

1st Class Goals

- Introduction to course
- Cover the syllabus
 - What you need to accomplish
 - Grading format
- Meet the students and instructor
- Gather information
- Begin Ch. 1 - Logistics Supply Chain Mgt

Chapter 1

Logistics Supply Chain Management



- Introduction
- Logistics Concepts and Definitions
- Logistics' Activities and Importance
- The Changing Environment

Business and Economic Trends

- ◆ Business World is Changing ... Faster Than Ever Before
- ◆ Organizations Streamlining and Restructuring; No Corporation is Immortal
- ◆ New Relationships with Customers, Suppliers, Associates/Employees, and even Competitors
- ◆ Evolution to Customer-Responsive Organizations, ... and Reduce Cost at the Same Time

Alpo Pet Foods, Inc.

Key Logistics Decision-Making

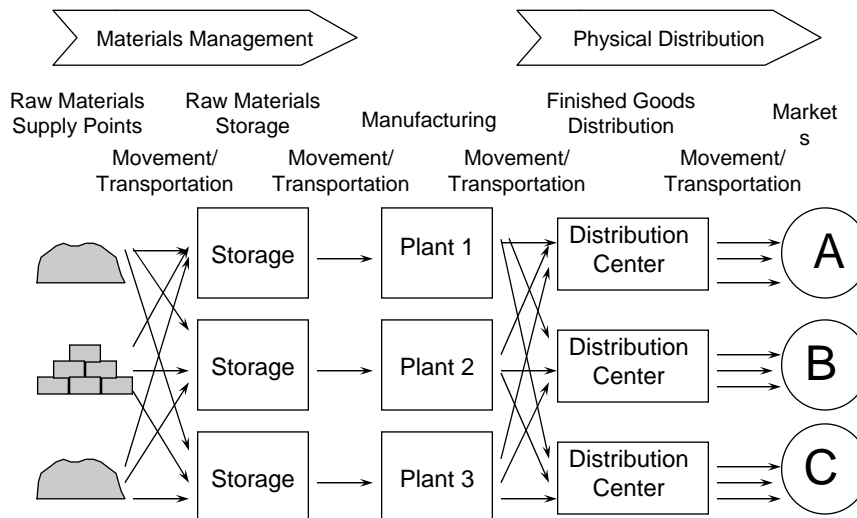
Situation

- Top management disappointed with performance of Alpo Distribution System
- System Facts:
 - Alpo subsidiary of Grand Metropolitan (UK)
 - 14 warehouses located throughout the US
 - Reasonable proximity to customer base
 - Alpo service inferior - according to customers

Solution

- Revamped its distribution ops
 - All US deliveries in 5 days
 - Improved service & reduced costs
- Reorganized its activities into a “Logistics” function
 - Appointed VP of Logistics
- Major System changes
 - 14 warehouses to 2 major D/Cs
 - Replace private truck fleet with contract carriers
 - Enhanced logistics info system

Logistics



Logistics is ...

“... the _____ 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 to customer requirements.”

Council of Logistics Management, 1991

OR

“... the management of _____ at rest or in motion.”

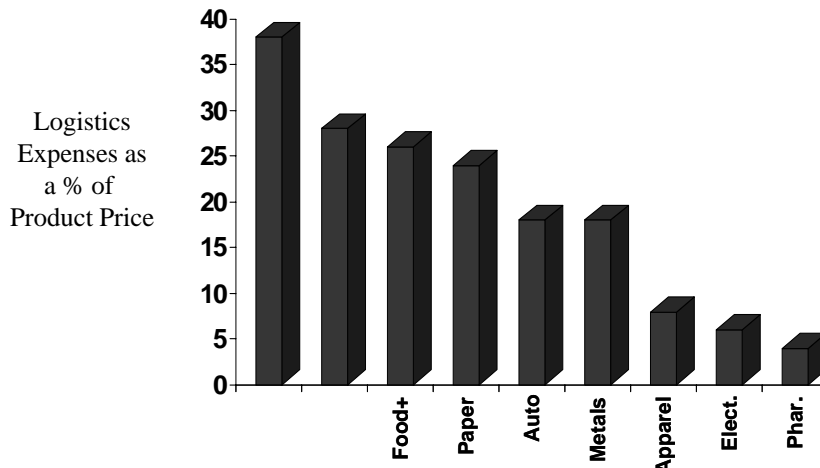
Mercer Management Consulting, Inc.

