

# UNIT -3



## INTERNATIONAL LOGISTICS

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# CONCEPT



- **International logistics** is the process of planning and managing the flow of goods and products in your company's supply chain from acquisition to customer purchase, where part of the process involves crossing at least one **international** border.
- It is a Global Supply Chain **Logistics** provide for clients that have products to move from point to point. We cover all aspects of Supply Chain **distribution** for any type of shipment and commodity.

# Concept....



- There are two main phases that are important in the movement of materials:
  1. Material management - It is the timely movement of raw materials, parts, and supplies.
  2. Physical distribution-It is the movement of the firm's finished products to the customers.

Both phases involve every stage of the process including storage.

The ultimate goal of logistics is:

“To coordinate all efforts of the company to maintain a cost effective flow of goods.”

# Concept .....



- Word, 'Logistics' is derived from French word 'loger', which means art of war pertaining to movement and supply of armies.
  - A military concept
- Fighting a war requires:
- a. Setting of an objective
  - b. Meticulous planning to achieve the objective
  - c. Troops properly deployed
  - d. Supply line consisting weaponry, food, medical assistance, etc. maintained
- Plan should be such that there is minimum loss to men & material

# Inbound logistics + Material Management + Physical Distribution = Logistics



- Inbound logistics –
  - covers the movement of materials received from suppliers
- Material management
  - describes the movements of material & components within a firm
- Physical distribution
  - refers to movement of goods outward from the end of the assembly line to the customer.
- Supply- chain management
  - is somewhat larger than logistics and it links logistics more directly within the user's total communication network & with the firm engineering staff. It includes manufacturer and suppliers but also transporters, warehouses, retailers and customers themselves.

# Importance of Logistics



- Transportation cost rose rapidly due to the rise in fuel prices.
- Production efficiency was reaching a peak
- Fundamental change in inventory philosophy
- Product line proliferated
- Computer technology
- Increased public concern of products
- Growth of several new, large retail chains or mass merchandise with large demands & very sophisticated logistics services, by pass traditional channel & distribution.
- Reduction in economic regulation • Growing power of retailers • Globalization

# Components



- **There are five elements of logistics:**
- Storage, warehousing and materials handling.
- Packaging and unitization.
- Inventory.
- Transport.
- Information and control.



# Components



## **1.Storage, Material handling and Warehouses -**

- to enable a steady stream of products to be supplied by manufacturers.
- Manufacturers need to operate at peak efficiency, but consumers tend not to demand goods at the same rate as a manufacturer supplies them.
- There tends to be an imbalance between supply, which is steady, and demand, which can be unpredictable. The answer is to store the surplus goods produced by a manufacturer until they are demanded by consumers.
- To achieve this, warehouse buildings are required. - specialist storage equipment such as shelving or racks and material handling equipment to move them around the warehouse and to load and unload delivery vehicles.

# Components-



## **2. Packaging and Unitisation**

- A key component of logistics is the care and condition of a product.
- Packaging is an essential part of that.
- Unitisation is also important as this assists storage and transportation.
- The easiest product to move and store is a cube, so packaging and unitisation attempts to take all different sizes and shapes of product and pack them as near as possible into a cuboid shape.

# Components-



## **3. Inventory**

- Inventory is a logistics element that is closely related to storage and warehousing.
- It is concerned with what stock to hold, where the stock is located and how much stock to hold.
- In effect, inventory is controlling the flows of goods going into and out of a warehouse.
- From sales data of past orders and using various mathematical and statistical tools to attempt to predict how much goods will be demanded by consumers.
- Inventory management is not an exact science, but depending on how variable demand can be, it is a useful tool to help manage the flows of goods through the supply chain.

# Components-



## **4. Transport**

- This includes all modes of transport including road vehicles, freight trains, cargo shipping and air transport.
- Without transport, goods would be unable to move from one stage to another within a supply chain.
- Some goods with short supply chains, such as foods, do not travel far. Other more complex products consist of many components that can be transported from all over the world.

# Components-



## **5. Information and control-**

- The element of information and control is needed by all the elements to act as triggers to various operational procedures.
- Order levels help decide what orders need to be picked and packed in warehouses and enable the planning and organisation of transport.
- Information and control's role is to help design information systems that can control operational procedures. They are also key in the forecasting of demand and inventory.



- Thankyou Dear Students
- For questions -please post in class IM whatsapp group