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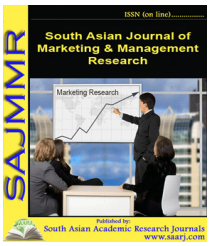

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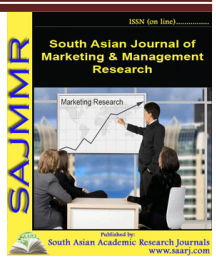

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EXPLAIN THE CONCEPTS OF SUPPLY CHAINS

Dr. Muralidhar Sunil*

*Assistant Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-sunilrashinkar@presidencyuniversity.in

ABSTRACT:

Supply chain management, which includes the movement of products, services, data, and money from raw material suppliers to final consumers, is an essential part of contemporary corporate operations. The main ideas of supply chains, including their definition, structure, and purposes, will be outlined in this chapter. The research looks at the value of cooperation, integration, and coordination amongst different supply chain network players. It also looks at how innovation and technology might improve the efficacy and efficiency of the supply chain. Organizations may improve their supply chain procedures to gain a competitive edge and satisfy consumer expectations in today's changing economy by comprehending these essential ideas.

KEYWORDS: *Business, Customer, Information, Management, Supply Chain.*

INTRODUCTION

By combining the movement of value (product/materials), information, and cash across the borders of the businesses that make up the supply chain, supply chain management (SCM) optimizes profit. Business organizations benefit from increased efficiency and effectiveness when these three processes are successfully integrated or coordinated. Theoretically, supply networks may function as unified, fiercely competitive entities with little financial commitment on the part of the chain's individual members, much like a huge, vertically integrated company. The fundamental distinction between a supply network and vertically integrated businesses is that businesses in a supply chain have more freedom to join and quit connections with other businesses in the chain if such ties are no longer profitable[1], [2].

This presents difficulties since supply networks are often extremely dynamic or fluid, partners might change, and each partner will consider its long-term profit. This can make it difficult to manage supply chains successfully. Vertical integration benefits may be realized by enterprises thanks to supply chain management, but certain prerequisites must be met for this to happen. Additionally, it fosters competition among supply chains and their partners, allowing them to function more efficiently than many vertically integrated companies.

Supply Chain Concepts

Supply Chain Management goes above and beyond the typical ideas of procurement, operations, and logistics. Across the borders of the organizations, supply chain management involves integrating three main flows across the various phases[3], [4].

1. Flow of information,
2. Product/materials, and

3. Funds.

The supply chain's participants function as partners who are "linked" by both physical and informational flows. This is what creates a successful supply chain. Physical fluxes are defined as the transformation, transportation, and storage of things, materials, and funds. These fluxes are plain to see.Information flows support the physical flows. The many supply chain participants employ information flows to effectively manage the daily flow of products and materials into the supply chain as well as to coordinate their long-term objectives. The supply chain essentially makes it possible for goods, services, and information to move both up and down the chain.Business organizations benefit from increased efficiency and effectiveness when these three processes are successfully integrated or coordinated[5], [6].

The active management of supply chain operations to optimize customer value and establish a long-lasting competitive advantage is known as supply chain management. It shows a deliberate effort on the part of supply chain management companies to create and manage supply networks as effectively and efficiently as they can. There are many different kinds of supply networks. There are two types of supply chains: basic and extended. A simple supply chain is described as a group of three or more businesses that are directly connected by one or more upstream or downstream flows of goods, services, money, and information from a source to a consumer.Suppliers of the immediate supplier and customers of the immediate customer are both included in an extended supply chain, and they are all connected by one or more upstream and downstream flows of goods, services, money, and information[7], [8].

The aluminum ore is extracted and transformed into aluminum metal by National Aluminum (NALCO). The aluminum metal is transported to Bangalore's Supertech Industries, where it is transformed into cans. Kalyani Breweries get cans from Supertech Industries. Supertech Industries is a first-tier supplier in the supply chain since it provides directly to Kalyani Breweries.NALCO qualifies as a second-tier supplier by the same reasoning. It is the provider of a provider.Other ingredients including barley, hops, yeast, and water are used to make beer. The packaged beverage was made using cartons and Supertech Industries aluminum cans as the product's packaging. The packaged beverage is then sold by Kalyani Breweries to the distributor, UBSN Ltd., which subsequently distributes the final product to stores like DSIDC. The logistic assistance is given by transport carriers, who carry the inputs and outputs through the supply chain from one location to the next.We can see from the provided example that both things and knowledge move in both directions. In relation to these flows, members of a supply chain are thus both consumers and suppliers[9], [10].Example: Supertech Industries gives Nalco an order (information), and Nalco then sends Supertech Industries aluminum (product).

DISCUSSION

So Supertech Industries is a supplier of Kalyani Breweries and a client of Nalco. We can see a long-term partnership in which Kalyani Breweries sends empty pallets or containers back to its top suppliers. Physical items would start to move back up the supply chain as a consequence. In this case, Supertech Industries would start receiving products from Kalyani Breweries.In addition to being the consumer, this is. A company may participate in a variety of supply networks. This follows naturally from the prior definition.There is just one income source for each supply chain: the customer. The only person at DSIDC who generates positive cash flow for the supply chain is a consumer who buys beer. Due to the fact that distinct phases of the supply chain have different owners, all other cash flows are just fund exchanges. When DSIDC pays a supplier, it deducts a

sum from the funds the client supplies and transfers it to the provider. All of these movements, whether they be of information, goods, or money, are what cause the supply chain's costs to rise.

The demands of the client and the function of the various stages will determine the proper supply chain architecture. This connection represents only one link in the supply chain. There are far more players in a conventional supply chain than there are at Kalyani Breweries, which has hundreds of vendors who offer barley, hops, yeast, cartons, etc. Additionally, it has a sizable extended network of many more stores spread out throughout the nation.No matter how many and what kinds of suppliers a company utilizes to meet its needs, it is still necessary to identify the system's general structure, as well as its crucial interfaces and control mechanisms.Any facility or activity that is a part of one supply chain arrangement may also be a part of another.As was previously noted, Dabur participates in the supply chains for food, home, consumer health, and consumer care items.A supplier often takes part in various supply chains, which may include a number of clients and sectors. When it comes to mail-order companies like Amazon.com, the firm has a product inventory from which it fulfills consumer orders. Retail shops may also have a wholesaler or distributor, the retailer, and the manufacturer as part of their supply chain. The supply chain always includes the eventual customer as a link.

There are many different kinds of supply networks.A third-party logistics (3PL) provider, for instance, may be a component of two supply chains where it manages the logistics between businesses that typically compete with one another.Reliance Communications' situation can serve as an illustration of a connection that is even more complicated.Nokia may be a client in one supply chain, a partner in another, a supplier in a third, and a rival in a fourth, according to Reliance Communications. The complexity of the network formed by several supply chains is also explained by the phenomena of multiple supply chains.The supply chain is very complicated in huge companies like Dabur that offer a wide range of products to various consumers, engage in basic manufacturing and assembly, and source materials and components on a worldwide scale. The client is the sole income source for any supply chain, however. It follows that any flows of information, goods, or money are the sources of cost. Therefore, effective management of these flows is essential for the success of the supply chain.

In evaluating the success of the supply chain, the links between the manufacturer and the retailer have to function at a desired level. Even when the performance at earlier stages of the supply chain is outstanding, this is not important – if the product is not available to support retail sales. This is because the end customer is the only source of revenue for the supply chain and the linkage is the ultimate test to the success of the supply chain. The basic objective of Supply Chain Management is to maximize the supply chain profitability. A more successful supply chain will, therefore, have higher profitability. The profitability of a supply chain is the difference between what the customer pays for the final product and the costs the supply chain expends in filling the customer’s request. FMCG major Hindustan Lever has reduced its inventory from about 45 days to less than 5 days; Mahindra & Mahindra has been able to reduce its inventory by 20-50 days, while in LG’s case, the reduction has been around 30 days. These companies attribute a significant part of their success to the way they manage the operations of their supply chain.

Dabbawala Supply Chain Management

A world-class supply chain essentially needs to coordinate information and activities from the housewife (who supplies the tiffin and is regarded as the supplier in the supply chain context) to the householder (who receives the tiffin and is the client), trust between the tiffin-wallahs (firms),

and relationship management (NMTBSCT), as demonstrated by the tale of the semiliterate tiffin-wallahs.

How does this system of supply chains function? The housewife prepares lunch in the client's kitchen, and at 8.25 a.m., she places the tiffin outside the door of the home. The tiffin-wallah comes at 8.30 a.m., picks up the tiffin, and departs; he or she only knocks on the door if the tiffin is not there. Normal conditions don't include any contact with any household members of the customer. The tiffin is loaded onto the bicycle or pushcart at 8:38 a.m. with tiffins gathered from other customers.By 9:20 a.m., bicycles and pushcarts pulled by distinct tiffin-wallahs arrive at the suburban train station from different pickup points. Tiffins are first sorted by destinations at the stations, then they are put in cartages that are unique to each destination. The cartages are available in two common sizes, each holding 24 or 48 tiffins. By the time the suburban train pulls up at 9:41 a.m., this has been finished. The specific compartment adjacent to the driver's cabin is filled with the cartages, which typically number 5 or 6.

By 10:21 a.m., the train had reached one of the main hubs. Unloaded, the cartages are grouped with those coming from other collecting centers. They are arranged in order of final destinations. The cartages are loaded into the suburban train around 11:05 a.m. for the subsequent trip to the terminals of final destination. Cartages are unloaded from the suburban train at the terminal station, and tiffins are then resorted in accordance with designated distribution routes.The tiffins are packed in destination-specific cartages by 12:10 p.m. for delivery to particular customers and are normally loaded onto bicycles or pushcarts and delivered at the client's business no later than 12:30 p.m. In the afternoon, the delivery method is switched around. The empty tiffin is picked up between 1:15 and 2:00 pm and delivered early that evening (for example, at 5:30 pm) to the client's residence.As is obvious, the whole process is a miracle of product movement (via coordination, trust, multitasking, and role shifts) and excellent information interchange (through the coding system, train timetables, and understanding of Mumbai's topography). The usage of information and the transportation of goods are both aspects of the supply chain. Three main areas are the focus:

a) Use of information properly,

b) Effective product transportation,

c) Effective relational management.

The supply chain may be improved and made excellent by factors that aid with better information utilization, relationships, or product transportation.

Model of the Generalized Supply Chain

A line diagram connecting the involved companies into a coordinated competitive unit serves to represent the overall idea of an integrated supply chain. In Figure 1, a typical supply chain is shown. It is a chain of businesses engaged in the provision of a good or service, with each business carrying out specific tasks that start with a client order and finish when the consumer is happy with their purchase and pays for it. Each level often involves many players. A producer could get materials from a number of suppliers before supplying them to a number of distributors. Consequently, the majority of supply chains are networks.Despite the fact that Figure 1 depicts a supply chain with several steps, not all phases are required to be present.

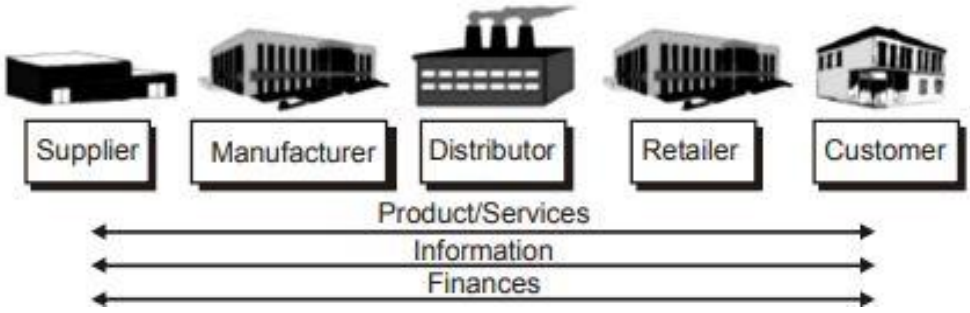

Figure 1: The Supply Chain [goseeko].

The method is how the organization makes money for its own benefit. A typical supply chain could go through many phases. These phases of the supply chain include:

1. Customers
2. Retail businesses
3. Retailers and distributors
4. A manufacturer
5. Component/Raw material suppliers

In materials management, the majority of participants worked independently of other businesses that supplied the customer as buyers and sellers. In contrast to other types of management, supply chain management involves individual companies adopting initiatives to enhance information exchange with their suppliers and lessen the variety in operational procedures and practices across the companies that make up the supply chain. In essence, the supply chain idea seeks to increase the efficiency of each link in the chain by coordinating their efforts to achieve a single objective.

For the supply chain to function, there must be extensive communication and mutual trust between the businesses. It differs greatly from materials management in that regard.After producing the component, the component provider transfers the material to the material warehouse. The manufacturer receives the material from the material warehouse. The material is transferred to the client warehouse upon receipt of an order from the finished products warehouse once manufacture is complete. The goods travels from the customer warehouse to the retail location, where the consumer makes their purchase.This is essentially what supply chain management philosophy acknowledges. The provider cannot profit without the retail shop, and the retail store cannot operate without the supplier. The consumer receives nothing in either scenario. What does this imply for the supply chain, though?

First off, any product that is used by an end user is the result of the combined efforts of many different businesses. And secondly, in order to maximize revenues, companies must control the complete chain of events that finally results in the delivery of goods to the end client. This means they must be aware of what is occurring outside their "four walls" and pay attention to what is happening within. This indicates that the supply chain philosophy expands the idea of partnerships into a set of convictions that each company in the supply chain has an impact on the effectiveness of all other supply chain participants, both directly and indirectly. Additionally, it influences the final, overall channel performance.This ideology acknowledges that increasing customer value and satisfaction is the goal of supply chain management. It instructs supply chain

participants to concentrate on coming up with creative ideas to provide distinctive, personalized sources of consumer value.The overarching goal of supply chain management (SCM) may be translated into a philosophy that has the following traits:

1. Using a systems-based perspective to manage the whole flow of products inventory from the supplier to the final client,
2. a strategic focus on collaborative initiatives to coordinate and combine intra- and inter-firm operational and strategic capabilities, and
3. A focus on the customer to develop distinctive and personal sources of customer value that result in customer pleasure.

Members of the supply chain are motivated to focus on the customer by the SCM concept. To do this effectively, you must integrate the operational and strategic capabilities of the intra-firm and inter-firm organizations to create a cohesive, persuasive marketplace force. As a result, the SCM concept contends that SCM's purview extends beyond logistics to include all other activities that a company or supply chain does in order to provide value and satisfy customers.

This directly stems from Forrester's first ideas. Forrester said that organizational ties, which are interconnected, have an impact on how various functions are carried out. The interconnections between various firm operations as well as between the organization and its markets and industry need to be better understood by management, he added. The phenomena he described is shown by the "Forrester Effect." It demonstrates how the flow of order information affects each supply chain link's and the system's production and distribution performance.

Businesses that adopt a supply chain management philosophy must set up management procedures that allow them to operate or behave in accordance with the philosophy. An SCM concept must be effectively implemented via a number of steps. Businesses that adopt a supply chain management philosophy must set up management procedures that allow them to operate or behave in accordance with the philosophy. Earlier studies have recommended a number of actions needed to properly apply an SCM philosophy.