Logistics Responsibilities

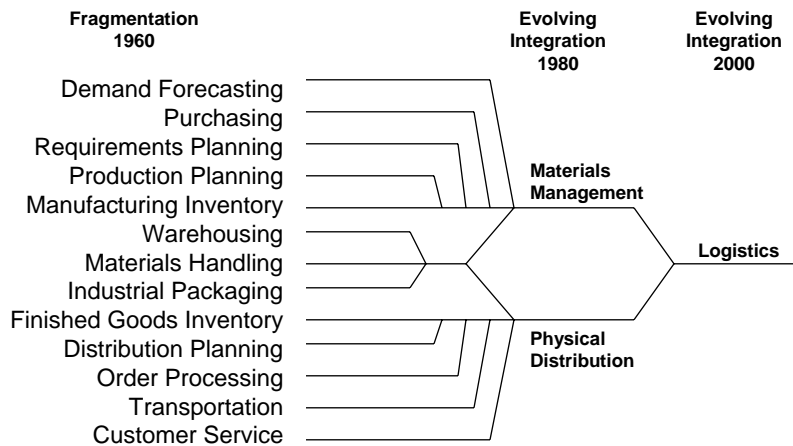
Activity	% Responsible
Transportation Management	
Warehousing	
Facility Location	83
Global Logistics	77
General Management	62
Mfg Logistics	58
Inventory Control	57
Order Processing	50
Customer Service	49
Packaging	41
Purchasing	35
Product Planning	26
Sales Forecasting	15

Source: 2003 Ohio State University Career Patterns Study

Logistics: An Important Part of Many Business Segments



Evolution of Logistics



Development of Supply Chain Mgt

Physical Distribution



Integrated Logistics Management



Integrated Supply Chain Management

A Supply Chain is ...

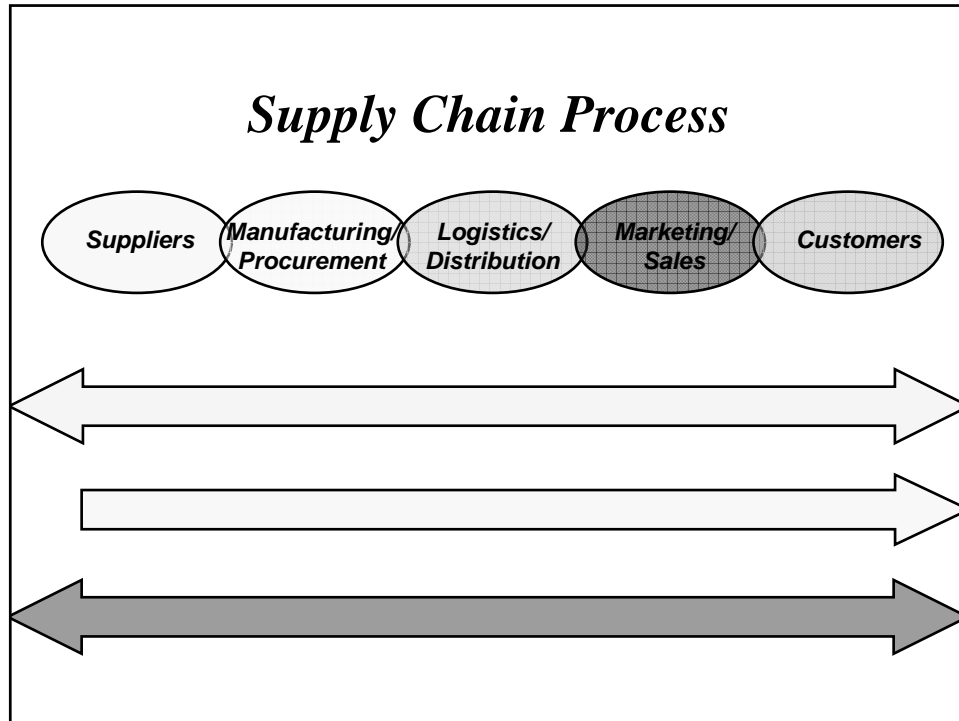
“... an integrated philosophy to manage the total flow of a distribution channel from supplier to ultimate customer.”

