

# Global production and distribution logistics

[Business](#), [Manufacturing](#)



Across many industries, manufacturers have one mutual goal: to have more profitability by reducing costs. Many businesses that want to increase their profit margins will contemplate global production. That could lead to many changes and factors that need to be anticipated in distribution logistics.

Some of the factors that play an important role of distribution logistics become crucial when doing global distribution.

When we talk about global production logistics we not only have to take into consideration factors like product movement, time and cost, but also aspects like time zones, availability of space and equipment, integration, information, knowledge and type of service. (LTD Management, n. d.) Companies need to develop strategies with various levels of risk, cost, exposure to exchange-rate fluctuations, and leveraging of local capabilities. Companies also have to design their strategy to fit their product in the foreign country. (saylordotorg.github.io, n. d.)

Global production could represent a good opportunity for reduction of costs, but certainly presents its own amount of difficulties with financial and legal concerns. The cost of tariffs and taxes and need to be added to any other distribution and production costs. At any stage of production legal matters can arise, from the lease of the warehouse to the purchase of property to labor and exportation laws and requirements. (Cron, n. d.)

Before bearing in mind the distribution of the product that will be produced someplace overseas, take into consideration the cost of importing any raw materials or equipment essential to produce. Many costs that can be saved by production in another country can be less beneficial after considering the

costs related with getting all the necessary materials to the facility. If all raw materials must be imported, the logistics of bringing the materials to the country of production can be complicated and costly.

Analyzing where most of the products will be received is another aspect to consider about product distribution. Shipping to USA would be the first step of distribution, if the majority of the products are sold nationally but developed overseas. It could be cheaper to distribute the products from USA to international users if the costs of international distribution from another country is too expensive. The reasons that go into this conclusion are the same reasons why the business went into global production in the first place. Other factors to be considered are warehouse logistics and storage costs. (Cron, n. d.)

The merchandise volume to be shipped is a major factor of international production and distribution. Because smaller deliveries typically cost more, shipping a larger amount product and less shipments can save some money that can certainly make global production more cost-effective. Besides scale and volume, when timing becomes really important, effectiveness comes into play. It is really important that the product arrives timely and primary shipments are large enough, so it won't become costlier and a disadvantageous in terms of competitiveness. (Cron, n. d.)

The movement of products and services efficiently from one place to another requires logistics management. The same supply-chain management variables are amplified when doing global logistics. One excellent meanings of business logistics is " the process of planning, implementing, and

controlling the effective and efficient flow of goods and services from the point of origin to the point of consumption". (Global Trade, n. d.) There are various benefits of developing great and effective global logistics: revenue opportunities from new markets, improved economies of scale, and lower cost at as result of sourcing mostly everything from components to labor. Consolidating global production is an excellent way to lower per-unit costs and supply budgets. The real challenge comes when establishing business relationships with global supply-chain partners, and/or building a global sales organization. To put all the pieces in place is not enough; it should be done in a way that preserves quality control across long transit distances and distribution times, and that brings products to the end user at a sensible value. The longer the supply chain, the more susceptible it might be to damage, or delivery disruptions caused by weather, equipment failure or other obstacles. While global logistics can be demonstrated, examined, pictured, and improved with sophisticated software, this is something that will always be more dependent on human resources than technology to get the job done.

At the end of the day, obtaining the full benefits of global sourcing requires an integrated, extremely structured, cross-functional sourcing initiative that obtains proper executive support and human investment. Companies that invest in foreign suppliers to save money may accomplish temporary success, but a fully developed and well-prepared program is the best way for long-term operational success. (Inbound Logistics a II Thomas Company, n. d.)