

# A review of supply chain problem environment ii

[Environment](#)



This paper describes the elements in the logistics process of one container of Nokia phones from the shipping dock at the factory to the distribution warehouse at the port of destination. Each element of the logistics process has many options and the paper gives an explanation of each and why one was chosen over the other alternatives. Supply Chain Problem Solving Environment Part II The new supply chain manager for Nokia Singapore oversees all international operations. The role of the supply chain manager is to determine the optimum size of the package, and the cargo needed to ensure optimum transportation of the mobile phones used in a mix of multimode transportation. Logistics is a process which interfaces and interacts with the entire company and with external companies, vendors, customers, carriers and more. Logistics is responsible for the movement of products from your vendors right through to the delivery at your customer's door, including moves through manufacturing facilities, warehouses, third-parties, such as repackagers or distributors. It is not shipping and receiving, nor is it traffic or warehousing. (Craig 1997, par1) The NCPDM definition gives a useful list of some of the most important elements within distribution (Rushton, Croucher and Baker 2006 p. 6) he outlines the following to be the elements of logistics: Each of the above elements has several options to be considered. For storage, warehousing and materials handling the options involved include: location of warehouses, number and size of distribution depots and type of operation. Transport involves: mode of transport, type of delivery operation, load planning and route schedule. The third element which is inventory involves the decision between what to stock, where to stock and how much to stock. Another element is the information and control which involves deciding on design of the systems, control procedures and <https://assignbuster.com/a-review-of-supply-chain-problem-environment-ii/>

forecasting. Lastly packaging and unitization entails unit load, protective packaging and the handling systems. He further states that the total system interrelationships need to be considered and planned within the constraints of appropriate cost and service levels. To highlight the interdependence among the elements the book considers the concept of The Total Logistics concept (TLC). the aim of the concept is to treat the many different elements of the broad category of the distribution and logistics as one single integrated system. The underlying benefit of the approach is sub optimization in the distribution system. The interrelationships should be interpreted more to identifying and determining Cost trade-offs. The author thus argues that this will provide a greater cost saving in another having an overall achievement of net gain to the system. He identifies four different levels of trade offs: The author summarizes the concept by highlighting the importance of the trade-offs as being at the heart of the concept. He also underscores the importance of taking into account the logistics systems and its costs for the planning of distribution and logistics.(Craig 1997, par 12) described the cost aspect in the logistic movement as follows; Cost is the key measure by which logistics effectiveness is often measured. Freight, warehouse labor, public warehouse charges and other items on the P. Or inventory, a balance sheet item. Cost control, containment, and management is important for corporate profitability. Fiscal stewardship is a duty of all managers. The highest price does not mean the best service, and it may not be the service you need. Nor does the lowest price necessarily meet your needs. There is no doubt about how important costs are. But the company must be careful. Minimizing the cost of the various logistics elements, such as freight and warehousing, can suboptimize the

effectiveness of the logistics group and of the company in satisfying its customers. Cost has a relation to service. They go hand in hand. As you define your service against your costs or costs against service, the give and take develops into your operating costs and budgets. Then you have to make sure that the cost can be managed. Otherwise costs can go out of control, or seem to. However, there is no ready mechanism which really makes proper recognition in costs for time/service or for adjustments in any part of the company plan. There is no item in the P or balance sheet for Time/Service, which is the driver of a company's logistics efforts. Logistics cost measurement is a shortcoming in the present accounting systems. There were designed when the Model A was being built and are not adequate in today's competitive business world. They make discreet cost buckets in a weak attempt to measure a dynamic, global logistics process. In addition there may be other issues such as currency conversion and fluctuations. Air freight is quoted in the currency of the origin country. Ocean terminal and other accessorial origin charges are also in origin country currency. Warehouses in other countries will invoice in origin currencies. Currency conversion and dynamics can create unfavorable or favorable cost variances which have nothing to do with logistics performance.