

Free research paper about different kinds of logistic systems and decisions that ...

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Logistic systems mainly ensure that company`s materials are efficiently distributed, stored and reclaimed. This format makes industries to have simultaneous and correlated mix of channels that ensure the final delivery of the product is achieved. The integration in the operation spheres in logistic system within the industry ensures effective use of available resources, orientation to the future, and finally company success.

Logistic Systems in Nike Shoe Making Industry

Nike is the world`s largest seller of sportswear and equipment(s). It has its headquarter in Oregon in U. S. A. The company is often committed to achieving the best utility of their products. The approach has made Nike shoe industry to utilize varied forms of logistic system applications from material making, shipping and stocking in varied industries. This logistics system has enabled the company to have a long time success with annual profits estimated as \$ 5 billion (Arora 1294).

Material Making System

Nike Company has utilized both the vertical and horizontal material making systems. In the vertical material making system, the production process is categorized into three main sections. These include volume producers, developed sources and developed partners. On the Horizontal material making system, the company has used sub-contracting organizations like Adidas, and Speedo to outsource all the production functions to all partners that are located overseas. According to Nike annual report, Nike outsource majority of its manufacturing functions to factories that are located overseas. This strategy was developed by Nike management Team. In Japan, China and

Korea for example, Nike shoes are produced at relatively lower prices as compared to U. S. A where headquarter is situated (NIKE, Inc.).

Shipping System

Gernaat 2006, in his research, explains that a fashion industry often experience short-life span products with relatively high demand and impulse buying. These characteristics call for short lead and flexible supply chain protocols. The Nike shoe industry has adopted a subcontracting system that provides flexible and dynamic production system that allows for the shipping of the product from one nation to the other. The new model supply chain that has been adopted by Nike provides a strong business link and a significant role in the business success (NIKE, Inc.). The vertical shipping relation entails the use of distributors, manufacturers and retailers. The company solemnly takes all these partners since it understands their significant role in creating the place utility of the product. In the horizontal model, Nike uses other firms that deal in the sport`s wear in order to accomplish its logistic processes. These forms of outsourcing ensure that Nike remains competitive within America and Overseas (Arora 1296).

Stocking System

Nike shoe making industry uses one the most modern and efficient forms of stocking. The company uses both the vertical and horizontal distribution channels to help theme in the stocking of their products. The company also uses the most recent methods of technology to help in loading, offloading and tracking of the stock within the system. In most circumstances, the warehouses are equipped with high-level information technologies to help

the various distribution channels in communication and understanding the progress of the stock throughout the supply chain process (Arora 1298)

In conclusion, Nike logistic system has proved to be the best strategy any multi-billion companies may adopt. The success of the system can be attributed to the concentration on efficient logistic process that captures all the relevant links in the supply chain process.

Works Cited

Arora, Rajesh, and Gaurav Aggarwal. " OPERATIONS MANAGEMENT AT NIKE: FROM BREAKDOWN TO ACHIEVEMENT." International Journal of Management Research and Reviews 2. 7 (2012): 1293-300.

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