The main SCM tasks include:

1. Integrated behavior and process integration
2. Information exchange between parties
3. Trading off channel risks and benefits
4. Participation
5. Collaboration and goal-sharing

Businesses must behave in an integrated manner with supply chain partners, including suppliers, transporters, and manufacturers, to quickly react to end-user demands in order to be completely successful in today's competitive climate. Businesses now have greater capabilities for monitoring and integrating client needs throughout their whole value chain thanks to client Relationship Management (CRM) and demand planning. These tools, when used in conjunction with tried-and-true business tactics and procedures, provide a consistent picture of demand that can later be used to integrate behavior and drive all future planning and operations, aiding in the integration of processes. The ultimate result is an agile firm that can quickly identify and react to market

developments.

Information sharing is a result of integrated behavior and integrated processes. The readiness to make strategic and tactical data accessible to other supply chain participants is known as information sharing. Open communication between supplier partners on inventory levels, forecasts, sales promotion plans, and marketing tactics eliminates uncertainty and improves performance.Supply chain partners must share channel risks and benefits that provide a competitive advantage in order for SCM to be effective.

Risk and reward sharing is crucial, say many experts, for long-term focus and collaboration among supply chain participants. Sharing in the risks and rewards is a very, very tough assignment. Though theoretically viable, no company wants to give up its revenues and earnings, therefore it becomes quite challenging until you can convince the organization of the advantages.Effective SCM depends on channel members working together. The supply chain members' performance is evaluated by joint control activities, which begin with joint planning and finish with it. Cross-functional channel member cooperation takes place at various management levels.Even though it could result in better results for both parties, getting individuals to cooperate is the most challenging aspect of supply chain management. People care about them and want to advance their own narrow interests, therefore cooperation restricts the ability of businesses to act against their own interests while engaging in related or complementary activity.When every link in the supply chain is focused on servicing consumers, the chain will be successful. Members of the supply chain are pursuing a sort of policy integration when they have a shared objective and point of emphasis. The majority of businesses go through four phases of integrating policies:

1. **Stage 1:** It serves as the default scenario. The supply chain now results from dispersed activities inside the particular organization. It is based on conventional ideas and distinguished by functional segmentation; separate and incompatible control systems, and staged inventories.
2. **Stage 2:** Internal integration is now beginning. Instead of performance enhancement at first, cost reduction is the main priority. A focus on internal trade-offs and reactive client service define it.
3. **Stage 3:** The Company successfully integrates internally. It is distinguished by complete transparency from buying to distribution, medium-term planning, tactical focus, emphasis on efficiency, wide use of electronics support for links, and a persistently reactive attitude to clients.
4. **Stage 4:** It is strategically oriented. By expanding the area of integration to include suppliers and customers, the business integrates its supply chain.

These four phases are experienced by all businesses. Ultimately, the supply chain participants' efforts to develop complementary cultures and management approaches enable policy integration.Collaboration occurs when two or more separate businesses plan and carry out supply chain activities more successfully than they would if they worked alone. It is not simple and will need consistent work from cross-functional teams, employees of in-plant suppliers, and outside service providers.

CONCLUSION

For organizations to flourish in the complicated and globally integrated marketplace of today, supply chain principles are essential. Organizations may shave costs, improve customer happiness, and simplify operations by adopting a thorough grasp of supply chain management. Stakeholder coordination, integration, and cooperation are essential for a successful supply chain. Better decision-making and activity synchronization across the supply chain network are made possible by effective communication and information exchange. Additionally, adopting technology innovation and breakthroughs may result in significant increases in supply chain effectiveness and efficiency. Tools for supply chain visibility, automation, and data analytics allow for quick decision-making, proactive problem-solving, and real-time monitoring. Organizations may improve their supply chains and gain a competitive advantage in the changing business environment by adopting these ideas into their strategy.

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A BRIEF INTRODUCTION OF VALUE CHAIN

Mr. Ashok Bhat*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-ashokbhat@presidencyuniversity.in

ABSTRACT:

The idea of the value chain emphasizes the actions and procedures through which companies provide value for their clients. It includes all the processes that turn raw materials into completed goods or services, such as manufacturing, marketing, and distribution. This chapter examines the value chain's essential elements and how they contribute to increased profitability and competitiveness. The importance of innovation and technology in streamlining the value chain and raising overall organizational performance is also covered. The results highlight how crucial a well-managed value chain is in the fast-paced corporate world of today.Technology and innovation have become important facilitators in the value chain's optimization. Diverse value chain processes have been altered by automation, data analytics, and digitalization, improving efficiency, accuracy, and speed. Supply chain management, manufacturing, and product design advancements have created new opportunities for differentiation and competitive advantage.

KEYWORDS: *Distribution, Innovation, Marketing, Organizational Performance, Profitability, Procurement, Production, Value Chain.*

INTRODUCTION

Physical distribution, manufacturing support, and procurement overlap in a typical organization to enable integrated management of materials, semi-finished components, and products moving between sites, supply sources, and consumers. Each may benefit from their distinctive qualities while facilitating the process overall if they are seen as important parts of the broader value-adding process[1], [2].A supply chain's product/material flow deals with the acquisition, transportation, and storage of raw materials and completed goods. The delivery of items to an industrial user, retailer, wholesaler, dealer, or other consumer may be the culmination of thousands of components, raw materials, and parts movements in the case of a major company[3], [4].

Utilizing specialized services, incorporating unique materials into goods, and creating ancillaries to support their products and services are some of the major characteristics of the contemporary industrial system. Rarely does one business handle all tasks, including product design, component manufacture, final assembly, and delivery to the customer. The final output is often created by a variety of organizations, with roles typically being specialized. As a result, any company involved in providing goods or services to the ultimate customer is a part of the supply chain's value chain. The value chain idea is expanded in Figure 1 from a single firm to a supplier chain[5], [6].

The value a supply chain creates is the sum of the value the customer receives from the finished product and the value the supply chain creates by working to fulfill the customer's request. As a

result, as opposed to the conventional method of measuring organizational performance in terms of the profits at each individual step, the profitability of a supply chain is based on the flows between and among stages in a supply chain. The ultimate cost of the items should include a profit share for each link in the supply chain, including all associated expenditures[7], [8].There is only a specific amount of profit margin accessible inside the whole value system. This is the difference between the ultimate cost to the client and the whole cost associated with producing and delivering the product or service (such as the cost of raw materials, energy, etc.). How this margin is divided among the different components of the value system will be largely determined by the structure of the value system.

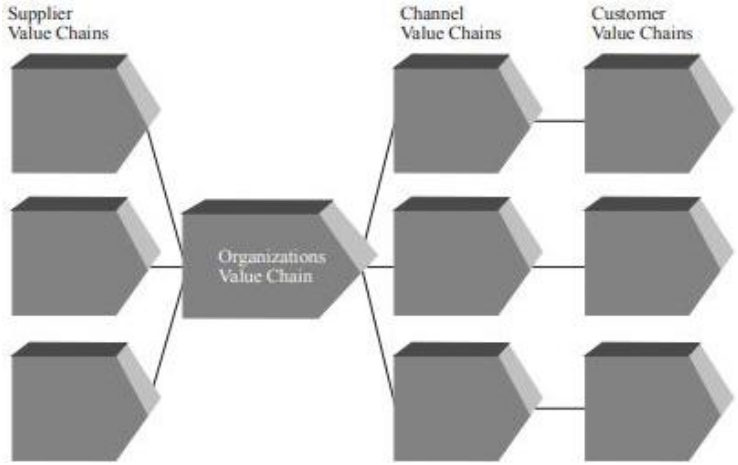

Figure 1: The SCM Value Chain System [goseeko].

Each link in the value chain will utilize their position in the chain, competitive advantage, and negotiation strength to secure a larger share of this profit. When each link in the value chain thinks it benefits from the connection, a successful value chain is created. A fundamental competency and a source of competitive advantage, the capacity of an organization to influence the performance of other enterprises in the value chain. Numerous businesses do specific tasks including dealer and distributor training and auxiliary development[9], [10].

The internal examination of an organization is insufficient to determine its strategic competence. Investigating the links is necessary. The supply and distribution chain will account for a large portion of value generation. Any examination of the strategic capacity must be approached holistically, taking the full value chain into account.Example: A value chain analysis may reveal that some of these links are essential to the organization's ability to compete, while others may be replaced or deleted.Therefore, the whole value system in which the firm works should be included in the value chain analysis. One of the most popular ways for organizations to improve their technology proficiency is via a value chain. Diffusion is the method through which knowledge is shared across participants in the value chain.

As a consequence, both the knowledge supplier and the knowledge recipient gain new capabilities. This is shown by the conventional organization of the Japanese industrial sector. The units that were connected to the mother unit worked together to increase efficiency, teach and learn new and better methods to do their responsibilities, and assist each other in cutting expenses. As a result, they are able to increase their overall margin, which is advantageous for all system participants.

Value Chain Analysis

Conceptually, value chain analysis is not a particularly challenging activity. However, the exercise is often fairly complicated and calls for a lot of information and data processing power for the analysis, depending on the nature of the product, the links, the major processes involved, etc. However, many of the ideas of segmenting operations into activities and assigning expenses to them are now considered best practices in cost accounting, which simplifies the process. Once the fundamental data has been gathered and the connections have been made, the process becomes regular. The following stages may be used to undertake a typical value chain analysis:

1. Analyze your own value chain and list the main and auxiliary tasks. It is necessary to dissect each of these activity categories into its fundamental elements, and expenses are assigned to each individual activity element.
2. Customer value chain analysis - look at how our product fits into the customer's value chain.
3. Identify the company's unique selling points as well as any possible cost advantages over rivals.
4. Determine the customer's potential added value. How might our product bring value to the client's value chain (for example, reduced costs or improved performance)? Where does the customer perceive this potential?
5. Finding the activities that provide you a distinct edge over rivals is the last phase. These are the organization's key competencies or competencies.

DISCUSSION

A robust and supportive value chain operates similarly to the conventional Japanese system, where chain participants consider the advantages that accrue to the whole value chain. In these value chains, collaboration is both conceivable and often seen. For instance, members of the value chain may work together to enhance processes, reduce stockpiles at various levels, or increase production. As a result, everyone along the value chain benefits.

Efficiency of the Supply Chain

The capacity of the supply chain to align with its partners, whether they be service providers, workers, suppliers, or distributors, determines its efficacy and value. The systems and procedures need to be oriented to shared corporate objectives. It comprises the company activity analytics that let you improve both tactical and strategic processes. Some discovered managerial characteristics that differentiate them from other organizations affect supply chain performance. These qualities consist of the following:

Strategy

The first step is strategy. The corporate strategy of companies with the finest supply chains directs planning, tactical design, milestones, and other phases of strategy creation and execution. This is built upon and around by the supply chain organization. The supply chain management strategy should provide businesses the ability to prioritize suppliers, clients, and goods while planning tactical operations.

If the supply chain participants realize that the process spans their firm and goes outside the organization, strategy establishes the framework for supply chain execution. The plan must take into account the movement of goods and information from suppliers to shop shelves or client

warehouses. The supply chain must alter if the company's strategy entails a substantial change in markets, goods, or consumers.

The approach focuses on growth and is long-term. The plan must be flexible and account for any internal company opposition to change. As a result, the supply chain strategy must be adaptable, able to detect, embrace, and drive the changes that are necessary.

Metrics

Results are important, but the right metrics are more crucial. In the complexity of supply chain efforts, performance management often gets lost. Businesses are using a variety of innovative SCM strategies, including RFID, Six-sigma quality, lean manufacturing, outsourcing, vendor-managed inventory (VMI), collaborative planning, forecasting, and replenishment (CPFR), spend management, and regulatory compliance. All of these projects claim to increase transaction speed, simplify procedures, increase throughput, and reduce risk. But it is also important to assess how well these efforts link to the overall performance objectives.Financial metrics are inadequate for assessing, guiding, and managing supply networks. Orders (whether they are supplied fully, promptly, and accurately), lead times, dependability, inventory levels, possible out-of-stock scenarios, and logistical costs are the important performance metrics. These need to have accurate stats.

Technology

Technology facilitates processes. Over the last 20 years, businesses have spent billions of dollars on supply chain management software and systems. However, historically, they have placed more emphasis on enhancing transaction processing, simplifying procedures, and maximizing throughput, or, to put it another way, enhancing efficiency. If any companies at all have invested in supply chain efficiency, strategic planning, and the capacity to spot anomalies before they become costly issues.In order to manage events, handle exceptions, give comprehensive supply chain visibility from purchase orders to delivery orders, and serve as a tool for communication, technology is essential for supply chain execution.

Supplier Performance

Supplier performance is crucial to the success of a supply chain. The effectiveness or lack thereof of a supplier may have a disastrous impact on sales, inventories, and profitability. By identifying the underlying causes of problems and comprehending how different actions will have an effect, businesses and their supply chains may better manage their suppliers and obtain insight into operational problems via interactions. Aligning performance with demand planning is essential. They shouldn't allow suppliers to run their company since this will result in a lot of performance unpredictability.

Collaboration and Integration

Integration of the supply chain process with suppliers and customers is necessary within the firm and beyond. Decisions concerning demand, supply, production, fulfillment, and distribution are often made by operations managers without a clear knowledge of how these choices will affect performance goals. As a consequence, the supply chain may include holes and blind spots that might seriously impair outcomes. To provide the whole supply chain more attention and resources, cooperation with essential supply chain partners is crucial.

Risk Mitigation

In order to identify crucial areas, such as suppliers, logistics service providers, ports, and other possible hazards that might disrupt the company's supply chain, the complete supply chain must be reviewed. Corrective action must then be implemented.The efficacy of the supply chain depends on each of these elements. In the end, the supply chain must be flexible and agile to better adapt to shifting market circumstances and, to a certain extent, influence those forces.

Financial Sophistication

Few managers contest the advantages of using time-based tactics in supply chain management. But the issue of how fast is quick enough is a legitimate one. There is little to no lasting value in speed solely for the sake of being quick. The financial effect provides the answer to how much speed is ideal. As long as they can be offered at reasonable pricing, the process of producing value justifies using quicker, more adaptable, and more exact methods of customer service. The capacity to manage more quickly to arrive at financially advantageous working arrangements is the third driver influencing competitive supply chain strategy.The financial advantages of prompt action are obvious. Fast delivery results in lower inventory levels and less of a requirement for distribution centers. Less working capital is needed to support supply chain activities when customers can be reached faster. Cash-to-cash conversion, stay time reduction, and cash spin are three facets of financial sophistication.

Cash-to-Cash Conversion

Cash-to-cash conversion is the period of time needed to turn raw material or inventory purchases into sales income. Inventory turn is often correlated with cash conversion; the greater the inventory turn, the faster the cash conversion. Reduce and manage the time from order reception to delivery as part of your supply chain design strategy to hasten inventory rotations.Benefits connected to cash-to-cash conversion have usually been taken advantage of at the cost of company partners in conventional business agreements. Given common purchase discounts and invoicing procedures, it is technically feasible for arms to sell goods quickly while still being eligible for early payment discounts.

