

# Logistics Management – Overview

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# What is Logisitcs?

Logistics is concerned with getting products and services where they are needed whenever they are desired.

The resources managed in logistics can include physical items such as food, materials, animals, equipment, and liquids; as well as intangible items, such as time and information.

**Logistics Management** is a small portion of **Supply Chain Management** that deals with management of goods in an efficient way. Although, if we talk about Supply Chain Management, it is a broader term which refers to the connection, right from the suppliers to the ultimate consumer.

# Logistics Management

- 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”.

# Scope

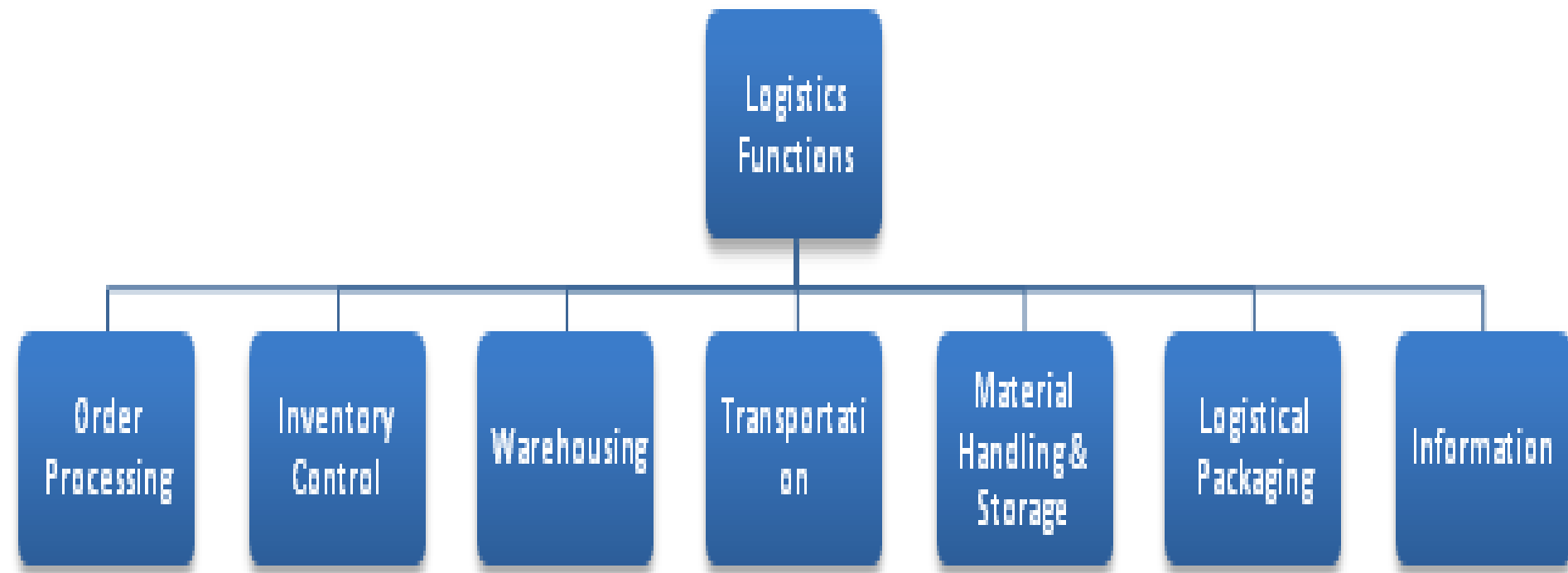
It involves numerous elements, including:

- Selecting appropriate vendors with the ability to provide transportation facilities
- Choosing the most effective routes for transportation
- Discovering the most competent delivery method
- Using software and IT resources to proficiently handle related processes

# Objectives of Logistics Management



# Major Functions of Logistics



# Order processing

- It is an important task in functions of logistics operations. The purchase order placed by a buyer to a supplier is an important legal document of the transactions between the two parties.
- This document incorporates the description or technical details of the product to supply, price, delivery period, payment terms, taxes, and other commercial terms as agreed.

# The order processing activity consists of the following steps:

- Order checking for any deviations in agreed upon or negotiated terms.
- Prices, payment, and delivery terms.
- Checking the availability of materials in stock.
- Production and material scheduling for shortages.
- Acknowledging the order indicating deviations if any.

# Inventory control

- Inventory management is to keep enough inventories to meet customer requirements, and simultaneously its carrying cost should be lowest.
- It is basically an exercise of striking a balance between the customer service for not losing the market opportunity and the cost to meet the same.
- It consists of the cost of financing the inventory, insurance, storage, losses, damages, and pilferage.

# Warehousing

- Warehousing is the storing of finished goods until they are sold. It plays a vital role in logistics operations of a firm. The effectiveness of an organization's marketing depends on the appropriate decision on warehousing.
- Warehousing is the key decision area in logistics.

# *The major decisions in warehousing are:*

- Location of warehousing facilities
- Number of warehouses
- Size of the warehouse
- Warehouse layout
- Design of the building
- Ownership of the warehouse

# Transportation

- When an order is placed, the transaction is not completed till the goods are physically moved to the customer's place. The physical movement of goods is through various transportation modes.
- In logistics costs, its share varies from 65 to 70 percent in the case of mass-consumed, very low unit-priced products.

# Material handling and storage system

- The speed of the inventory movement across the supply chain depends on the material handling methods. An improper method of material handling will add to the product damages and delays in deliveries and incidental overheads.
- Considerations for selection of a material handling system are the volumes to be handled, the speed required for material movement and the level of service to be offered to the customer.

# Logistical packaging

- Logistical or industrial packaging is a critical element in the physical distribution of a product, which influences the efficiency of the logistical system. It differs from product packaging, which is based on marketing objectives.

# Information

- An information system plays a vital role in delivering a superior service to the customers.
- Use of IT tools for information identification, access, storage, analysis, retrieval and decision support which is vital among the functions of logistics is helping business firms to enhance their competitiveness.

# 7 R's of logistics

- Right Product
- Right Place
- Right Price
- Right Customer
- Right Condition
- Right Time
- Right Quantity

# Right Product

- A company who offers this kind of service must first know the kind of products that they are going to handle and transport. Having the right knowledge will give you an advantage to properly and efficiently manage both your time and resources.

# Right Place

- The right product must be delivered to the right place. Courier services provided by an LMS company must have knowledgeable drivers as well as a systematic delivery system and tracking. Both customer and the provider must have a synchronized location tracking to ensure that the products are delivered to the right place.

# Right Price

- Pricing is very essential and all products and services. They must have an appropriate price value in order to track the company income and expenses. A good system for storing and updating the right prices ensures success in LMS

# Right Customer

- Every LMS Provider must know their target market to identify the right customers. If they will offer their services to the right market, they have more chances of gaining leads and customers that will most likely to avail them. Some uses the traditional marketing while others use digital marketing to reach more customers around the globe.

# Right Condition

- Every product or goods that are to be entrusted by the customers to LMS providers must be stored and delivered with the right condition. This is where the specifications must be referred to in order to place it on required facilities to maintain its quality.

# Right Time

- Time is very important when it comes to logistics, clients are more concern on the time of delivery. That is why every service provider must know the right time to deliver the products and in a very efficient way. Every system has a tracking functionality to monitor all deliveries and making sure that they arrive on time.

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# Overview

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