Copper and Ellram, 1993

OR

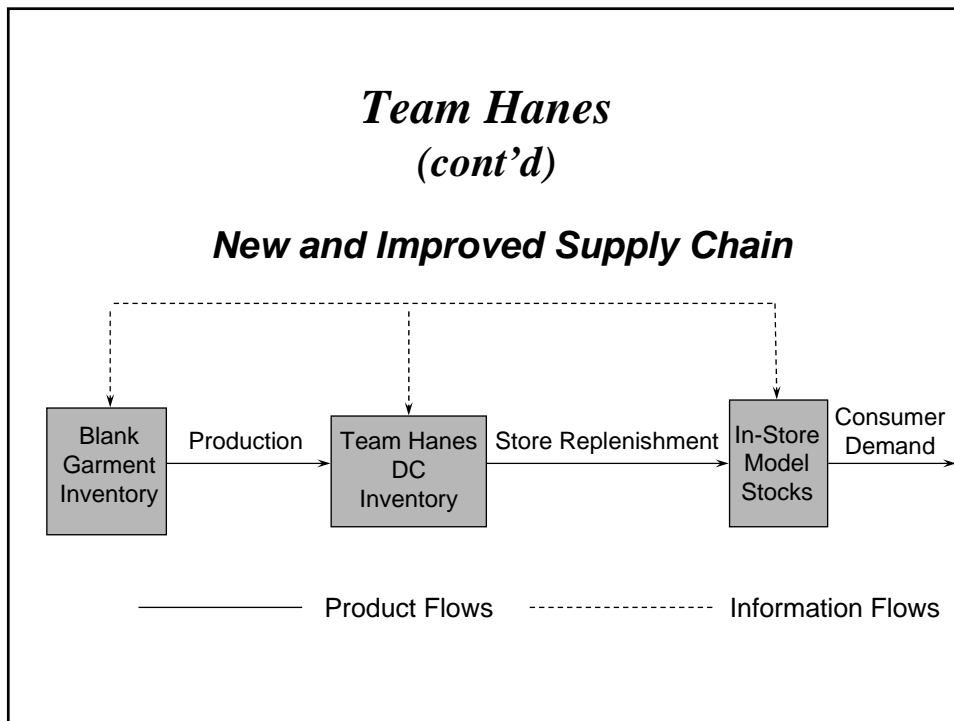
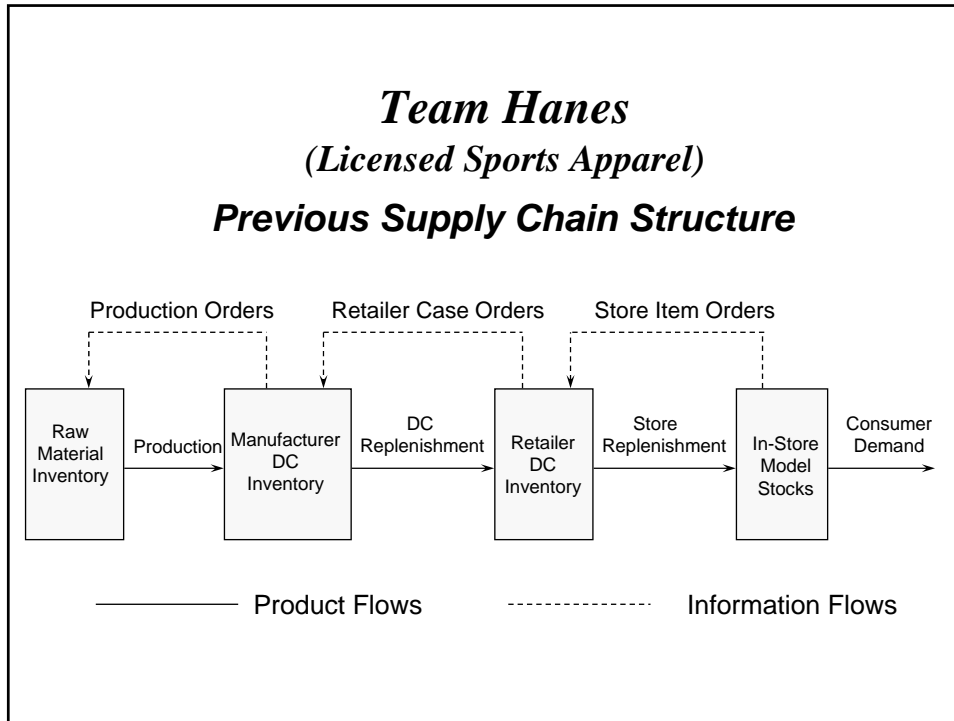
“... a strategic concept that involves understanding and managing the sequence of activities - from supplier to customer - that add value to the product supply pipeline.”