Explanation: If the invoice is paid within 10 days of the delivery date, the terms of sale that give a 2 percent discount net 10-day payment (2% no 10) qualify you for a fast payment discount. Therefore, a payment received within 10 days after the invoice's $1000 value will result in a $20 reduction.The company effectively receives free inventory if it sells the item for cash before the invoice payment date and may even make money by investing the funds while waiting for the payment date.Benefits of cash-to-cash conversion in response-based systems may be shared by controlling inventory transfer velocity across the supply chain. Greater efficiency than those possible for a single business may be attained if it is possible to control inventory velocity from the point of origin to the point of consumption. A chosen company in the supply chain may be required to act as the primary inventory stocking site in order to ensure coordinated operations.

As a result of this approach, member businesses are required to share the rewards and risks associated with inventory. Supply chain participants often use dead net pricing in lieu of discounts to make these agreements easier. Dead net pricing indicates that the selling price includes all discounts and allowances. As a result, precise performance promises at a set net price take the role of incentives for on-time payment. Upon verification of the physical receipt, the invoice payment, based on the agreed-upon net price, is accomplished. These payments are often made using

Electronic Funds Transfers (EFT), which streamlines the movement of both money and tangible commodities among supply chain participants. Reducing dwell time is another benefit of managing supply chain logistics as a continuous coordinated operation.

Dwell Time Minimization

On a transaction-by-transaction basis, individual company entities that are loosely tied together often make up traditional distribution structures. A sequence of separate transactions buffered by inventories are the outcome of a transaction perspective of conventional corporate operations. A supply chain, on the other hand, has the ability to work as a coordinated group of linked business units. The ability to shift inventory as required while using as much cooperation and knowledge as feasible is at the core of supply chain operational leverage.

Such communication and information sharing might be directed towards preserving the continuity and speed of inventory movement across the supply chain. One major advantage of supply chain connectivity is the possibility for such coordination. Dwell time is a key indicator of supply chain productivity. The ratio of an asset's dwell time to the amount of time needed to complete its specified supply chain objective is known as dwell time. Dwell time, for instance, is the proportion of time inventory is in storage to time it is being moved or otherwise assisting in the accomplishment of supply chain goals. Businesses working together in a supply chain must be prepared to cut out redundant and non-value-adding activities in order to decrease dwell time. For instance, dwell durations will increase if three separate terms carry out the same tasks when a product moves through a supply chain.

Overall dwell may be decreased by assigning the value-added job to a single company and holding them responsible for it. The reduction of stay is further facilitated by prompt arrival and continuous inventory movement across supply chain participants. Dwell time is reduced when a product moves continuously from a supplier through the cross dock sortation process of a retailer without stopping or being sent to warehouse storage. Ability to lower investment in inventory and related assets is a side benefit of decreasing dwell time and the accompanying logistical costs.

Cash Spin

Cash spin, or free cash spin as it is frequently referred to, is a concept used to describe the possible advantages of lowering assets across a supply chain. The idea is to spend less money overall on supply chain efficiency. A dollar of inventory or warehouse rent is therefore equivalent to cash that may be used for other purposes if it is removed via a reengineered supply chain structure. Such unrestricted funds may be invested in endeavors that would otherwise be seen as being too hazardous.

Naturally, the chance for cash spin is not limited to the supply chain. Every department in a company has the ability to generate extra income. The chance for corporate cooperation is what makes the prospect for supply chain cash spin so alluring. The advantages of quick cash-to-cash conversion, shorter stay times, and cash spin all work together to make successful cooperation more financially appealing. The increased participation of the majority of businesses in worldwide operations is another significant factor promoting the growth of supply chain management. Two key opportunities—market growth and operational efficiency lead to increased worldwide business.

Logistics in 21st Century

Logistics management in businesses is driven by the evolving business strategies of the twenty-first century. Businesses benefit from speed, flexibility, and efficiency in their logistics operations thanks to the relationship logistics model's use in the logistics management process. Digital technology allow the creation of new economic models in the twenty-first century. Demand and supply are in balance when manufacturing costs are gradually reduced. Cost-cutting results in an increase in supply. To fulfill the demand in this situation, new marketing and distribution strategies are needed. A speedier flow of products and services is obtained as a consequence of effective logistics management. Payment methods are moved to the electronic environment in economies dependent on digital technology. In the digital age, it is feasible to simultaneously reach millions of individuals. As the digital economy grows, information can be shared more quickly and effectively, which boosts the effectiveness of the logistical process.

The market structure, consumer preferences, and business environment competitiveness are all impacted by new advancements in the internet space. Corporations' organizational structures are becoming more streamlined, which makes their logistical systems more flexible and rapid. Organizational structures that are open 24/7 are becoming more common. Markets nowadays are increasingly individualized and global. Customers want to purchase goods of greater quality at reduced costs since they are more knowledgeable about the advances. Everything is done "just in time" in a digital environment. Marketing managers are increasingly using terms like "just in time" communication, "just in time" delivery, and "just in time" advertising. Digital technology allow for simultaneous communication with millions of individuals. Companies thus focus on the customer-oriented marketing idea as a consequence of the rising relevance of consumers.

Logistics Management and Information Technology in the 21st Century

With the advancement of digital technology, trade barriers have been broken through, and the need to offer the appropriate goods to the client at the right time, for the best price, and for the least amount of money has arisen. Distribution and logistics are seen to be just as crucial as the product's high criteria for quality. It is widely acknowledged that the distribution strategy used to get a product from the manufacturing line to the shelf of the consumer as quickly and appropriately as possible is just as crucial as the actual manufacture of the product.

In the context of rising rivalry, corporations have found that logistics is the most effective competitive aspect. In the rivalry among firms in the 21st-century digital marketing idea, logistics quality might surpass the product itself. Producer companies now treat all factors equally.

The swift and efficient implementation of new manufacturing methods as well as logistical services as a product. The physical distribution subsystem's starting point inside the logistics management framework must be the client orders. logistical information systems increase the efficiency of logistical operations and provide a time-saving advantage over conventional marketing efforts in processes like acquiring the orders, analyzing, and categorizing them. By using the client base created for future marketing efforts, the cost of leveraging a logistics system to reach a bigger body of consumers is substantially cheaper than it is with other conventional methods.

Orders that are received when customers complete purchase forms on online websites trigger a sales process that is mostly conducted online. In order to reach a very big customer body at once and incorporate new mediator kinds, a new distribution strategy in place of a distribution structure

in a typical purchase process must be devised throughout this procedure.

The second issue that should be stressed when information technologies are utilized in logistics management is the development of an adequate and optimal transportation system and the determination of transportation instruments in this system taking into consideration the competitive advantages they provide. However, by taking into account costs, demand, product features, and market conditions during the stage of inventory planning according to quantity and variety, the enterprises that must establish a technological balance between raw material resources, inventories, sales, and production could achieve the ideal stock level. Another sector that is considered to be the beginning of a logistics operation is warehousing. When employing computer communication systems to store items both within and outside of the firm, this should be done in concert with high-tech distribution procedures. In order to create a competitive advantage over the competition, the choice of storage location that integrates new technologies and the firm infrastructure in an e-business environment should be planned to have minimum cost and maximum efficiency.

CONCLUSION

With the ultimate objective of providing higher value to consumers and establishing sustained competitive advantage, the value chain serves as a critical framework for organizations to examine and improve their operations. Finding chances for cost reduction, process improvement, and differentiation is made easier with the use of value chain analysis. Organizations may improve customer happiness, simplify processes, and reduce waste by concentrating on the efficacy and efficiency of each function. In order to ensure the timely and economical purchase of resources and raw materials, procurement is essential. Companies may turn inputs into high-quality goods or services with the least amount of waste and expense by using efficient production procedures. The value developed is delivered to the target consumers in the most effective and practical ways thanks to effective marketing tactics and distribution channels. Organizations must regularly assess and develop their value chains if they want to succeed in the competitive environment of today. Businesses may open up new prospects for value generation and capture by embracing technology improvements, establishing an innovation culture, and working with suppliers and partners. The value chain idea is still very relevant today since it offers a comprehensive framework for strategic decision-making and organizational performance in a constantly shifting corporate environment.

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DEFINITION AND CONCEPT OF LOGISTICS

Ms. Anandasrinivasan Deviprabha*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-deviprabha@presidencyuniversity.in

ABSTRACT:

Modern corporate operations depend heavily on logistics, which includes a broad variety of tasks involved in the effective movement and administration of resources, information, and commodities. The goal of this chapter is to provide readers a thorough knowledge of the meaning and idea of logistics. It examines the many logistical elements and tasks, including shipping, warehousing, inventory control, and information systems. The significance of logistics in boosting customer happiness, cost savings, and supply chain efficiency is also covered. This study provides helpful insights into the intricate nature of logistics and its relevance in modern corporate contexts by addressing fundamental concepts and techniques.

KEYWORDS: *Inventory, Logistics, Management, Supply Chain, Transportation.*

INTRODUCTION

One of the most crucial components of the marketing phenomena in company is logistics. It belongs to Supply Chain Management's subgroup. The trader receives orders for the supply of his goods or services through his marketing executives or directly from customers. In order to fulfill the order to the customer's satisfaction, the trader or his supplier company then prepares the logistics, i.e., purchases the product or services, labels them or otherwise gives them some form of trademark name identification, and makes the necessary packing and packaging so as to prevent damage of any kind during transportation. Simply said, it is a collection of items that are at last prepared to be delivered to the client. In the study of logistics, every aspect that affects how the product or service gets to the user is methodically examined[1], [2].

Logistics: Definition and Concept

The French term "loger," which signifies the art of war relating to the movement and supply of troops, is where the word "logistics" originates.

1. A tactical idea

2. To wage war, you must:

1. Determining a goal
2. Careful preparation to accomplish the goal
3. Effective military deployment
4. Supply chains with items like food and weapons.

3. A logistics strategy should be set up to minimize material and manpower loss.

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The preparation of an appropriate logistics strategy by marketing managers is comparable to waging a war on the battlefield and may help the firm achieve its goal of profitably serving client demand.

Logistics is made up of inbound logistics, material management, and physical distribution.

1. The transfer of commodities obtained from suppliers is referred to as inbound logistics.
2. The flow of goods and components inside a company is referred to as material management.
3. Physical distribution describes the transfer of items from the production line's end to the client.
4. Supply-chain management connects logistics more directly with the firm's engineering team and inside the user's whole communication network since it is bigger than logistics. Along with manufacturers and suppliers, it also comprises transporters, warehouses, merchants, and the actual consumers.
5. The Council of Logistics Management defines logistics as "the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption with the aim of conforming to customer requirement [3], [4].

Logic in Logistics

In order to fulfill the needs of the customer, logistics is that portion of the supply chain process that organizes, carries out, and regulates the efficient forward and reverse movement and storage of products, services, and associated information between the point of origin and the point of consumption.

Logistics Operations

1. Customer service
2. Demand forecasting;
3. Communication with distributors;
4. Control of inventory;
5. Material handling; and
6. Order processing
7. Support for parts and services
8. Selection of plants and warehouses
9. Procurement
10. 10 Packaging
11. Handling returned items
12. Recycling and scrap metal removal
13. Transportation and traffic
14. Warehousing and storage

Few company sectors entail the intricacy or geographic range that logistics does. Their expectations for things to be accessible and fresh center on logistics. Without logistical assistance, it is hard to imagine any marketing or production[5], [6]. Since the dawn of civilization, logistics has been practiced; it is scarcely new. But putting best practices in place for logistics has emerged as one of the most fascinating and difficult operational topics in corporate and government management. The planning and administration of a system for regulating the movement of materials inside an organization is known as logistics. Due to geographic limitations, this is a crucial component of a multinational business. Movement of raw materials, coordinating flows into and out of many countries, choosing the best mode of transportation, the cost of the transportation, packing the product for shipping, storing the product, and overseeing the whole process are all parts of an international company's logistics[7], [8]. To improve the long-term performance of the individual companies and the supply chain as a whole, supply chain management is the systematic, strategic coordination of the traditional business functions and the tactics across these business functions within a specific company and across businesses within the supply chain[9], [10].

DISCUSSION

Depending on the supply chain, logistics may be engaged from the supplier to the plant, the plant to the distribution center, the distribution center to the store, the store to the client, or any combination of these. Logistics is the activity of moving goods and commodities into, through, and out of a company.Typical Global Supply Chain Complexity is shown in Figure 1.

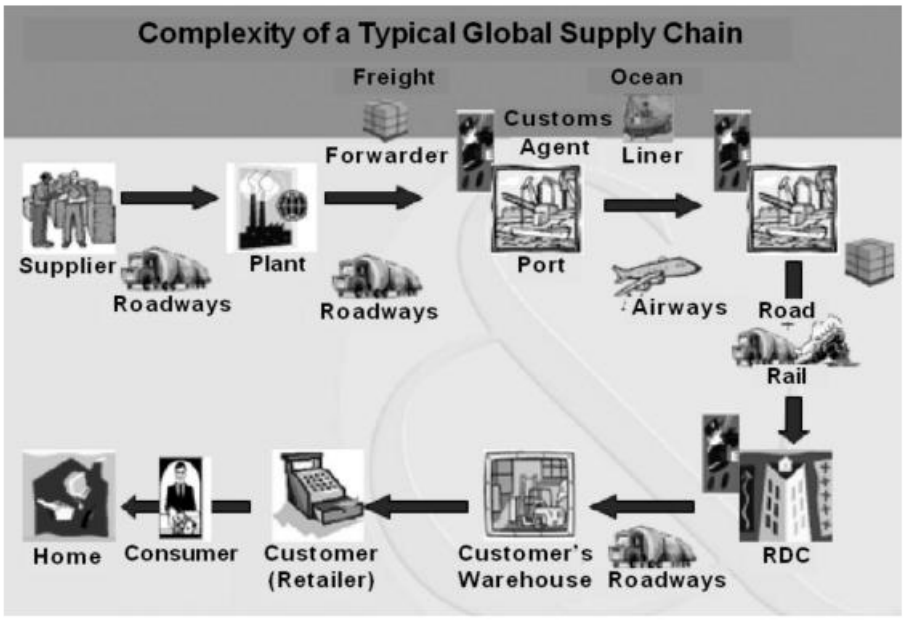

Figure 1: Complexity of a Typical Global Supply Chain [goseeko].

Logistics Value Proposition

It has been determined so far that logistics should be handled as a coordinated effort to satisfy customers at the lowest overall cost. When logistics are carried out in this way, value is created. The components of the logistical value propositionservice and cost reduction were more thoroughly examined in this section.

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1. **Service Benefits**

If a company is ready to invest the necessary resources, almost any degree of logistical service may be attained. The limiting element in the working environment of today is money, not technology. For instance, a specialized inventory may be kept in close proximity to a significant client. It is possible to maintain a fleet of trucks in a ready-to-deliver condition at all times. A client and a supplier's logistics operation may maintain dedicated real-time connections to speed up order processing. A product or component might be provided within minutes after discovering a client demand given the high level of logistical readiness.

