THE BUSINESS LOGISTICS PROCESS

Doc. Ing. Naqibullah Daneshjo, PhD.
Podnikovohospodárska fakulta Ekonomickej univerzity v Bratislave so sídlom v Košiciach
Katedra obchodného podnikania
e-mail: daneshjo47@gmail.com

Abstract

Logistical processes facilitate the relationships between production and the movement of products. Specifically, logistical processes should address many of the aspects of production, including time, costs and quality. When a company successfully coordinates these logistical processes, the company can track the process through production, consumption, storage and disposal. A functional logistical process also relies on the proper geographical location of all assets within the organization.

Key words: Business logistics, methods of production, logistics processes, planning, organizing

INTRUCTION

Businesses use different methods of production. Two of the most common production methods include a sale-order-related production, where a business produces a product in response to orders for the product, or make-to-stock production, where a company produces a fixed amount of products and then attempts to sell the products. The production method utilized by the business and the logistical process associated with the production method affects personnel, production, material acquisition, warehousing and transportation. The logistical process starts by having planned orders for materials produced in house created and converted into manufacturing orders. Once the company manufacturers the order, the company will either stock the products in a warehouse or directly fill orders for the customer.

Logistics is the planning framework used by the management of an organization to facilitate the distribution of personnel, materiel, service, information and capital flows. As a process, logistics continues to become more complicated because of the increased demand for complex information and communication control systems of today's global business environment. An efficient logistics process within an organization will apply tools to analyze and visualize the complexities involved in production. These tools should integrate information, inventory, production, warehousing, personnel, materials, packaging and the secure delivery of the final products.

A logistical process tries to find the best solution for manufacturing and distributing goods by considering how the market uses these products. As part of this process, a company should always consider the location of a product and analyze the various factors associated with these locations. This includes production costs, personnel, the time and cost required for deconsolidation, and warehousing possibilities, including cost and space. As part of this process, a company also should consider the factors that affect production quality and efficient transportation between hubs.

Business logistics is the process of planning, organizing, and controlling the movement of supply, inventory, and information within a company. It generally involves the inflow and outflow of goods and information from the purchase of raw materials, to the transportation of goods in different stages of production, all the way to the distribution of goods to the end user. Through effective execution of business logistics, a company can save time, resources, and cost.

A significant portion of the management process is centered on logistics. Almost all company processes, including the production line, warehouses, and distributing centers require a steady movement of goods. By effectively implementing business logistics, a company can use fewer resources to deliver the same quality of products or services. This normally translates to a bigger profit margin and to gaining an advantage over competitors.

Logistics has its roots in the military. During World War II it became crucial to find ways of moving people and materiel efficiently. In the 1950s, business started to incorporate this philosophy into their processes, and business logistics was born. From its inception, business logistics has advanced to encompass a variety of other management concepts.

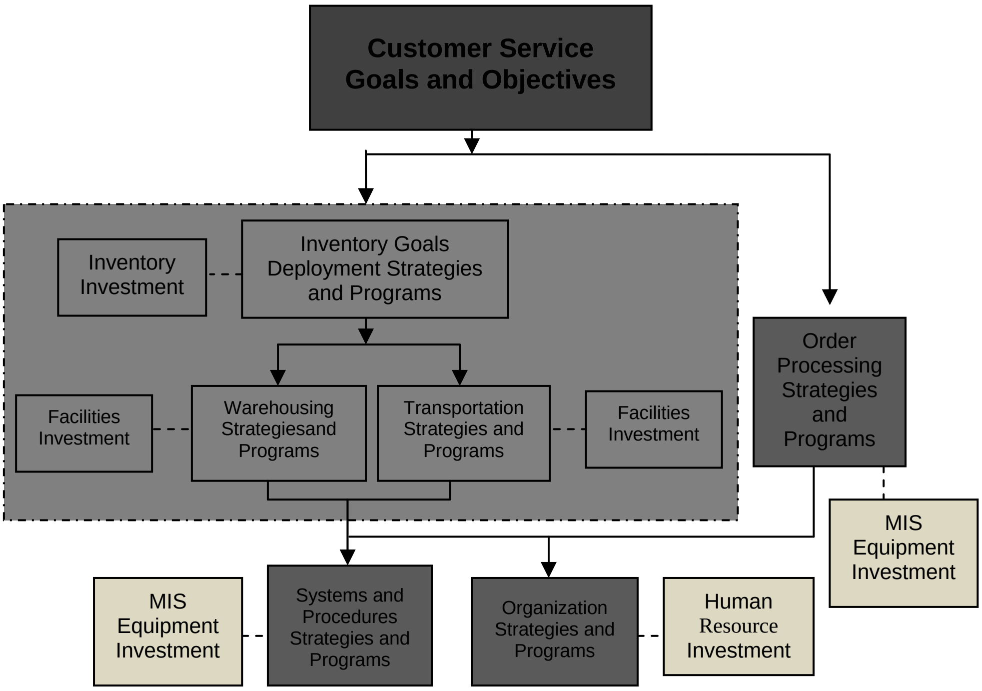

Fig. 1 The hierarchy of business logistics operations with customers and their service

BUSINESS PROCESS

A business process is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers. There are three main types of business processes:

1. Management processes, that govern the operation of a system. Typical management processes include corporate governance and strategic management.
2. Operational processes, that constitute the core business and create the primary value stream. Typical operational processes are purchasing, manufacturing, marketing, and sales.
3. Supporting processes, that support the core processes. Examples include accounting, recruitment, and technical support.