Battaglia and Tyndall

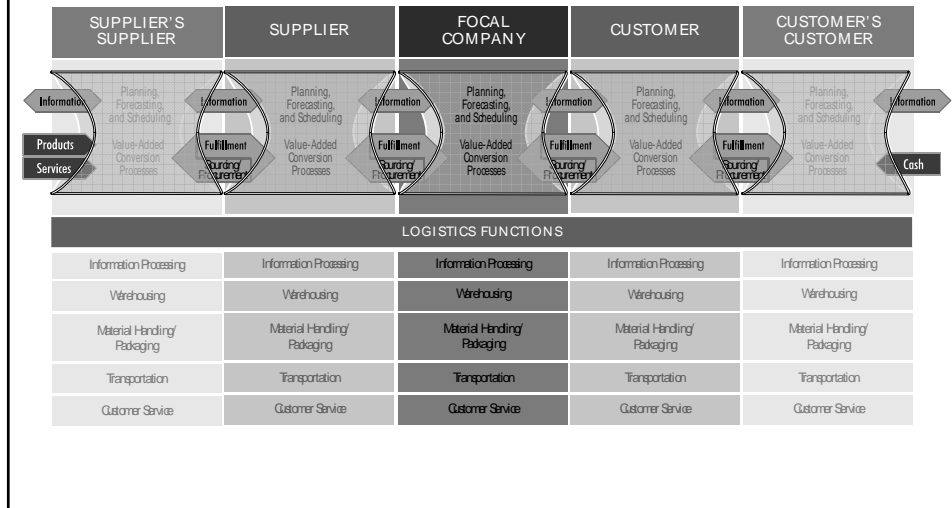


Objectives of Supply Chain Management

- ◆ Emphasis on Relationships Versus Transactions
- ◆ Downstream shift of power, focus on customer needs
- ◆ Integration of Product and Information Flows throughout Supply Chain
- ◆ Shifting of responsibilities in the logistics channels
- ◆ Effective/Efficient Information-Sharing Among Supply Chain Participants
- ◆ Reduce Total Inventory Investment, Improve Cycle Times and Service Levels for Supply Chain Customers
- ◆ Reduce Overall Supply Chain Costs



