



LOGISTICS AND NEW APPROACHES IN ITS MANAGEMENT

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Abstract

Management of logistics as a subsystem of business management starts to use more complex tools as BSC, ABC and SCOR model. This paper shows on the necessity of change the system of company's managing on process managing what is necessary condition for the above mentioned tools application.

Keywords: management, logistics, productive company

Introduction

Searching the appropriate tools for the management of supply chains is another big issue within logistics. Some authors call for the creation of complex logistics tools but on the other hand they analyze only managerial levels (top level, configuration level, process element level) without process dependence because they come from classical, functional, non-processing managerial system.

Process management is not only division of contemporary systems into processes and elements (activities) but it is mainly about the change of managerial approach where we can mention 3 typical features which are different from functional approach:

- Orientation of a company on processes
- Lateral management
- Philosophy of knowledge based employee.

Processing orientation started in matrix organizational structure and then came through implementation of TQM. The highest level of this development is reengineering. When it is successfully implemented into practice it has 3 necessary features: right and complex process company's orientation not only on production but also including managerial processes, lateral managing and utilization of knowledge based employee.

Lateral management comes from the knowledge that performance which result is value added for a customer doesn't flow up and down in the scale of functional hierarchy but it flows horizontally or vertically through organizational divisions. Such a working performance is not managed. Lateral management requires creation of autonomic or semi-autonomic teams which fulfill majority of managerial functions and responsibilities from the traditional hierarchical pyramid. Process teams require coaching.



Employee in process oriented organization must have knowledge: wide knowledge and experiences, handling the whole process and not only his/her operation, fast and independent decision-making, self-control and self-managing, permanent training etc.

Process oriented system must be mentioned as a flow of working performance and activities which has explicitly assessed beginning and finish and between them particular number of steps. A flow comes from one performance place to another to meet the end of the whole process. **Every process has its "owner"** who is responsible for its running. Process teams with high competence and independence in decision making are motivated by the result – **value added**. Process based organization is flexible and **highly oriented on a customer**.

Problems with logistics understanding

The first wrong step why logistics is wrong understood is caused by poor translation of the book: SCHULTE, CH.: Logistika. Victoria Publishing, Praha, 1994 where the logistics is divided on supply logistics, production logistics, distribution logistics, business logistics etc. But we emphasize that logistics is integrated system which monitors, plans and analyze material and related information and value flows. Theoretical segmentation of logistics according to transformation process is illogical. More suitable is to use terms like **logistics in supply, in production, in distribution etc. These terms don't break up logistics but they point at particular solutions within integrated logistics system.**

The second wrong step lies in **logistics organization in companies**. It is repeated the same mistake which obstructed implementation of modern managerial systems without adequate competences and responsibilities. We can see mainly function of logistics only at particular divisions where they manage local warehousing or administration activities. Only some companies understood coordinated and integrated function of a logistics, necessity of reengineering changes and mainly restructuralization changes of processes and further reconstruction of an organizational structure. **Implementation of logistics principles requires rebuilding of a company according to process oriented organization model.**

The third problem is **unwillingness to realize given changes** because they bring regulation and discipline into company's system what is basic point of effective employee's work. And this is hard to understand and accept for traditionally thinking leaders.

Another possible problem in the logistics goals understanding lies in failure of focusing on common company objectives coming from strategies and in failure of teamwork. Problem to see "forest and also trees" requires **handling of systemic thinking**. Only particular detection of failures, particular optimization without taking into account the complex system never would lead to company's development.

Reasons for unwillingness to implementation of new managerial approaches in logistics describes LENORT, R. / 1 / :

1. it must be mentioned that managing of supply chain represents the highest level of logistics principles application in the practice but only minority Slovak and Czech companies reaches this level;

2. Managerial system, analysis and evaluations of supply chain performance works with high level of abstraction which enables to run given activities in the whole scale. This fact can invoke fear that simulation results will not be the same as the reality is.