A business process can be decomposed into several sub-processes, which have their own attributes, but also contribute to achieving the goal of the super-process. The analysis of business processes typically includes the mapping of processes and sub-processes down to activity level. A business process model is a model of one or more business processes, and defines the ways in which operations are carried out to accomplish the intended objectives of an organization. Such a model remains an abstraction and depends on the intended use of the model. It can describe the workflow or the integration between business processes. It can be constructed in multiple levels. A workflow is a depiction of a sequence of operations, declared as work of a person, of a simple or complex mechanism, of a group of persons of an organization of staff, or of machines. Workflow may be seen as any abstraction of real work, segregated into workshare, work split or other types of ordering. For control purposes, workflow may be a view of real work under a chosen aspect.

BUSINESS PROCESS INTEGRATION

A business model, which may be considered an elaboration of a business process model, typically shows business data and business organizations as well as business processes. By showing business processes and their information flows a business model allows business stakeholders to define, understand, and validate their business enterprise. The data model part of the business model shows how business information is stored, which is useful for developing software code.

Usually a business model is created after conducting an interview, which is part of the business analysis process. The interview consists of a facilitator asking a series of questions to extract information about the subject business process. The interviewer is referred to as a facilitator to emphasize that it is the participants, not the facilitator, who provide the business process information. Although the facilitator should have some knowledge of the subject business process, but this is not as important as the mastery of a pragmatic and rigorous method interviewing business experts. The method is important because for most enterprises a team of facilitators is needed to collect information across the enterprise, and the findings of all the interviewers must be compiled and integrated once completed.

Business models are developed as defining either the current state of the process, in which case the final product is called the "as is" snapshot model, or a concept of what the process should become, resulting in a "to be" model. By comparing and contrasting "as is" and "to be" models the business analysts can determine if the existing business processes and information systems are sound and only need minor modifications, or if reengineering is required to correct problems or improve efficiency. Consequently, business process modeling and subsequent analysis can be used to fundamentally reshape the way an enterprise conducts its operations.

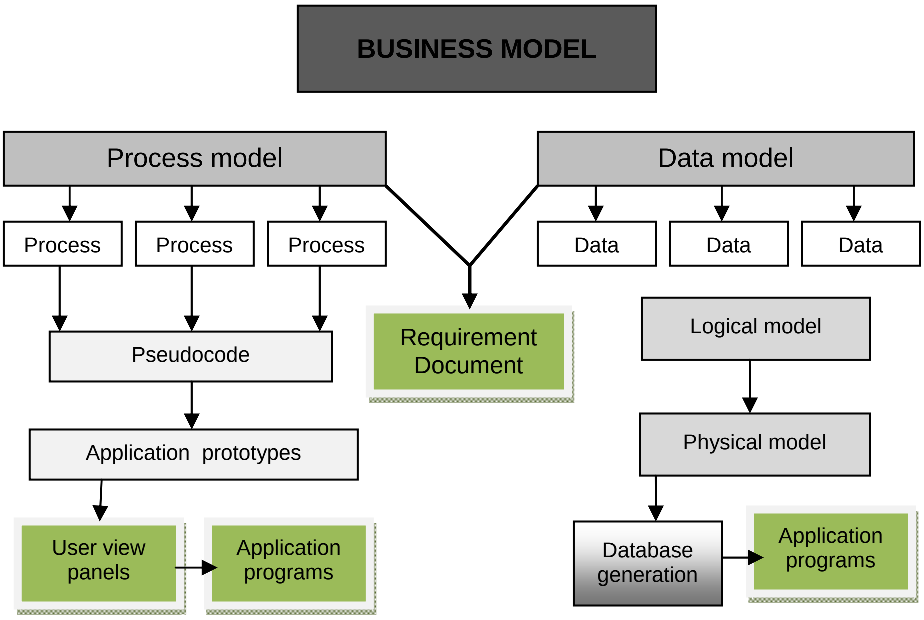

Fig. 2 Business model integration

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CONCLUSION

Globalization of the world economy and our supply chains has advanced at an almost unbelievable speed. Growth in world trade, and corresponding cargo container movements, continues to substantially exceed overall economic growth, meaning that trade volumes are doubling every 5-7 years.

Being part of this global economy is high on the priority list of most companies today, whether it is to capitalize on global sourcing opportunities to reduce costs and assets, take advantage of private labeling strategies, or tap into the surging business and consumer markets of China, India and other developing markets.

Every business establishment is aimed at providing quality, timely and effective products or services to their customers as a means of retaining them and opening more customer doors. Business logistics is very important in business for it actually leads to the ultimate consummation of the sales contract. Logistical support enables the actual movement, delivery and transportation of goods or services from a seller to a buyer.

logistical processes facilitate the relationships between production and the movement of products. Specifically, logistical processes should address many of the aspects of production, including time, costs and quality. When a company successfully coordinates these logistical processes, the company can track the process through production, consumption, storage and disposal. A functional logistical process also relies on the proper geographical location of all assets within the organization

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