2. **Cost Minimization**

This choice was made using criteria for cost reduction. The inventory and transportation expenses are both included in the system design with the lowest overall cost. The 'The total transportation cost' curve in the chart has a low at eight facilities. On the other hand, the "Total inventory cost" curve indicates a rise for each new warehouse. The "Total cost network," which in this picture is shown as consisting of six sites, is the ideal system network for the whole system. The analysis for the least-total-cost option highlights the trade-offs between cost-generating activities, even if many issues must be resolved in order to study total cost properly, notably the assumptions of a single planning period and average size shipment. While the number of sites that are economically feasible is determined by transportation costs, the number and size of warehouses are modulated by inventory costs. The method of integrated logistical analysis means that the smallest total cost point for the system is not at the location where transportation or inventory costs are the lowest. The idea is shown in Figure 2.

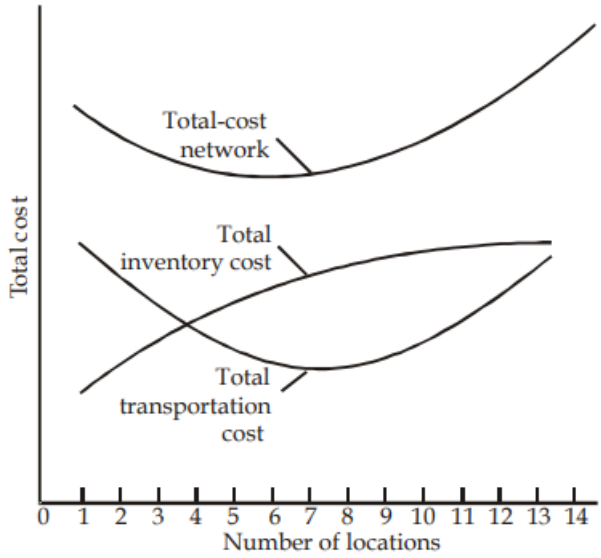

Figure 2: Total Cost Warehousing Network [goseeko].

The entire cost structure of any firm includes logistics costs as a significant component. Renegotiating freight and shipping prices, lowering total freight expenses, and simplifying processes should be the main points of attention. Due to the emphasis placed today on the quality of the products and services as well as the fierce pricing rivalry, which forces businesses to control expenses in order to compete in the market, logistics management has attracted particular attention.The relevance of logistics-related operations from a cost viewpoint is shown by the ratio

of logistics cost to total value contributed. Manufacturers of bulk items have a high level while those of consumer goods experience a low level. For bulk commodities, the overall logistics cost as a percentage of value addition is over 70%, with transportation expenses making up approximately two-thirds of this total. Procurement, transportation, transshipment, and storage of commodities are the four key components of logistics management. Depending on the sector, supply chain logistics expenses range from 5% to 50% of the entire cost of a product. The following advice can help you save money in these four areas:

1. **Procurement**

Simplifying sourcing methods: Recognize the actual costs of sourcing, which comprise:

1) Freight,

2) Duty,

3) Inventory carrying charges, and

4) Procurement broker fees

Order management entails comprehending numerous needs and designing orders with each supplier. This will assist in discovering methods to save costs and also assist in decreasing price structure. Other strategies include switching to less expensive alternatives and implementing just-in-time deliveries from suppliers, which can reduce inventory and internal logistics costs. This allows suppliers to cut costs associated with shipping, warehousing, and production scheduling, which may be advantageous for both parties.

1. **Transportation**

Choosing the best mode of transportation (air, water, rail, road, and through pipeline) that can best suit the quantity and quality of goods to be supplied and required during delivery time reduces the opportunity costs involved due to the unavailability of goods at the appropriate time. Each mode has its own advantages and disadvantages in terms of costs, speed, capacity, flexibility, and safety. It is possible to prevent losses brought on by product damage in transportation.

The in-transit inventory may be decreased by efficient truck scheduling and routing. The associated cost may be optimized using a variety of mathematical and analytical techniques, including the shortest route method and the transportation method, among others. Additionally, freight consolidation may significantly lower the cost of transportation. In order to build a larger amount of inventory for transportation, it entails combining smaller quantities of goods. The following sections provide further detail on each of these techniques.

2. **Transshipment**

It mostly entails managing express shipping expenses, which are often incurred when a business elects to send an entire product by express service. This may be reduced by careful planning, estimating the quantity of items needed for quick delivery right away, and allocating expenditures appropriately.

3. **Inventory**

A significant amount of capital has to be committed for a while in order to accumulate inventory. Therefore, by properly assessing supply and demand trends as well as the

characteristics of the product, costs may be reduced, which also helps in managing the amount of inventory.

Logistics Value Generation

The secret to attaining logistical leadership is to perfect the skill of aligning operational expertise and dedication to crucial customer expectations and objectives. The logistics value proposition is this dedication to the client within a strict budgetary constraint. It is a special promise made by a company to a single client or certain groups of consumers. The average business aims to create and execute a comprehensive logistical capability that meets consumer expectations at a reasonable total cost of ownership. Rarely will the primary logistics strategy consist of either the lowest possible overall cost or the best possible customer service. For various consumers, a different mix will be suitable.

High customer responsiveness and capabilities are required for a well-designed logistical effort, together with operational variance management and minimal inventory commitment. Most importantly, it must be relevant to certain clients. The creation of technologies to assist management in measuring cost/service trade-offs has advanced significantly.

A solid plan must be able to calculate the operational costs necessary to achieve various service levels. Similar to this, different system performance levels have no significance unless they are understood in context of the broader business unit's marketing, production, and procurement plans. Leading companies understand that a well-planned and efficiently run logistics system may contribute to gaining a competitive edge. In fact, companies that gain a competitive edge via superior logistics often define the character of their sector's rivalry.

The Work of Logistics

Logistics is the process of moving and positioning goods to accomplish desired time, place, and possession advantages at the lowest possible total costs in the context of supply chain management. Up until it is positioned at the proper moment and place to allow ownership transfer or value addition generation, inventory has little worth. A company has nothing to offer if it routinely fails to meet time and location criteria. The whole spectrum of functional activities must be integrated for a supply chain to gain the greatest strategic advantage from logistics. All functional areas' costs will be affected by decisions made in one of them. The effective implementation of integrated logistics management is hampered by this interconnection of functions. The skills required to deliver logistical value are created via integrated activities relating to these functional domains.

1. **Order Processing**

   It has previously been undervalued how crucial precise information is to obtaining better logistical performance. Even though logistics operations depend on a variety of informational factors, processing orders comes first. Due to a lack of knowledge of how order processing operational errors and distortions affect logistical operations, its relevance was not completely appreciated. The most stringent client needs may be handled by modern information technology. Order details may be shared between trade partners if desired.

2. **Inventory**

   A company's inventory needs are closely related to its facility network and desired level of

customer service. Theoretically, a business could have every product in stock at every location devoted to serving every client. Due to the high risk and overall expense of such an opulent inventory strategy, few company operations can afford it. An inventory strategy's goal is to provide the required level of customer service while committing the least amount of inventory.

Excessive inventories may make up for flaws in a logistic system's fundamental architecture, but they will eventually drive up the cost of logistics overall. In order to retain the lowest possible financial investment in inventory, logistical techniques should be created. The main objective is to fulfill service obligations while maximizing inventory turn. The combination of the following five selective deployment factors forms the foundation of a strong inventory strategy: (1) core customer segmentation; (2) product profitability; (3) transportation integration; (4) time-based performance; and (5) competitive performance.

3. Transportation

The functional element of logistics known as transportation is responsible for the physical movement and positioning of items. Transportation has always gotten a lot of administrative attention due to its basic relevance and obvious expense. Nearly all businesses, large and small, have managers in charge of transportation. There are three main approaches to satisfy a transportation need. A private fleet of machinery may be used initially. Second, contracts with specialized transport professionals may be set up. Third, an organization may use a broad range of carriers who provide various transportation services as required on a per-shipment basis.

Three aspects of transportation performance are critical from the perspective of the logistical system: cost, speed, and consistency. The price of a cargo between two points on a map and the costs associated with keeping goods in transit are included in the cost of transport. Transportation should be used in logistical systems to reduce overall system costs. This might imply that the cheapest mode of transportation may not provide the cheapest logistical costs overall. The amount of time needed to finish a certain movement is called the speed of transportation. There are two connections between transportation costs and speed. First, transportation companies that can provide speedier service often charge more. Second, the amount of time that merchandise is in transit and unavailable is reduced the quicker the transportation service is. Thus, striking a balance between service cost and speed is essential while deciding on the best mode of transportation. The term "consistency of transportation" describes differences in the amount of time needed to complete a certain movement across many shipments. Consistency illustrates how dependable transportation is.

4. Material handling, packaging, and warehousing

Order processing, inventory management, and transportation are the first three functional aspects of logistics that may be built into several operational configurations. Each arrangement has the ability to help achieve a certain degree of customer service while incurring a total cost. In essence, these tasks come together to provide an integrated logistics system. Warehousing, material handling, and packaging, the fourth function of logistics, are also crucial components of a logistics operational system. These functions don't, however, have the same level of independence as those. Other logistical domains include warehousing, handling of products, and packaging as internal components. Example: During the logistics

process, inventory normally has to be stored for a period of time. To load and unload transportation vehicles effectively, materials handling is needed. The best way to manage individual items is to group them into shipping cartons or other unit loads.

5. Facility Network Design

The relevance of facility placement and overall network architecture to effective corporate operations was disregarded by classical economics. Initially, facility location and transportation cost differences between rivals were either believed to be nonexistent or equal when economists studied supply-and-demand connections. However, in commercial operations, customer service capabilities and cost are strongly impacted by the number, size, and geographic arrangement of facilities utilized to carry out logistical activities. Since a company's facility network is utilized to transfer goods and resources to consumers, facility network planning is a key duty of logistical management. Manufacturing plants, warehouses, cross-dock activities, and retail establishments are examples of typical logistics facilities.

CONCLUSION

In order to maintain the efficient and effective movement of resources, information, and commodities, logistics is a crucial discipline that involves the coordination, integration, and optimization of diverse supply chain operations. It includes overseeing operations including shipping, warehousing, inventory control, and the deployment of efficient information systems. By assuring on-time delivery, decreasing stock outs, and maximizing resource usage, logistics plays a crucial part in boosting supply chain efficiency, cutting costs, and increasing customer satisfaction. Understanding and efficiently managing logistics has become essential for obtaining competitive advantage and organizational success as firms continue to operate in more global and complicated contexts. Organizations may succeed in the constantly changing logistics industry by adopting data-driven decision-making, embracing new technology, and encouraging stakeholder engagement. Businesses may react to changing market conditions, satisfy consumer expectations, and promote sustainable development by continually refining logistics procedures and harnessing new trends.

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OVERVIEW ON LOGISTICAL OPERATIONS

Dr. Narayana Srikanthreddy*

*Assistant Professor,
Department Of Management,
Presidency University, Bangalore, INDIA
Email Id-srikanthreddyn@presidencyuniversity.in

ABSTRACT:

The efficient and effective flow of products and resources through the supply chain is largely dependent on logistical activities. The main facets of logistical operations, such as transportation, inventory control, warehousing, and information systems, are examined in this chapter. It looks at the difficulties in maximizing logistical operations and suggests methods to boost effectiveness and save expenses. In order to achieve efficient logistical operations, the research emphasizes the value of teamwork, technology adoption, and data-driven decision-making. The results give practitioners and academics looking to enhance supply chain performance with insights into the difficulties associated with managing logistical operations. Demand forecasting, safety stock optimization, and just-in-time methods are a few inventory management approaches that assist maintain ideal inventory levels while lowering costs and assuring product availability.

KEYWORDS: *Inventory, Information, Logistical, Physical Distribution, Transportation.*

INTRODUCTION

The shaded region of the image below shows how integrated logistics is conceptualized in Figure 1.

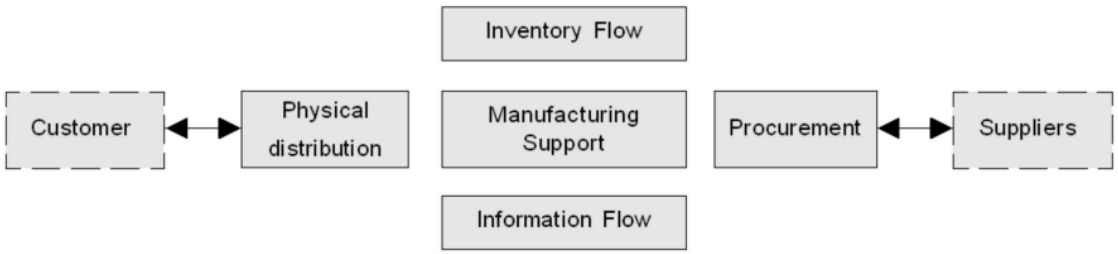

Figure 1: Integrated Logistic [goseeko].

The skill that connects a business to its clients and suppliers is logistics. Sales activity, projections, and orders are all forms of information that customers and the company itself provide to one another. Specific production and buying strategies are created using the enhanced information[1], [2]. A value-added inventory flow that eventually leads in the ownership transfer of completed goods to consumers is started when items and materials are purchased. As a result, the process is seen as two linked activities: information flow and inventory flow.In order to better understand the underlying significance of integrating all processes and tasks involved in logistics, it is helpful to first consider internal operations in isolation. While such integration is necessary for success, it does not ensure that a corporation will meet its performance objectives. Businesses must broaden their integrated behavior to include consumers and suppliers if they want to be truly

successful in the competitive landscape of today.

Since conventional manufacturing is not necessary, retailing or wholesaling businesses generally connect physical distribution and buying. Retailers and wholesalers must still finish the logistical value-added process. All public sector businesses that produce goods or provide other services must follow the same rules [3], [4].

Inventory Flow

Logistics operational management deals with the transportation and storage of raw materials and completed goods. The first shipment of a material or component part from a supplier initiates logistical processes, which are completed with the delivery of a produced or processed product to a client. The logistics process adds value from the original material or component acquisition by transferring inventories when and where it is required. If everything goes according to plan, a material increases in value at every stage of becoming completed inventory.

In other words, once a component is integrated into a machine, its value increases. The machine is worth more if it is sold to a customer, too. Work-in-process inventory has to be shifted to facilitate final assembly in order to support production. Each component's price and its transportation become a part of the value-added process. Only when the ultimate ownership of the items is transferred to the consumers at the time and location agreed does the final or significant value added take place[5], [6].

Thousands of moves may make up a big manufacturer's logistical operations, which eventually result in the delivery of goods to an industrial user, retailer, wholesaler, dealer, or other client. The beginning of logistical operations for a major retailer may be the purchase of goods for resale and the end might be the pickup or delivery of customers.

For a hospital, for instance, logistics begins with purchasing and concludes with complete assistance for patient surgery and recovery. The key idea is that logistics are crucial and need ongoing managerial attention, regardless of the size and kind of organization. The division of logistics operations into the three categories of physical distribution, manufacturing support, and procurement is helpful for better comprehension. These elements are represented as the enterprise's combined logistical operating units.

Physical Distribution

Physical distribution refers to the transfer of a completed item to clients. The consumer is the ultimate destination of a marketing route in physical distribution. A key component of the marketing efforts of each channel participant is the product's accessibility. The physical distribution method is how customer service's time and location become an essential component of marketing.