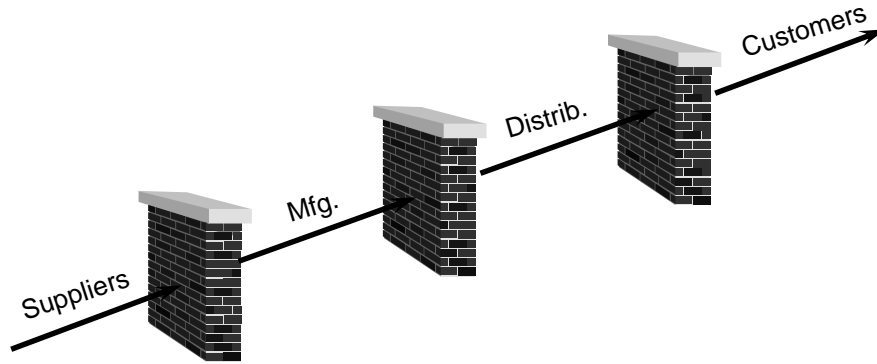
True Supply Chain Processes Span Multiple Firms



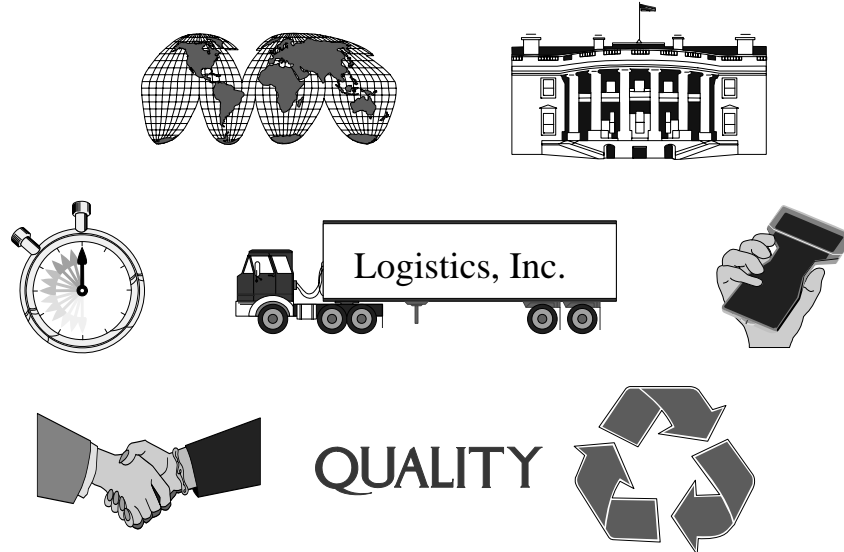
Comparing Traditional vs. Supply Chain Systems

