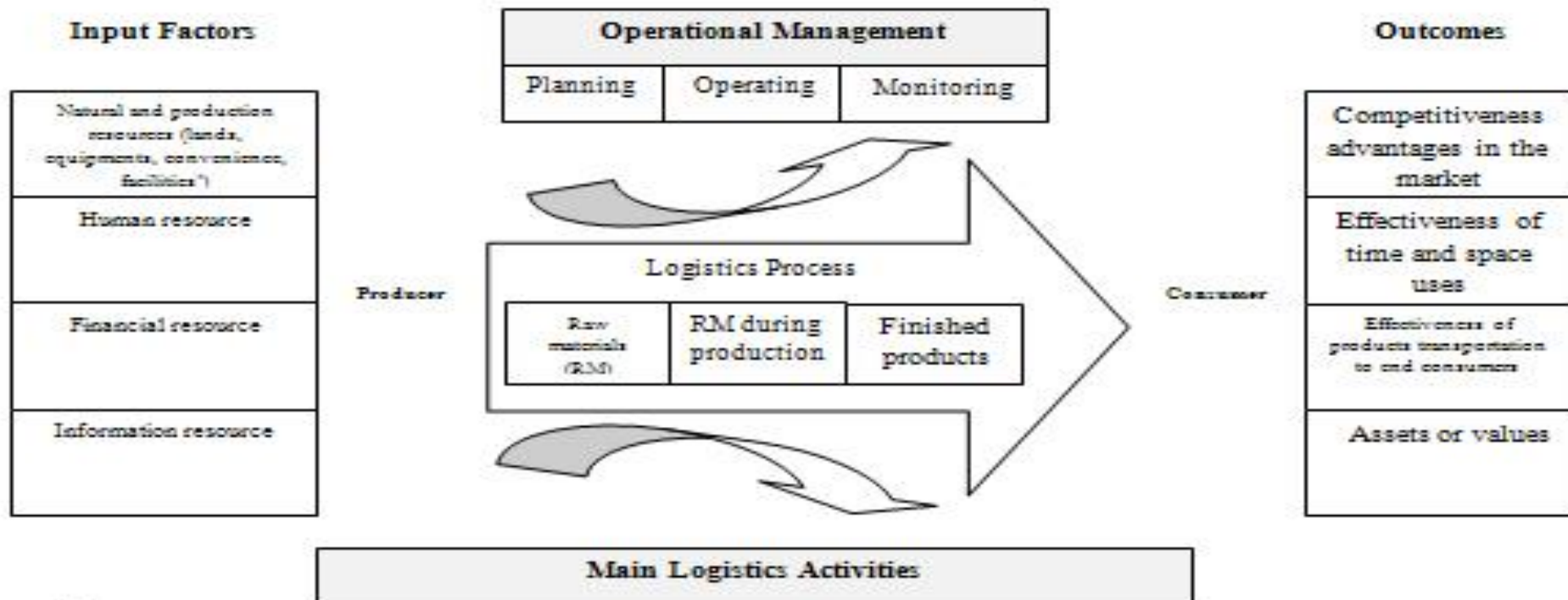
Topic

- Concepts and principles of logistics and supply chain management
- Elements of logistics management

Objectives

Students should be able to:

- Explain the concept of logistics management.

- Recall the principles of logistics management.

- Explain the concept of supply chain management.

- Describe the link or interaction within the elements of logistics management (process of logistics management).

- Demonstrates idea how to apply the elements of logistics management in tourism product production.

Elements of Logistics Management

Input Factors	Operational Management			Outcomes
	Planning	Operating	Monitoring	

Input Factors

Natural and production resources (lands, equipments, conveniences, facilities")
Human resource
Financial resource
Information resource