Physical distribution therefore creates a connection between a marketing channel and its clients. There are several physical distribution systems that are used to support the large range of marketing systems that are present in a highly commercialized country. One thing unites all physical distribution systems: they connect producers, distributors, and retailers to marketing channels that make product availability a crucial part of the total marketing process[7], [8].

DISCUSSION

Manufacturing Support

Production support focuses on controlling inventory that is still being manufactured as it moves between production phases. Participating in the creation of a master production schedule and making arrangements to ensure the prompt availability of resources, component components, and work-in-process inventories are the main logistical responsibilities in manufacturing. So, rather than how production is carried out, the main issue of manufacturing support is what, when, and where items will be produced. When opposed to physical distribution, manufacturing support has one key distinction.

Physical distribution tries to fulfill client needs, therefore it has to account for fluctuating consumer and industrial demand[9], [10]. The manufacturing firm has control over the transportation needs associated with manufacturing support. Most manufacturing processes do not include the uncertainty brought on by sporadic consumer orders and erratic demand met by physical distribution. The separation of manufacturing support from outward (physical distribution) and inbound (procurement) operations from the perspective of overall planning offers potential for specialization and increased efficiency.

Procurement

Inbound material, component, and/or completed inventory transfer from suppliers to production or assembly facilities, warehouses, or retail establishments is handled by procurement. Depending on the circumstance, the acquisition process is often referred to by several names. Purchasing is the common name for the acquisition process in manufacturing. Acquisition has always been referred to as procurement in government circles. The most common phrase in retail and wholesale is "buying." The procedure is sometimes referred to as inbound logistics.

Although there are certain variances across acquisition scenarios, all forms of buying are included in this definition of procurement. No matter how prepared an item is for resale, inventory coming into a business is referred to as material. Inventory that is offered for sale to consumers is referred to as a "product." In other words, materials are used in the production process, which adds value, but goods are already prepared for consumption. The key difference is that products are the outcome of material's value being added during manufacturing, sorting, or assembling.

The availability of the appropriate material assortments where and when required is an issue of procurement. Purchasing is focused with incoming supplies, sorting, or assembly, while physical distribution is concerned with outgoing product delivery. In the majority of consumer product marketing scenarios, such as when a grocery producer ships to a retail food chain, the manufacturer's physical distribution is identical to the retailer's procurement procedures. The degree of administrative control and risk associated with performance failure differ significantly between physical distribution and procurement, despite the possibility of comparable or even identical transportation needs.

The three logistics divisions within a typical organization overlap. Each may benefit from their distinctive qualities while facilitating the process overall if they are seen as important parts of the broader value-adding process. The comprehensive coordination of value-added inventory movement is the main goal of an integrated logistical operation. The three divisions work together to offer integrated management of the enterprise's resources, semi-finished components, and products as they move between different sites, supply sources, and end users. Logistics, in this sense, is the strategic management of all transportation and storage.

Information Flow

A logistics system's information flow identifies particular places with needs.The three operational domains are also integrated via information. The planning and execution of integrated logistical operations is the main goal of formulating and defining requirements. Different movement needs in terms of order size, inventory availability, and urgency exist within various logistics regions. The resolving of these disparities is the main goal of information exchange. It is crucial to emphasize in the conversation that information needs mirror the real activity carried out in physical distribution, manufacturing support, and procurement. While the real logistical work is done in these areas, information helps to coordinate planning and monitor daily operations. Without proper information, the logistical system's effort may be ineffective. Coordination flows and operational flows are the two main categories of flows that pertain to logistics. At this phase, the goal is to provide a basic understanding of the information needs required to power an integrated logistics system.

Planning and Coordination Flows

The foundation of the whole information system architecture among value chain actors is coordination. Plans created via coordination include strategic goals, capacity restrictions, logistical needs, inventory deployment, production requirements, procurement requirements, forecasting, and logistical requirements. The strategic goals that come from marketing and financial objectives are the main forces behind the whole value chain. Strategic goals specify the types and locations of clients, which are linked to the services and goods that must be provided. Strategic plans that address finances provide information on the resources needed to support inventories, receivables, buildings, equipment, and capacity. Constraints on capacity synchronize internal and external industrial demands. This kind of capacity planning is not necessary for value chain members who are not manufacturers. Strategic goals are used to identify restrictions, hurdles, or bottlenecks in fundamental manufacturing capabilities, and capacity constraints use this information to decide what kind of outsourcing is necessary.

Logistics requirements outline the tasks that distribution centers, machinery, and laborers must do in order to put the capacity plan into action. Logistics requirements define value chain performance using inputs from forecasts, promotional scheduling, customer orders, and inventory status. Inventory deployments specify the schedule and make up of where inventory will be positioned as the interface between planning/coordination and operations. Timing and consolidation must be balanced in order to maximize efficiency as inventory moves up and down the value chain. Being a crucial component of logistics' planning, coordination, and operational processes makes inventory special. Deployment defines the what, where, and when of the whole logistical activities from an information viewpoint. Inventory management is done on a daily basis from an operational perspective. Due to this duality, information for planning, coordination, and operations flows between inventory deployment and management.

To fulfill production needs, procurement requirements schedule materials and components for incoming shipping. Maintaining product supply is a part of procurement in circumstances involving retail and wholesale. Purchasing must make it possible for suppliers to provide materials and component components in production circumstances. Purchasing organizes choices on supplier credentials, desired level of speculation, third-party arrangements, and viability of long-term contracting in all circumstances. In order to forecast future activity levels, forecasting makes use of historical data, present activity levels, and planning assumptions. Less than 90 days, or rather short-term estimates, are often the focus of logistical forecasting. The projections foretell

periodic (often monthly or weekly) sales volumes for each product and serve as the foundation for operational and logistical planning. The integration of particular operations inside a company and the facilitation of overall integrated performance are the two main goals of information planning and coordination flow. The possibility of operational inefficiencies and superfluous inventory occurs unless a high degree of coordination is attained. The sidebar describing how hospitals utilize information to increase efficiency and customer service serves as an example of planning and cooperation in the healthcare industry.

Operational Requirements

The second part of information needs is how to manage operations so that inventory is received, processed, and sent when needed to satisfy customer and purchase orders. Order management, order processing, distribution operations, inventory management, transportation and shipping, and procurement are all covered by operational information needs. Order management is the exchange of information about requirements amongst value chain participants that are engaged in the delivery of completed goods. Accurately entering and qualifying client orders is the main function of order management. Typically, this requirement sharing takes place over the phone, over the mail, by fax, or through electronic data exchange. Information technology has a significant influence on order management. The technique of managing orders has undergone a revolution thanks to the advent of low-cost information transmission.

Inventory is allocated during order processing, and accountability is given for meeting customer needs. According to established priorities, available inventory or scheduled manufacture has traditionally been assigned to customers. To create a negotiated order that satisfies consumers within the limitations of planned logistical operations, two-way communication connection with customers is maintained in technology-rich order processing systems. Information flows are necessary for distribution operations in order to facilitate and coordinate performance inside logistics facilities. A logistics facility's main objective is to provide product or material assortments to meet order requirements. The intended assortment must be made available on time with the least amount of duplication and superfluous labor. Distribution operations must satisfy client order needs while storing and handling particular goods as little as feasible.

The goal of inventory management is to use information to carry out the logistics strategy as intended. Inventory is distributed and then managed using a mix of human resources and information technology to meet projected needs. Making ensuring that the whole logistical system has the resources it needs to operate as intended is the responsibility of inventory management. The movement of inventory is guided by information on shipping and transportation. Consolidating orders can help you operate more efficiently by making the most use of available transportation space. Making ensuring the right transportation tools are on hand when needed is also essential.

Finally, supporting paperwork is needed since ownership transfer often happens during shipping. The information required to complete the creation, revision, and release of purchase orders while maintaining general supplier compliance is the focus of procurement. The information needed for order processing and procurement is comparable in many respects. Both methods of information sharing help to streamline processes that connect a business with its clients and vendors. The sort of activity that arises from requirements transfer is the main distinction between order processing and procurement.

Operational data's main objective is to provide the precise information needed for the coordinated execution of physical distribution, manufacturing support, and procurement processes. Operational needs are necessary to guide the daily logistical activity, while planning/coordination flows give information about scheduled operations. To properly use logistical competence, managers within an organization must accomplish certain specified goals within the framework of information and inventory flows.

Logistical Operating Arrangements

Operating system architecture has a direct influence on the possibility for logistical services to benefit clients. Operational design is a challenging endeavor due to the complexity of logistical performance requirements since an operating structure must strike a balance between flexibility, cost, and performance. It is astounding that any structural commonality remains when one considers the range of logistics systems utilized throughout the globe to serve quite varied markets. But bear in mind that there are two aspects that all logistical plans have. They are first designed to control inventories. Second, the state of technology constrains the variety of logistical options. These two traits have a tendency to produce often seen operational arrangements. The echelon, direct, and combination structures are three that are often used.

1. Echelon Structured Logistics

When a logistical system is categorized as having an echeloned structure, it signifies that the flow of goods often travels via a shared configuration of businesses and facilities as it progresses from its point of origin to its point of destination. The employment of echelons often suggests that a supply chain's successive levels of activity are acceptable given the results of a total cost analysis. To produce inventory assortments and achieve consolidation efficiencies associated with high volume transportation shipments, Echelon systems employ warehouses. Warehouse-positioned inventories may be quickly deployed to satisfy client needs. Echelon systems often employ either consolidation or break-bulk warehouses. Large-volume cargoes are often sent to a break-bulk plant from a number of sources.

Inventory is organized and kept in preparation for potential consumer needs. Break-bulk warehouses include food distribution centers run by big retail chains and wholesalers. A reserve profile governs how a consolidation warehouse functions. Typically, manufacturing companies that have factories spread over a variety of sites need to consolidate. To enable the company to distribute full-line assortments to clients, products produced at several factories are sorted at a central warehousing facility. The best examples of businesses employing echeloned systems for full-line consolidation are large makers of consumer goods.

2. Direct Structured Logistics

Logistics systems are created to convey goods directly to customers' destinations from one or a small number of centrally situated stocks, in contrast to inventory echeloning. To quickly process client orders and ensure delivery performance, direct distribution often combines information technology with the accelerated services of premium transport. By incorporating these capabilities into the order delivery cycle, we can overcome clients' geographic distance and shorten response times. Direct store deliveries, truckload shipments from plants to consumers, and different types of direct-to-consumer fulfillment necessary to enable online buying are a few examples of direct shipments. Because the average cargo size is often considerable, direct logistical structures are also frequently employed for incoming components and supplies to production facilities.

3. Flexible Logistics System

A scenario where the inherent advantages of both echeloned and direct structures are merged into a flexible logistics system is the best logistical configuration. It is best to delay anticipatory commitment of inventory as long as feasible. Fast-moving goods or materials are often stored in forward warehouses while other, riskier or more expensive goods are kept in a central location and distributed to clients directly. The most desired and cost-effective structure to serve a particular client is determined by the fundamental service commitment and the order size economics.

(a) Emergency Flexible Structure: Pre-planned solutions are used in emergency flexible operations to address logistical issues. A typical emergency is when a customer's purchase cannot be fulfilled because the designated delivery location is out of stock or for some other reason. For instance, if a warehouse runs out of a certain item, replacement stock won't be delivered to the location until beyond the customer-specified order delivery date. A contingency operating policy may designate the whole order, or at the very least those unavailable products, for dispatch from an alternate warehouse to prevent backorders or product cancellations. The significance of the particular client or the crucial nature of the goods being bought is often the basis for the usage of emergency flexible operating processes.

(b) Routine Flexible Structure: A flexible logistics capacity that has become more well-known as a consequence of enhanced communications entails protocols for providing services to particular clients that were created as part of the fundamental logistical system architecture. Different shipping facilities might be assigned as one option to satisfy service needs, according to the flexible logistics rules and decision scenarios. At least four distinct circumstances allow for the justification of a strategy that makes use of regular flexible operations.

Cycles of Market Distribution and Performance

Managing and delivering consumer orders is the focus of market distribution operations. Market distribution is essential to sales success since it makes products affordable and timely to be available. Transaction-creating and physical fulfillment operations may be considered to be two major categories of the whole process of acquiring and retaining consumers. Selling and advertising are the activities that generate transactions. Order transmission, order processing, order selection, order transportation, and client delivery are all considered physical fulfilment tasks. Market distribution performance cycles connect a supplier chain with end consumers from a logistical standpoint. This interface may provide problems.

Customer satisfaction is the main focus of marketing in order to maximize sales penetration. Therefore, marketing and sales enforce permissive regulations when it comes to appeasing clients in the majority of businesses. This might imply that marketing and sales would often aim for wide product ranges backed by huge inventories or that all client requests, no matter how little or lucrative, will be met. The marketing goal is to provide zero logistical fault service across the supply chain and to support customer-focused marketing initiatives.

Cycles for Manufacturing Support Performance

The supply chain node that produces form value is manufacturing. To a large extent, logistical assistance is necessary to develop and maintain an efficient flow of supplies and work-in-process inventories as dictated by production schedules. The significance of positioning and timing

inventory movement to assist production might be overshadowed by the level of expertise needed in market distribution and procurement. Manufacturing logistics are less apparent than other types of logistics since consumers and suppliers are not engaged.

It is a relatively recent idea to classify industrial logistical assistance as a separate operational region. The special needs and practical limitations of flexible manufacturing techniques provide the basis for concentrating on performance cycles to support production. Traditional manufacturing techniques connected to economies of scale are being reassessed to support fast product switchover and shorter production runs in order to give maximum flexibility. To perfect such time-sensitive production techniques, the supply chain's members must precisely coordinate their logistical assistance. It is crucial to reiterate that logistical manufacturing support's goal is to assist production's what, where, and when, not it's how.

The objective is to provide the most effective assistance for all production needs. Operations that support manufacturing are quite different from those that support market distribution or procurement. When compared to the other two performance categories, manufacturing support logistics is often captive to a single company, while the other two must manage behavioral unpredictability across the supply chain. Even when external contract manufacturing is employed to supplement internal capacity, a single business has more overall control than the other two operational divisions. The main argument in favor of classifying manufacturing logistical support as a separate operating area is the advantages that may be obtained by taking advantage of this management opportunity.

CONCLUSION

For supply chains to run well, logistical activities must be carefully planned and carried out. For deliveries to be made on time, efficient transportation is essential. Methods like route optimization, carrier selection, and mode selection may have a big influence on overall performance. The location and style choices made for warehousing have an influence on efficiency and responsiveness and are crucial for storage, handling, and order fulfillment. Real-time visibility and supply chain coordination are made possible by information systems, such as enterprise resource planning software, warehouse management systems, and transportation management systems. Despite technological developments, logistics operations still confront difficulties including demand fluctuation, capacity limitations, and interruptions. For information exchange, activity coordination, and cooperative problem-solving, cooperation between supply chain partners is essential. Adoption of new technology, such as the usage of robots, automation, and IoT devices, may enhance operational precision, traceability, and efficiency. Advanced analytics and machine learning algorithms help detect trends, streamline processes, and improve performance via data-driven decision-making. Organizations may increase productivity, save costs, and improve supply chain performance by embracing collaboration, technology, and data-driven decision-making. In an increasingly complex and dynamic corporate environment, ongoing research and innovation in logistical operations will help to establish best practices and strategies for robust and sustainable supply chains.