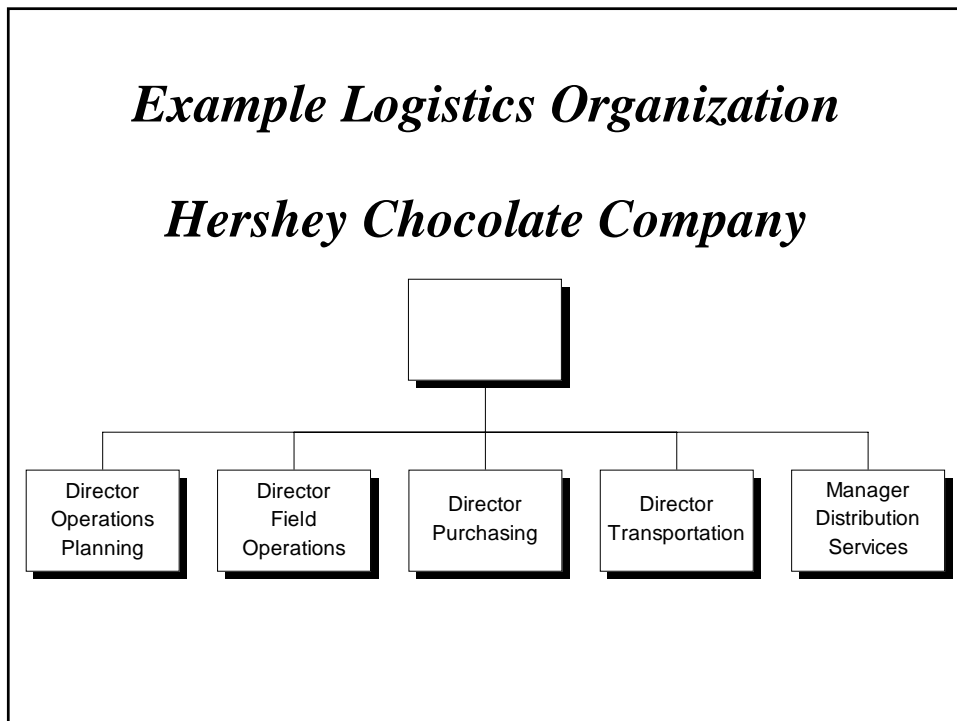
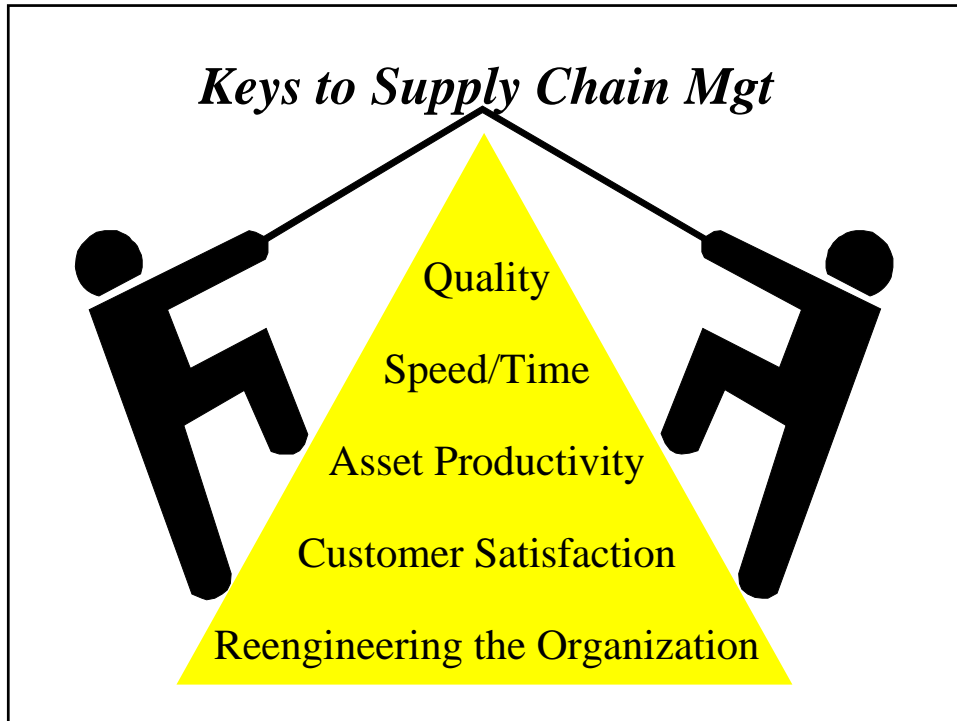
<u>Factor</u>	<u>Traditional</u>	<u>Supply Chain</u>
Inventory Management	Firm Focused	Pipeline Coordination
Inventory Flows	Interrupted	Seamless/Invisible
Cost	Firm Minimized	Lowest Landed Cost
Information	Firm Controlled	Shared
Risk	Firm Focused	Shared
Planning	Firm Oriented	Team Approach
Interorganizational Relationships	Firm Focused on Low Cost	Partnerships Focused on Landed Cost

Supply Chain Mis-Management



External Drivers of Change

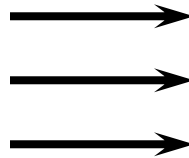




*Overall, ...
Logistics is Evolving*

FROM

Functional
Activity
Based on
Cost



TO

Integrated
System
Based On
Competitive
Advantage