Complex tool for the logistics managing

Traditional managerial tools for the increasing logistics performance – higher services to a customer, costs and profitability of assets do not always focus on analysis and optimization of the whole supply chain. More suitable are the following tools:

- Balanced scorecard (BSC)
- Activity Based Costing (ABC)
- Supply chain operations reference (SCOR)

SCOR model should be mentioned and apply as the complex basic model suitable for the extension by more detailed models. Basic model is presented in Figure 1. Managers must understand dependences among all managerial functions and necessity to co-ordinate them. Appropriate co-ordination could be assured by controlling. Business controlling can be described as a sub-system for the co-ordination of business management and its part is also logistics system. New managerial tools and methods under process changed conditions can increase company's performance efficiency.

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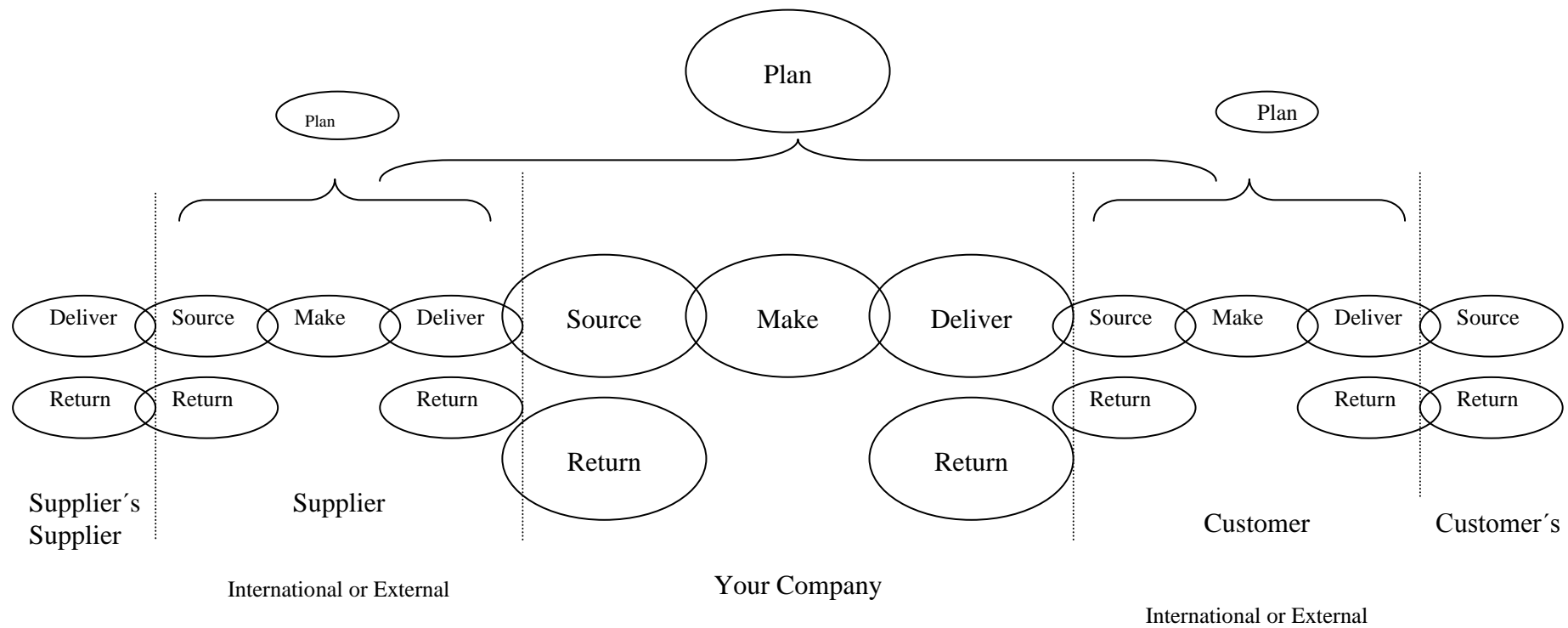


Figure 1 Basic model of supply chain