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A BRIEF INTRODUCTION OF CUSTOMER SERVICE

Mr. Kunal Saxena*

*Assistant Professor,
Department of Management,
Presidency University, Bangalore, INDIA
Email Id-drkunal@presidencyuniversity.in

ABSTRACT:

Any firm must prioritize providing excellent customer service since it directly affects consumer happiness and loyalty. This chapter examines the essential components and methods of delivering first-rate customer service. In producing a pleasant customer experience, it examines the significance of effective communication, empathy, problem-solving abilities, and technology. The study also explores how consumer feedback and ongoing improvement may enhance customer service. Businesses may build solid connections with their consumers by comprehending and putting these ideas into practice, which will enhance client retention and contribute to overall success.Businesses may develop solid client connections, encourage loyalty, and achieve a competitive advantage in the market by always aiming for excellence and adjusting to changing consumer needs.

KEYWORDS: *Customer, Client, Customer Service, Performance, Stock.*

INTRODUCTION

By giving consumers prompt and precise product delivery, logistics helps a firm succeed. Who is the client is the essential question. Any delivery location is the client in logistics. Consumers' residences, retail and wholesale establishments, as well as the loading docks of a company's production facilities and warehouses, are among the typical destinations. Sometimes the recipient of the product or service is a separate business or person who assumes ownership of it. Many other times, the client is a different location of the same company or a business associate farther down the supply chain. The client being served is the main focus and the main driver behind creating logistical performance standards, regardless of the driving force or delivery objective. When developing a logistical plan, it's critical to have a thorough understanding of customer service deliverables. The nature of customer service and the creation of facilitation methods are covered in depth in this course.

Any delivery site is a client in the eyes of a logistician. Consumers' residences, retail and wholesale establishments, as well as industrial sites and distribution centers' receiving docks, are among the typical destinations. Sometimes a separate company or person accepts responsibility for the product or service being provided as the client. Many other times, the client is a different location of the same company or a business associate farther down the supply chain. Even if the shops are a part of the same company, it is typical for the logistics manager of a retail distribution center to see each individual store that has to be served as a client of the center. The client being served is the main focus and the main driver behind creating logistical performance standards, regardless of the driving force or delivery objective. When developing a logistical plan, it is crucial to completely comprehend the demands of the consumer that must be taken into account.

The nature of different ways to meeting client needs is described in this section [1], [2].

Customer-Focused Marketing

Understanding how logistical competence affects marketing success is a good place to start. Companies that are driven by market potential see meeting client needs as the driving force behind all actions. Market penetration and successful transaction generation are the goals of marketing activities. This stance, sometimes known as the marketing notion, evolved as a result of the change from seller- to buyer-dominated marketplaces after World War II. Three key notions are the focus of this section.

First, a marketing orientation to company planning is constructed in its basic form. The increasing focus on making logistics a core capability is then emphasized. Planning for customer service must take this idea of taking logistical expertise as a strategic resource seriously. Finally, the evolving character of the most desirable logistics practice is investigated in terms of the needs of the product life-cycle. It is crucial to realize that logistical performance has to be adjusted over time to account for shifting marketing demands [3], [4].

Managing Consumer Waiting Periods

The duration of the wait time is often a useful customer service benchmark in industries including banking, retail, health care, and airlines. Customers often lose patience, forcing the service provider to agonizingly choose between security and speed. Delay in service, however, is seen as inefficiency everywhere. Time management while waiting might be difficult, but it is manageable. In their offices, doctors have periodicals, ergonomically built couches, and quietly playing TVs. Airlines are spending on upscale lounges, while hair salons often offer periodicals and additional seats. a few examples of managing client wait times [5], [6].

1. Keep the client engaged by having them read periodicals, listen to music, or watch TV.

2. Let the consumer know that the service procedure has started; this will calm them down. While physicians move patients to separate exam rooms, bankers begin the first paperwork procedures.

3. Try to comfort the consumers, since waiting seems longer when they are anxious.

4. Provide the consumers with as much information as you can, since this will ease their tension and provide them with hints for passing the time.

5. Consumers will get offended and agitated if it is clear that certain consumers are less equal than others.

6. Encourage consumer interaction with one another to keep them busy and interested. The wait could feel endless if they are alone.

DISCUSSION

Dealing with Difficult Customers

Unexpectedly, the customers' qualities and attributes have a significant role in the quality of service transactions:

1. Education and background, including occupation, qualifications, experience, family history, social network, etc.

A professional consumer, such as a chartered accountant, will be in a better position to comprehend a bank's savings account opening guidelines than an uneducated farmer. The latter would definitely need help filling out all the documents and comprehensive explanations in his native language. These would unquestionably lengthen the service transaction. Additionally, if the service provider could not speak the customer's language or was unable to lower their level of understanding, the quality of the service would decrease[7], [8].

2. The customer's attitude, mood, and personality, which might impede a seamless service transaction.

a) When a raucous non-family party upsets the calm ambiance at a well-known restaurant designed for families, the service provider breaks the commitment.

b) Despite being a smaller group, the unruly group manages to damage the experiences of all other customers since their demeanor is noticeably different from that of the other family-type customers. The service marketer cannot manage this issue either.

The smooth execution of each party's function in accordance with the operational blueprints is crucial to the success of service transactions and the standard of service delivery. While it is mostly easy to regulate the internal customers' performance quality, getting the customers to behave in a complying way becomes difficult[9], [10].

Due to the following, consumers of the same service provider and offer are not all the same:

a) different educational, familial, occupational, and financial backgrounds;

b) different abilities, attitudes, and capabilities;

c) different states of mind, levels of engagement, experiences, awareness, and perception.

If the service must be provided with consistency in quality and customer engagement is required for service delivery, then the service marketer must take into consideration the variations in the characteristics of the consumers. It's necessary to manage the client, which may be done in one of the following ways:

a) customer education and training;

b) selecting the suitable consumer category that the service marketer can control and manage.

Customer education and training: As previously indicated, before departure, airline workers inform customers verbally and by pantomime on flight safety measures. Package tour providers provide their clients with thorough instruction manuals and other informational materials and require them to sign a number of behavior guidelines and disclaimers.

Targeting the target market: To maintain a high minimum-balance-maintaining clause for its account holders, Citibank took the lead, followed by other international banks, and then subsequently by most private banks. In the process, they were able to stay away from the enormous mass-banking throng, which was not only undesirable from their point of view but also significantly varied in terms of service participation quality.

Customer retention strategies: Since keeping clients is less costly than acquiring new ones,

service marketers can emphasize this point. Through favorable recommendations and recurring purchases over the course of a lifetime, a retained client will also make a considerable contribution to the bottom line. Four different forms of client bonding are available to service marketers shown in Figure 1.

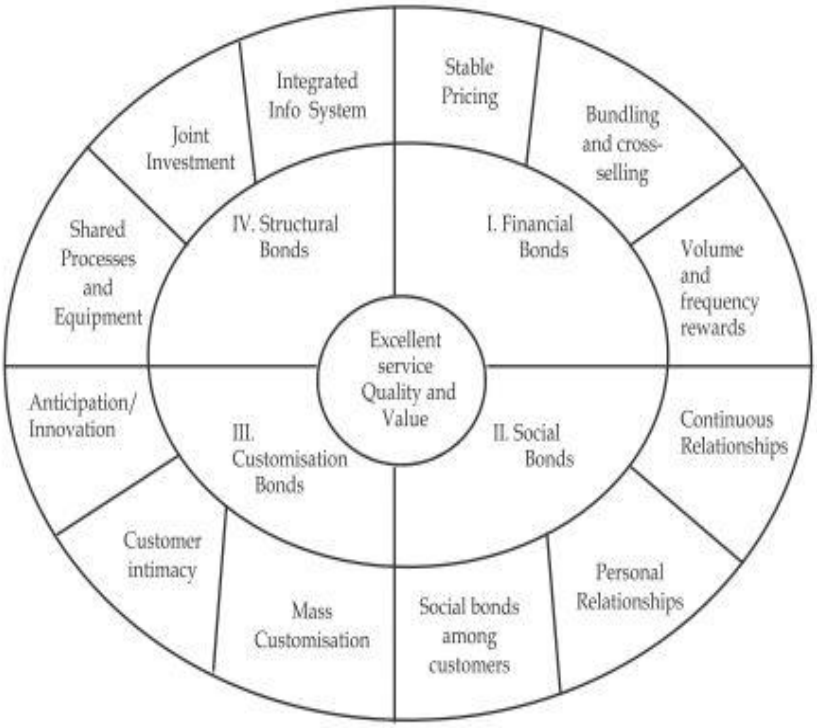

Figure 1: Levels of Retention Strategies.

1. ***Financial bonds:*** Bonds in the financial sector, with favorable pricing and incentives;
2. ***Social bonds:*** Social ties formed via lasting and intimate connections;
3. ***Customization bonds:*** customization ties are created by mass customization, anticipation, and feed forward;
4. ***Structural bonds:*** Joint engagement and an integrated system are structural links.

Customer Service

The ideal logistical performance is determined by marketing. Identifying the service combination and desired format that will encourage and support successful transactions is the crucial strategic question. Although the majority of top managers agree that providing excellent customer service is crucial, they struggle to describe it in detail. The phrases "easy to do business with" and "sensitive to customer needs" are often used. Although such broad generalizations are appealing from a qualitative standpoint, it might be challenging to define what "easy to do business with" implies for companies that interact with many clients on a daily basis. A functional definition of customer service must be created before developing a customer service strategy. LaLonde and Zinszer have investigated three different perspectives on customer service: (1) as an activity, (2) in terms of performance levels, and (3) as a management philosophy.

By considering customer service to be an activity, it is implied that it can be controlled. If

customer service can be effectively monitored, thinking about performance levels makes sense. The idea of customer service as a management philosophy serves as an illustration of the significance of customer-focused marketing. For a complete understanding of what goes into providing good customer service, all three aspects are crucial. A comprehensive description of customer service should include components from each of the three angles.

Customer service is a method for offering the supply chain considerable value-added advantages in a practical manner. It is evident that providing outstanding customer service tends to benefit every link in the supply chain. Thus, in order to achieve operational goals, a customer service program must define and rank all key actions. A customer service program must also include metrics for gauging success. Goal achievement and relevance must be used to evaluate performance. The crucial query in developing a customer service strategy is still open.

Does the price of meeting the defined service objectives constitute a wise investment, and if so, for which clients? Finally, it is feasible to provide important clients with more than just high-quality fundamental service. Value-added service is often defined as additional service beyond the fundamentals. By definition, value-added services are specialized for particular clients and go beyond a company's standard service offering.

1. Basic Service Capability

The three key components of customer service are dependability, performance, and availability. Now a more thorough discussion of these qualities follows. The relative value of the three service qualities in various business contexts has been the subject of several research investigations. The three components of service are all significant, according to the general consensus. However, depending on the particular marketing circumstance, a certain service feature may be more or less significant.

2. Availability

The ability to have product on hand when a consumer requests it is known as availability. There are several strategies to attain availability. The most typical method is to have goods on hand in case a client places an order. One of the fundamental concerns in designing a logistics system is choosing the right quantity, location, and stocking strategy for warehouses. An inventory stocking strategy is often based on anticipated demand and may include differential stocking techniques for certain products depending on their popularity in sales, relevance to the entire product line, profitability, and market value.

The safety stock policy of a company is a crucial component of availability. During base stock replenishment, safety stock is kept on hand to account for forecast errors and cushion supply delays. In general, a bigger safety stock is needed when there is a higher demand to guard against supply shortages. Thus, a greater commitment to safety stock often translates into a higher average inventory. Safety stock may make up more than half of a firm's typical inventory in high-variance conditions.

It should be evident that more planning is necessary to achieve high levels of reliable inventory availability than just assigning goods to warehouses based on sales projections. In actuality, the secret is to maintain little overall investment in stock and infrastructure while achieving high levels of inventory availability for chosen or core clients. Clear objectives about availability promises to particular clients are necessary for such stringent performance, which calls for

complete integration of all logistical resources. Exacting inventory availability plans are neither created nor managed on "the average." Therefore, stock out frequency, fill rate, and orders dispatched completely serve as the foundation for determining availability. The capacity of a company to fulfill particular client inventory needs is determined by these three metrics.

3. Stock out Frequency

The likelihood that a stock out may occur is known as stock out frequency. In other words, this metric shows if a product is ready to be sent to clients. When demand outpaces supply, a stock out occurs. The frequency of stock outs indicates how often demand for a certain product outpaces supply. The total number of stock outs across all items reveals a company's ability to fulfill basic service promises. This measurement does not take into account the possibility that certain items may need more availability considerations than others. However, when gauging inventory availability, stockout frequency is a good place to start.

4. Fill Rate

Fill rate gauges the duration or effect of stockouts. It's not always true that a customer's request is being unmet just because a product is out of stock. Face a customer need prior to a stockout having an impact on service performance. After then, it's critical to recognize that the product is unavailable and to ascertain how many units the consumer desired. Customer service goals often include fill rate performance. The frequency of stockouts may be used to gauge a company's success in fulfilling client demands. The order fill rate is 94 percent (47/50) if a buyer requests 50 units but there are only 47 units available. The standard practice is to assess performance over a predetermined time period that includes many client orders in order to accurately calculate fill rate. As a result, fill rate performance may be computed for a particular customer or for any desired combination of customers or business segments.

Fill rate may also be used to distinguish between the kind of services that will be provided for certain items. An order fill rate of 94 percent in the prior example may result in a stock out in the customer's business and cause a great deal of displeasure if all 50 of the goods were essential. However, if the majority of the 50 goods were rather slow-movers, a fill rate of 94% may be acceptable. The consumer can agree to a backorder or even be open to placing another order for the missing products. Based on client demands, a company might identify goods that are essential and should have greater fill rates. The development of fill rate techniques may then be used to satisfy client demands. Both the frequency of stock outs and the fill rate are influenced by client order habits. As an example, shipping unpredictability will increase the likelihood of stock out frequency if a company makes frequent replenishment orders for tiny amounts. In other words, there is an identical possibility of a delivery delay for each refill order. Thus, there will be more stock outs since there are more orders that affect safety stock. On the other side, if a company placed fewer major replenishment orders, the predicted fill rate will be greater and the possible frequency of stock outs would be lower.

5. Orders Shipped Complete

Orders dispatched completely are a measurement of the frequency with which a company has all of the merchandise that a client has requested. It is the harshest criteria since it considers complete availability to be the minimum acceptable level of performance. Orders that have been dispatched in their whole determine the prospective delivery dates for flawless orders, assuming that all other performance-related factors are flawless. These three availability metrics work together to show

how well a company's inventory management approach is satisfying consumer expectations. They serve as the foundation for determining the proper amount of availability to include in a company's foundational service platform.

