

Capstone in logistics essay examples

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Supply Chain Process

The Role of Logistics on Amazon's Business

Amazon is a world leader in e-commerce founded by Jeff Bezos in 1995, offering mail order products ranging from electronics, diamond jewelries among others. But the majority of its business is concentrated in selling books online. Its order fulfillment center expands from the United States, Germany, Italy, Japan, United Kingdom to China (Amazon. com, Web). The company's recent revenue announcement for the second quarter of 2012 reached US\$12. 8 billion with a net income of \$7 million. 44% of the Amazon's sales were generated from North America as of 2011. Amazon focuses on providing online consumers with products with shopping convenience paired with a wide selection of pricing (Topics. nytimes. com, 2012, Web). Since Amazon's model of business is based on the e-commerce concept, their market coverage is virtually worldwide. Because of the nature of its operation, the business has a huge reliance on supply chain on logistics to be able to deliver their products to every customer in every part of the globe.

Logistics is an integral part of Amazon's business. Therefore, its position in the company's organizational chart is crucial in its core business operation in fulfilling the responsibility of product delivery to its customers. Being a Fortune 500 company, it is important for Amazon to retain its core business values of timely product delivery in order to keep its wide market foothold. Logistics plays an important role in the business and its failures would significantly impair the business in terms of revenue. Strategically, Amazon

places the faith of its business survival in their internet fulfillment centers (Banker, 2011, Web). It is also the most challenging part of Amazon's logistics operation as the need for constant efficient logistical operation takes place on a daily basis (India. amazon. com, Web). The company and its numerous fulfillment centers process thousands of orders all year round making logistics the brick and mortar of the company's business operation. In a nutshell, logistics efficiency for companies like Amazon is being measured by its accuracy in adhering to its delivery promises within the specified short period of time (Logistics and Supply Chains, 2008, p. 25).

Primarily, Amazon's logistics unit is responsible for the movement and storage of its merchandise, overseeing its progress of the journey from the supplier down to the end users, which are the customers. The senior management of Amazon gives a high level of recognition to its to logistics unit. This is because aside from the fact that their logistics unit encompasses the majority of its business operation, it is also the fundamental method of moving materials in and out of the organization. A disrupted logistics operation would directly cause revenue losses for the company given the situation where unsatisfied customers would either cancel orders or will cease to do business with the company.

Traditionally, organizational structures for conducting business alleviates any possible cross-functional processes to emerge. Most of the traditional organizations divide responsibility and authority based on the nature of each department's function. Logistics operation can be effectively integrated strategy into the organizational structure by means of adapting

measurement system that will assess the cost feasibility of each department's function. Logistical integration of the organizational structure would allow the business to determine its weakest areas and develop a strategy that will coincide with supply chain movement within the organization. Employing technological advancement in logistical operations will hone the organization's resource capabilities. Establishing data warehouse would enable a much faster information sharing network that will increase the company's ability to process business transactions. Furthermore, technology would be able to consolidate the different business processes and reinvent them to become shorter and more effective.

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