Producer

Logistics Process

Raw materials (RM)	RM during production	Finished products

Consumer

Outcomes

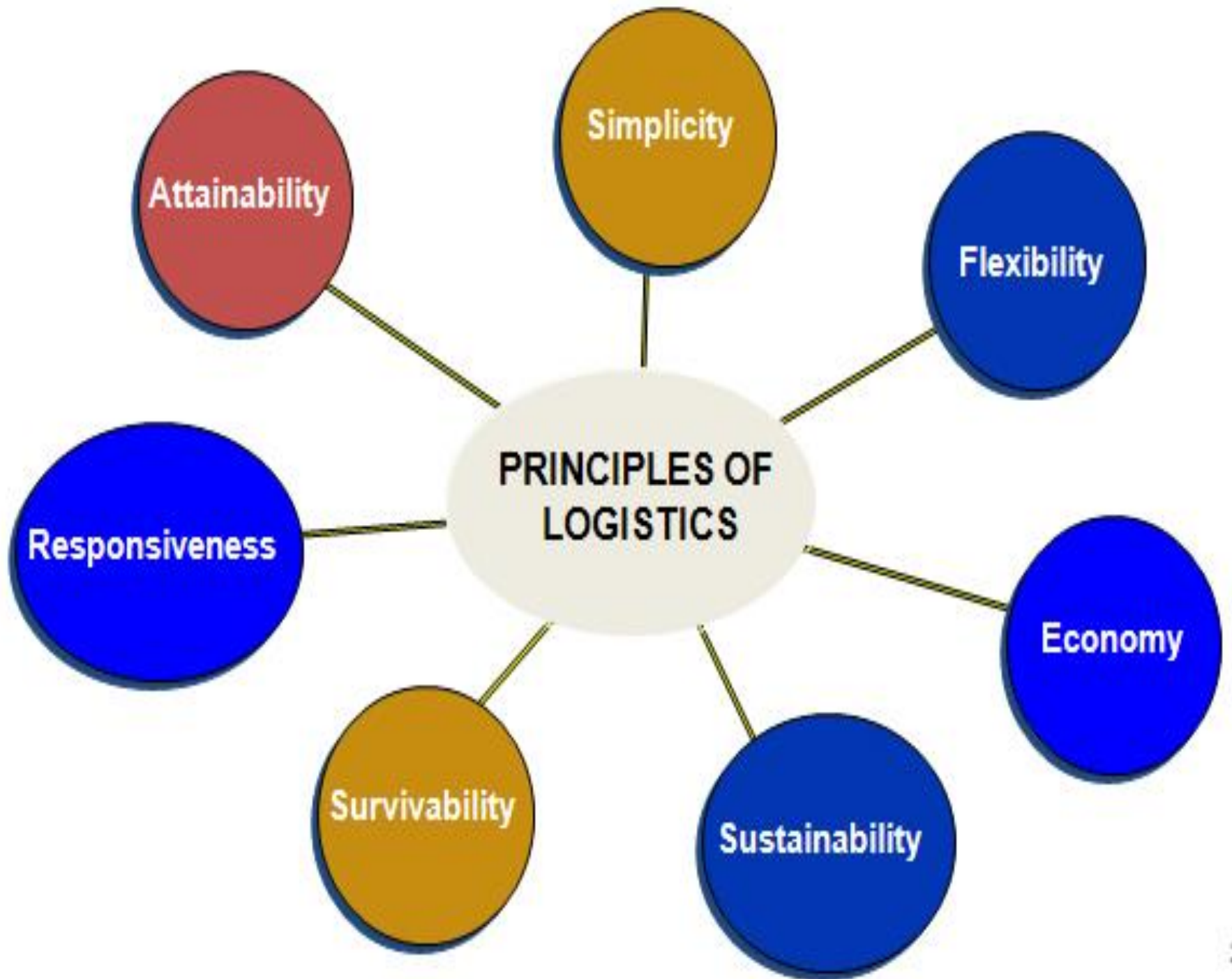| |
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| Competitiveness advantages in the market |
| Effectiveness of time and space uses |
| Effectiveness of products transportation to end consumers |
| Assets or values |

Main Logistics Activities

Inbound Logistics

- Forecasting of raw material demands
- Procurement of raw materials
- Planning for demands of raw materials
- Production planning
- Management of raw materials for production
- Management for movement of raw materials
- Management of materials inventory
- Packaging

Outbound Logistics

- Management of product inventory
- Management of moving products in warehouses (dealing with inventory system)
- Packing of products before distributing to points of consumption (point of consumers)
- Product inventory control
- Planning for product distribution
- Purchase order processing
- Transporting products to customers (from distribution centres to wholesalers or retailers
- Customer service management

Principles of Logistics

Attainability

Simplicity

Flexibility

Responsiveness

PRINCIPLES OF LOGISTICS

Economy

Survivability

Sustainability

- <u>Responsiveness:</u> Right support in the right place at the right time

- <u>Attainability:</u> Ability to provide the minimum essential supplies and services required to begin operating of production

- <u>Simplicity:</u> Avoidance of complexity and enhancement of efficiency in both the planning and implementing or carrying out of logistics operations

- <u>Flexibility:</u> Ability to adapt logistics structures and procedures to changing situations, missions, and concepts of operations. Logistics plans and operations must be flexible to achieve both responsiveness and economy.

- **Economy:** Provision of support at the least cost

- **Sustainability:** Ability to maintain and continue logistics support to all suppliers throughout the area of operations for the duration of the mission. Consideration of the most difficult tasks may be done in order to respond the most difficult problems that can occur during logistics support. This will ensure that logistics support to all suppliers can be continued.

- **Survivability:** Capacity of the organization to overcome when it faces potential destruction. Organization must include a plan for protecting or securing logistic installations (systems/ mechanism) with provisions for reinforcement (back up) and dismiss support.

"Responsiveness" is the primary principle

The five "rights" - - - the simplest definition of "logistics"

Supply the right product at the right place at the right time in the right condition for the right cost to the customer.

Channel Management and Physical Distribution

Channel management concerns how products can be marketed and promoted in order to allow customers to know or perceive that products existed, and how companies will manage cost of each channel. In other words, channel management is marketing tasks that include advertising, promotion, selling and market research. Channel management relates with information and communication technology that facilitates the information flow

Distribution management deals with managing to distribute products to the hand of customers with effective use of time and space. It concerns physical mobility (convenience of movement) of products transported to (1) places where customers can buy products; (2) customers' doors. Distribution management thus has a strong relation with traffic flow and transportation to be managed effectively and efficiently in order to save time, cost and energy.

THINK TIME !

Back to your previous assignment, imagine if there are some problems occurred in your supply chain (state the problem), that reduce the effectiveness of the flow (look at the principles of logistics)

What are your problems and what can be your list of solutions that can increase the flow of your chain?