6. Operational Performance

The operational framework of logistics was positioned as the performance cycle. Mission, client type, distinct performance cycles, and the level of operational volatility observed throughout time. The intended performance cycle is defined by operational metrics in terms of (1) speed, (2) consistency, (3) flexibility, and (4) malfunction/recovery. The logistical commitment to anticipated performance time and allowable deviation is part of operational performance.

a) Speed

Performance-cycle speed is the amount of time that passes between placing an order and receiving a shipment. Such a commitment has to be seen from the standpoint of the consumer. Depending on how the logistical system is designed, various performance cycles might take significantly different amounts of time to complete.

Order cycles might range from a few hours to many weeks or months due to the advanced communication and transportation technologies of today. Customer inventory consignment, of course, represents the greatest level of commitment to both inventory availability and operating speed. In consignment agreements, the goods is kept on hand at the client's place of business in case of emergency. Although consignment may be the best option for a consumer, it may be costly for a supplier to operate. Consignment agreements are normally only used for essential commodities, including machine components and emergency medical supplies, that might significantly reduce efficiency or effectiveness if they are not accessible at the precise time they are needed. The healthcare sector and business-to-business marketing are two industries that often use consignment.

b) Consistency

Although speed of delivery is essential, most logistical managers prioritize consistency more. The capacity of a company to produce on time across a significant number of performance cycles is referred to as consistency. Failure to maintain consistency results in customers having to have more safety stock on hand to guard against potential delivery delays. Consistency deals with adherence to delivery commitments over time, whereas availability and performance-cycle speed are concerned with the ability to ship products as needed and the commitment to finish all work requirements necessary to deliver specific orders at a set time, respectively. Consistency is a key concern in logistical operations.

c) Flexibility

Operational flexibility is the capacity of an organization to deal with unusual customer service needs. How successfully unforeseen events are handled directly relates to a company's logistical expertise. The following examples of occurrences needing flexible operations:

1. Modifications to the fundamental terms of a service, including one-time adjustments to ship-to locations.
2. Assistance with an original sales and marketing strategy.
3. The launch of new products

4. Product retirement
5. Supply disruption
6. Product withdrawal
7. Tailoring service levels to certain markets or clients
8. Product alterations made while it is still in the logistics chain, such as price, mixing, or packing. Flexibility serves as the foundation for logistical success in numerous ways. A company's overall logistical proficiency often rests on its capacity to "go the extra yard" when necessary to meet a crucial client need.

d) Malfunction/Recovery

No matter how well-oiled a company's logistical organization is, mistakes will still happen. It is challenging to consistently meet service expectations in all kinds of operating circumstances. Programs may sometimes be created to foresee or handle unique circumstances, averting malfunction. Such extreme obligations should only be made under valid circumstances. The key to the basic service program is to prepare for faults or service failures by anticipating them and putting emergency preparations in place. In light of the fact that no program is fail-safe, the basic service program makes a high degree of service assurance. The customer service program should contain contingency plans that define anticipated recovery and gauge compliance when service outages occur.

Reliability is the key to good logistics. Compliance with levels of projected inventory availability and operational performance is a key quality concern in logistics. Beyond meeting service requirements, quality compliance entails having the capacity and desire to promptly notify customers of the status of their orders and logistical operations. According to research, one of the most important indicators of a company's customer service competence is its capacity to give correct information. Customers are indicating increasingly often that detailed information on the details and timeliness of a purchase is more important than full order fulfillment. Consumers hate being surprised! If clients are informed in advance, they can usually prepare for a stock out or a delivery that is running late. Continuous improvement is a significant component of service quality in addition to service dependability. Like other managers in the company, logistical managers are focused on achieving operational goals with the fewest potential errors.

CONCLUSION

Any company' success depends critically on its ability to satisfy its customers. Businesses may improve the customer experience by emphasizing effective communication, empathy, problem-solving, and the use of technology. Customers may communicate their wants and concerns via clear and open lines of communication, and empathy helps people feel understood and connected. Customer satisfaction is increased when customer care agents have the ability to solve problems quickly and efficiently. Utilizing technology may simplify operations and provide clients convenience. Businesses may use customer feedback as a useful tool to pinpoint areas for improvement and better their services. In the end, offering excellent customer service benefits the business's overall development and profitability in addition to increasing customer pleasure.

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DESCRIBE A MODEL OF CUSTOMER SATISFACTION

Mr. Anil Gowda*

*Associate Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-anilbgowda@presidencyuniversity.in

ABSTRACT:

For companies to succeed in a variety of sectors, customer happiness is essential. Companies may enhance their goods, services, and overall customer experience by understanding the elements that affect customer satisfaction and creating a model to measure and forecast it. This chapter proposes a thorough model of customer satisfaction that takes into account both objective and subjective elements that affect consumers' perceptions and assessments. The model seeks to reflect the complex nature of consumer satisfaction by including numerous variables such as product quality, service quality, pricing, convenience, and emotional considerations. The link between satisfaction determinants and total satisfaction is also explored in the model, as well as the mediating function of customer expectations and the moderating influence of individual characteristics. By using this approach, organizations may better understand the factors that influence consumer happiness and develop strategies that will increase brand loyalty and long-term success.

KEYWORDS: *Customer, Customer Satisfaction, Logistics, Service Quality.*

INTRODUCTION

The level to which a product or service meets or exceeds a customer's expectations is known as customer satisfaction. The purpose of logistics is to support critical production and marketing processes in order to meet client demands. The emphasis on promoting client success is the most rigorous service obligation. A success program and its associated commitments are by definition centered on long-term business partnerships with growth potential and a high likelihood of producing the required goals[1], [2].It could be necessary for a supplier to assist reimagine how a product is marketed or delivered in order to guarantee a customer's success.

Measurement of Customer Satisfaction

Due of the fundamental distinction between services and products, there are several difficulties that service marketers must overcome. Understanding consumer requirements and expectations for service are some of the difficulties they often encounter. Other difficulties include making the service provision tangible;

1. Dealing with a variety of individuals, including both internal and external consumers, as well as delivery concerns;
2. Honoring commitments made to clients.
3. The assessment and oversight of quality, however, provide the most fascinating problem.

There are still certain issues with service quality that need conclusive solutions:

1. When the product is non-tangible and non-standardized, how can service quality be determined and improved?

2. When a new service is fundamentally an intangible process, how can it be efficiently created and tested?

3. When the service company's other marketing strategies are also communicating, how can it be positive that its communication has been successful, consistent, and pertinent? This concern is particularly valid in light of the role that service providers play in the service transaction.

The following are the many operational goals that logistics aids in attaining in order to maximize customer happiness and success:

Rapid Response: Quick reaction refers to a company's capacity to promptly meet customer service demands. The capacity to delay logistical activities until the last feasible moment and then complete speedy delivery of necessary merchandise has improved thanks to information technology. As a consequence, surplus stocks that were previously stockpiled in advance of client demands are eliminated. In order to react to client needs on a shipment-by-shipment basis, rapid response capacity changes operational focus from an anticipatory posture based on forecasting and inventory stocking. Little tolerance exists for operational shortcomings since inventory is often not moved in a time-based system until customer needs are established and performance is committed [3], [4].

Minimum Variance: Variance is an unforeseen occurrence that impairs system performance. Any element of logistical operations has the potential to cause variation. delays in the anticipated time for customer order receiving, an unanticipated production interruption, damaged items arriving at a customer's location, or delivery to the wrong address. These cause processes to be interrupted in time, which must be fixed. Possible variance reduction affects both internal and external processes. A logistics system's operational components are susceptible to possible variation. Traditionally, safety stock inventories or expensive premium transportation were used as a means of accommodating volatility. Due to the cost and danger involved with these methods, information technology is being used to establish positive logistics control. As variations are reduced, logistical efficiency rises as a consequence of cost-effective business practices. Thus, reducing variation is a fundamental goal of overall logistical success [5], [6].

Minimum Inventory: In order to achieve minimal variance, assets, commitment, and relative turn velocity are all taken into account. The financial worth of merchandise placed across the logistical system is known as total commitment. Turn velocity refers to the pace of inventory consumption over time. Inventory assets are being successfully used when turn rates are high and inventory is readily available. The goal is to obtain the lowest total logistics cost by reducing inventory deployment to the lowest level that still meets customer service objectives. Managers' efforts to cut down on inventory holding have made zero inventories more and more crucial. When a system is being reengineered, it is common for operational flaws to be undetected until inventories are at their lowest point. When inventories provide economies of scale in production or procurement, they may increase return on investment. The goal is to keep inventory at the lowest level feasible while still reaching the intended operational goal. The logistics system design should govern commitment and turn velocity for the whole company, not just for each

business site, in order to meet the goal of low inventory.

Consolidated Movement: Transportation expenses account for the majority of logistical expenditures. The cost of transportation directly relates to the kind of goods, the volume of the cargo, and the distance. High-speed, small-shipment transportation is necessary for logistical systems with premium service. Usually, premium transportation is expensive. Consolidating movements is ideal in order to save transportation costs. The cost of transportation per unit decreases as the total cargo volume and distance traveled increase. Innovative programs that aggregate small shipments for consolidated transit are needed to accomplish this. Working arrangements that go beyond the total supply chain are required to support these types of programs [7], [8].

Quality Improvement: Continual improvement in quality is another logistical goal. All areas of industry have made a significant commitment to Total Quality Management (TQM). One of the main factors that affect logistics is complete adherence to TQM. The logistics enhance value by protecting against product defects or broken service commitments. Once they have risen, logistical expenses cannot be reduced. The logistical performance often has to be reversed and then performed when quality fails. The logistics itself must meet the necessary quality requirements. The fact that logistics activities normally must be carried out throughout a large geographic region at all hours of the day and night serves as an example of the difficulty in obtaining zero defect logistical performance. The fact that the majority of logistical work is carried out thanks to the supervisor's vision serves as an example of the quality problem. Reworking an order after it has been sent incorrectly or has been damaged in transit is more expensive than doing it properly the first time. The development and maintenance of continuous TQM improvement heavily relies on logistics [9],[10].

Life-cycle Support: Life-cycle support is the last logistical goal. Very few products are offered without some kind of assurance that they will function as promised over time. It is necessary to reverse the typical flow of value-added inventory toward consumers. Due to increasingly strict quality requirements, product expiry dates, and liability for dangerous repercussions, product recall is a critical capability. The growing number of rules that prohibit disposal and promote recycling of drinking containers and packaging materials has also increased the need for return logistics. The need for maximal control when a possible health liability arises is the most crucial component of reverse logistical operations. A recall campaign is comparable to a customer service plan that must be carried out at any costs. Reverse logistics' operational demands vary from the lowest overall cost—such as returning bottles for recycling—to the highest performance—solutions for serious recalls.

DISCUSSION

Logistics for service support are directly impacted by the product and the buyer. This is particularly true for businesses that sell consumer goods or business equipment. Life-cycle support is one of the most expensive aspects of logistical operations and a difficult operational need. A logistics system's life-cycle support capabilities must be properly planned. Due to the increased awareness of environmental issues throughout the globe, reverse logistical competence calls for the ability to recycle products and packaging materials.

Measures of logistical service include:

Availability: Availability is having enough inventory to regularly satisfy a customer's request for

a product or commodity.

Operational Performance: Operational performance refers to the amount of time between the receipt of an order and its delivery. Delivery consistency and speed are key elements of operational success. A company's operational effectiveness may be assessed by how adaptable it is to customers' unique and unanticipated requests.

Service Reliability: Service reliability has to do with the logistics' quality characteristics. Management must be dedicated to continual improvement if logistics performance is to consistently satisfy consumer expectations.

A Customer Satisfaction Model

This approach may assist a company looking to enhance the quality of its services in narrowing in on its plans and operational procedures. This model may be used to test and track service quality in addition to locating and identifying areas in service delivery and design that may lack quality.

The customer's perception of service quality is what matters. There is no other way to understand or manage. Since a service is intangible, the only method to gauge its quality is to gauge the client's anticipation before to receiving it and gauge his impression after the service encounter. The difference between the two is a gauge of service level. The business is effective in matching the customer's expectations... so far! The wider the gap, the lower the service quality; the shorter the gap, the better the firm's service quality. Since customer expectations are continuously rising, service quality must also.

1. the evaluation of the client's (in this example, the student's) expectations prior to service delivery (before admission)

2. the evaluation of the service encounter upon acceptance, during the two-year program, and following convocation

3. hence calculating the distance between the two

The model claims two different kinds of gaps:

1. **The Customer Gap:** The discrepancy between customer expectations and perceptions is known as the "customer gap." In other words, this is the customer-perceived lack of service quality. Customers form expectations as a result of receiving external cues from a variety of sources, from those that are controlled by the business to societal factors. These serve as the cornerstones of his invitation to visit for the service experience. For all intents and purposes, the customer's views represent the service as really received since what we perceive is what we consider to be real. Everything is based on perception.

2. Service product/offer, pricing, advertising, promotions, displays, outlets, and other company-controlled external stimuli include these. Word-of-mouth advertising and peer groups are examples of social factors that act as external stimuli. Personal demands and prior customer experience are other factors that might affect expectations. The customer gap denotes the discrepancy between the service's real performance and how the consumer views it. Customers make a lot of subjective assessments. They could be prejudiced by recent events and alter their perception of quality. Example: A consumer may be delighted with a certain restaurant; yet, his most recent experience there possibly due to a new waiter could make him angry and erase years of positive memories all at once.

The ability of a company to respond to the needs of the client is the essence of service excellence. The perceived service quality serves as a yardstick for evaluating service performance. Two factors determine a service's quality:

Technical quality: This is what the service operations procedure ultimately produces.

Functional quality: This refers to the process, particularly how the client and service provider interact.

These two elements heavily saturate the service process with subjectivity.Any company that provides services would like to close the gap between what is anticipated and what the consumer receives. They believed that in order to develop a lasting connection with the client and keep him, this was a must. However, the Provider Gap must also be addressed in order to close the Customer Gap.

The Provider Gap:

The customer gap is brought on by a combination of four provider gaps. They are the gaps found in the service company. The provider gap (also known as the company gap) must be closed in order to close the customer gap.

These are the four provider gaps:

Gap-1: Customer expectation management perception gap

The biggest reason a company can't fulfill a client's expectations is because senior management is unable to understand what the consumer wants. A perceptual curtain of ignorance, conceit, or criminal carelessness has blinded the corporation.

Here are some of the causes of Gap-1:

1. Inadequate market analysis;
2. A lack of communication at the top of the organization;
3. Relationship building not given enough attention ('don't care' attitude), etc.

Gap-2: Management perception – service quality expectation gap

This void is caused by the lack of requirements for service quality throughout service transactions and the design process of the service product. This gap occurs in the design process when management's understanding of customer expectations is converted into design requirements.

Managers would establish requirements for service quality based on what they feel the client needs, which is a highly risky assumption. The ramifications of this gap include that, even if the company has a good grasp of the customer's expectations, there is still room for misinterpretation, which might result in incorrect specifications, service designs, and standards being defined.

There are many causes for Gap-2, including:

1. Failure to link service positioning to service design
2. Unorganized approach for developing new services
3. Lack of service standards established by customers
4. Lack of a defined approach for establishing service quality objectives

Gap 3: Service delivery and service quality requirements.

When there is a variation from the service standards that have been defined and are actually provided to the clients, this happens at the service provider level. All public sector organizations—banks, insurance firms, lodging providers, tour operators, travel agencies, and the like—are definitely plagued by this. The standards for service design and the management's understanding of them may be correct and ideal. However, if the service provider with whom the consumer interacts throughout service delivery falls short of the requirements set forth, the customer will have a negative opinion of the company. This becomes particularly crucial for the company whose final transaction was significantly based on human labor. The Reserve Bank of India may have set the best design standards for public sector banks, but, to put it mildly, unreliable staff and dishonest employees (such as those involved in the Harshad Mehta scam involving the misuse of Portfolio Management Funds and the State Bank of India internal document mess-up) would result in significant gaps in quality.

A few of the causes of Gap-3 include:

1. Ineffective hiring, unclear roles;
2. Conflicting roles;
3. Poor collaboration, lack of empowerment, and control
4. Customers not cooperating or failing to live up to their duties (lack of knowledge and responsibilities), failure to balance supply and demand (at a retail business, peak crowds would occur in the nights and slack demand would occur in the afternoons, but staff strengths would remain the same);
5. Conflicting channels, etc.

Gap 4: External consumer communications during service delivery.

Basically, there is a communication gap here. The discrepancy is between the aim and capabilities of service delivery and what is conveyed to the clients. The customer's baseline for service quality and his expectations for service delivery skyrocket in response to an overly hyped message. The company will find it challenging to match the demand in such case, and a shortage is unavoidable. Tragically, even without the fanfare, the buyers would have been happy. However, they now return filled with regret and feeling unsatisfied. This is the effect of the company's poor communication. For instance, the much-maligned state TV station Doordarshan would promise to air a certain program, like an interview with Mr. Amitabh Bachchan, at a specific time and then fail to do so, causing a great deal of disappointment. Even if DD offered an apology, the audience would still curse and not begrudge him.

Causes of Gap-4 include:

1. Improper marketing communications coordination;
2. Lack of a robust internal marketing campaign, inability to effectively communicate with clients to achieve their expectations;
3. Advertising and personal selling that makes excessive promises;
4. Insufficient horizontal connectivity between operations and sales;

5. Variations in policies and practices amongst branches, etc.

Customer Success

Some businesses have learned in recent years that there is additional commitment that may be made to achieve genuine competitive advantage via logistical performance. This commitment is founded on the understanding that a company's capacity to develop and increase market share relies on its capacity to draw in and retain the most lucrative clients in the sector. Therefore, using an organization's performance capabilities to improve the success of those clients is the fundamental secret to customer-focused marketing. This emphasis on customer success demonstrates a strong dedication to serving customers. A client may be OK with a fill rate of 98 percent, but in order for the customer to successfully implement its own plan, a fill rate of 100 percent on certain items or components may be required.

1. Achieving Customer Success

Undoubtedly, a customer success program entails a commitment to focusing on long-term business relationships with significant development and profitability potential as well as a complete grasp of each individual customer's needs. Most likely, not all prospective consumers can be guaranteed such a commitment. Firms must collaborate closely with customers to fully understand their needs, internal workings, competitive climate, and other factors necessary for the client to succeed in its particular competitive context. Additionally, it necessitates that a company learn how to best use its own resources to improve the performance of its clients.

2. Value-Added Services

A crucial advancement in the growth of customer success is the idea of value-added service. Value-added services are by definition special or niche operations that businesses might jointly create to increase their effectiveness and/or efficiency. Value-added services support the success of the client. It is difficult to generalize all potential value-added services since they often depend on the individual needs of the consumer. When a company commits to providing value-added services to important clients, it quickly becomes engaged in customized or bespoke logistics. It takes unusual actions to help certain clients accomplish their goals.

One example of adding value to a very typical product is IBM's capacity to create and deliver personalized personal computers and networks to individual clients. To improve customer success, businesses may provide distinctive product packages, design customized unit loads, price items, give distinctive information services, provide vendor-managed inventory service, make particular shipping arrangements, and so on. In practice, some of the value-added services that buyers and sellers agree upon require integrated service providers who are qualified to provide such services. To make such value-adding operations a reality, transportation carriers, warehousing companies, and other professionals may get closely engaged in the supply chain. A few concrete examples of how they could function inside a particular supply chain to provide value-added services are adequate at this time.

Private or third-party warehouses may be used to carry out a variety of customization tasks.For instance, a retailer could want a special pillarization option to facilitate cross-dock operations and satisfy the particular product needs of each of its separate shop units. To sustain in-stock performance with a minimal inventory commitment, each shop needs varying amounts of a certain product. In another instance, first-aid kits made up of a variety of components are actually

put together in the warehouse as orders come in to satisfy customers' precise requests for customized kits. To suit the various clients' specialized product configuration needs, warehouses often provide pick, price, and repack services to manufacturers.

CONCLUSION

This chapter developed a thorough model of customer satisfaction that incorporates a number of variables and dimensions that affect consumers' perceptions and assessments. The approach acknowledges the significance of both objective criteria like pricing, convenience, and service quality as well as subjective elements like emotional experiences. The approach offers a more comprehensive view of consumer satisfaction by taking into account both kinds of characteristics. Additionally, the model recognizes the moderating impact of individual variations on the link between satisfaction determinants and total satisfaction and emphasizes the mediating function of consumer expectations in affecting satisfaction levels. Using these information, organizations may more effectively target their strategies to certain client categories and raise customer satisfaction levels. Businesses may pinpoint areas for development, enhance their offers, and provide remarkable client experiences by using this approach. The end result of improving customer satisfaction is a rise in client loyalty, good word-of-mouth, and better financial results. Therefore, this model offers firms a useful framework for better understanding and managing customer happiness, which ultimately contributes to long-term success in today's cutthroat industry.

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DEMAND PLANNING AND FORECASTING

Dr. Ramalingam Mageshkumar*

*Assistant Professor,
Department of Management,
Presidency University, Bangalore, INDIA
Email Id-mageshkumar@presidencyuniversity.in

ABSTRACT:

The management of the supply chain and corporate operations depend heavily on demand planning and forecasting. An overview of demand planning and forecasting is given in this chapter, along with a discussion of its importance for optimizing inventory control, cutting costs, and boosting customer satisfaction. Predictive analytics, market research, statistical models, and other approaches to demand forecasting are all addressed. In order for organizations to effectively fulfill consumer demand and make informed choices, the abstract emphasizes the need of precise and dependable demand forecasting.Demand planning and forecasting will be essential for firms to stay competitive, react quickly to changes, and take advantage of new possibilities as markets continue to expand and become more dynamic.

KEYWORDS: *Demand, Forecasting, Planning, Supply Chain.*

INTRODUCTION

A business process called demand planning and forecasting entails projecting future demand for goods and services and coordinating distribution and production capacity appropriately. It demands cooperation on shared business strategies throughout the supply chain, timely data exchange, correct data processing, and a variety of other business activities[1], [2].In order to guarantee that the final customer continuously gets the necessary quantities of commodities at the proper time and place, as well as in the most cost-effective way, forecast and demand planning is the process of identifying and anticipating recipient requirements. Demand planning and forecasting involves both science and art. It needs sound judgment, business knowledge, and technological abilities. If done correctly, it may boost sales, provide a meaningful competitive advantage, manage inventories, and maintain best-in-class customer service. Modeling and an organized methodology are both necessary for forecasting. Both have equal value. In this class, we'll go over the basics of forecasting and planning as well as the significance of the forecasting process and its place in demand planning.

Demand Forecasting

Our choice of goods, method of operation, and values to impart to the clientele are all influenced by our vision for the future. To prevent things from getting out of hand, we need to be able to see what is coming around the corner. We need a range of tools to achieve this. Forecasting tools aid in environmental analysis and provide suggestions on how a company may make the most of its resources. We'll look at a few of these forecasting methods in this unit[3], [4].The method for estimating future values is based on an understanding of the variables that affect them. Based on how far into the future they look, various types of forecasting may be categorized. Short-term

forecasting often involves detailed predictions for specific goods. These projections are used to schedule short-term choices such as order size, transit scheduling, and inventory management[5], [6].

In order to prepare for capacity, location, and layout over a considerably longer time period, medium-term predictions are employed. Strategic decisions are made using long-term projections. Demand levels are predicted as part of medium-term projections. This is essential to the company as a whole since it gives all functional areas, including the supply chain, the fundamental inputs for planning and controlling. Demand forecasts are required consistently throughout the planning and control process. Demand planning aims to address the issues brought up by these worries [7], [8].

These are a few examples of such general, fundamental queries:

1. How do you choose which items to advertise, which markets to join or leave, which new products or services to launch or discontinue?

2. Since sales targets are often dependent on projections of future revenue, what sales plans are to be made?

3. How should manufacturing, procurement, and logistical preparations be made in order to accommodate the demand swings that will happen during the next six to eighteen months?

4. What should our financial plans be? How can demand variations be absorbed by our inventory, staff, work hours, suppliers' activities, etc.? What effect do they have on our expectations for earnings?

5. If the company doesn't satisfy every need, will it lose customers? Which approach should the business take?

Each of these decisions affects the organization's tactical actions (medium-term policy). The organization's operations are guided by the policy after it has been chosen. A solid grasp of what consumer’s value must be the cornerstone of every effective policy. For instance, it could be difficult for the business to wean customers back when demand declines if a strategy of not satisfying all needs causes them to go to a rival offering. Demand levels and timing have a significant impact on the business's overall structure, financial requirements, and capacity levels. Every functional area has unique forecasting challenges. Demand forecasting is an essential part of supply and demand management[9], [10].

Supply chain forecasting considers the demand's regional fluctuation as well as its temporal variation, unpredictability, and randomness. Accurate projections of the product and service quantities that the supply chain will handle are necessary for planning and regulating supply chain operations. Typically, these estimations take the form of forecasts and projections. It is sometimes important for the supply chain professional to develop predictions on their own for short-term planning, such as inventory management, order sizing, or transport scheduling. Demand planning becomes required for choices made over a longer period of time.

DISCUSSION

The temporal dimension is reflected in supply and demand. It is crucial to understand that management decisions may affect both supply and demand. Forecasting may mean many different things in business and economics. In forecasting, a forecast and a prediction are two separate

entities. A forecast is a more comprehensive idea. It is an estimate of a future occurrence made using subjective factors rather than only historical data, and this subjective factor need not take any particular form.

In supply chain management, we use a definition of a prediction that is rather explicit, as shown below:

A prediction is an estimate of a future occurrence made by methodically collecting and projecting facts from the past in a specified manner. The supply chain has two dimensions: time and space. In other words, the supply chain expert has to be aware of when and where the demand volume will occur. Planning warehouse sites, balancing inventory levels across the supply chain network, and regionally allocating transportation resources all depend on the spatial location of demand. Depending on the firm's operations and the activity for which the prediction is needed, the type of demand might vary substantially. The demand comes in two flavors.

The first occurs when a large number of clients produce demand but each only purchases a tiny portion of the overall amount. It is believed that this kind of demand is independent. When the demand is determined from a production schedule, the second sort of demand enters the picture. It is believed that this kind of demand is dependant. Statistics are used to anticipate independent demand. These models are predicated on demand that is independent and random. In the case of dependent demand, however, the demand is known.

Forecasting Methods

The forecast may be created using a variety of forecasting techniques. The kind of the item being forecasted and the accessibility of past data will determine the most effective strategy. These two elements often influence the technique you use for creating the prediction. The following list of four popular forecasting methods includes:

Qualitative: When there is little or no previous performance data available to estimate demand, these projections are employed. They are often determined by an expert's experience with the items, the sector, and client preferences. When new items are being released into the market, an expert's viewpoint is often helpful.

Time Series: In order to estimate future demand, time series projections use data from the past. There are several computational techniques that may be used. This strategy often works well for goods with a broadly defined historical pattern that do not significantly vary from one year to the next, such as "staple stock" items in a retail setting.

Causal: When there is a clear relationship between one or more factors and the demand for the product, causal forecasting is used. For many consumer durable goods, the demand may be estimated using factors like disposable income, lifestyle characteristics, etc. However, the approach requires very complex modeling.

Simulation: This complex technique is mostly employed when an organization wants to produce several "what-if" scenarios. Such a model, for instance, might provide explanations for the effect of rising prices or falling disposable income on product demand. To create a more reliable prediction, businesses often need to assess various sorts of sensitivities.

The technique should be able to achieve the necessary forecasting model's goals. The required outputs may be produced using a variety of methods. For instance, the methodology utilized for

short-term projections and long-term forecasts may vary.

Accuracy and Validation Assessments

Validation and verification are required for all models. During validation, the issue of "Are we building the right system?" is raised. On the other side, verification aims to respond to the query, "Are we building the system right?" It is crucial that the approach employed for the validation be reliable since it is validation that establishes a model's credibility. Time series characteristics that can be seen in their graph, together with predicted values and residual behavior, are what forecasting modeling looks for.

Holding out a certain number of data points for estimating validation (i.e., estimation period) and a specific number of data points for forecasting accuracy (i.e., validation period) is an efficient method for modeling forecasting validation. The model's parameters are estimated using non-reliable data, which is followed by testing on data during the validation period. If the findings are positive, predictions are created beyond the end of the estimation and validation periods.

A successful model should have low error rates in both the estimation and validation phases, and the statistics from its validation period should be consistent with those from its estimation period. Holding data out for validation is perhaps the most crucial diagnostic test of a model since it provides the greatest indicator of the level of accuracy that can be anticipated when making future predictions. It is standard practice to save at least 20% of data for validation needs.

Collaborative Forecasting

Companies will profit from such forecasting models as technology advances in speed and intelligence and as supply chains become more open to information sharing. Information will gradually take the role of inventory. Collaborative Planning Forecasting and Replenishment (CPFR) reflects this optimism. Supply chain philosophy and CPFR are recognized as extensions of supply chain management. Wal-Mart and Warner-Lambert conducted the first CPFR experiment for Listerine products. To trade predictions, they made use of specialized CPFR software. Supporting information was transmitted iteratively, including prior sales patterns, advertising strategies, and even the weather. This gave them the opportunity to combine their individual projections into one. The outcomes were pleasing. Sales of Listerine grew, fill rates improved, and inventory investment was significantly reduced.

Based on the idea of supply chain management, CPFR forecasts. It is a business strategy that approaches information sharing between trade partners and supply chain management holistically. In order to increase supply chain efficiency for all parties, it makes use of common measurements, standardized terminology, and binding agreements. In other words, collaborative forecasting is built on exchanging information among the nodes in the network and treating the whole supply chain or partnerships as a single entity. The goal is for all supply chain participants to work together to satisfy the demands of the ultimate customer. This is achieved by giving the consumer the ideal product at the ideal location, ideal moment, and ideal cost.In May 2002, the University of Denver hosted a Round Table when it was revealed that the "CPFR Overview Committee" had created goal objectives for commercial advantages utilizing CPFR.

These are shown below:

1. increased shelf in-stock by 5% to 8%

2. 10% less inventory on average throughout the network
3. An 8–10% increase in sales
4. A 1-2% reduction in operational costs
5. A 3-4% drop in the cost of products
6. 25–30% shorter lead and cycle times
7. An 8–10% reduction in account receivables
8. Forecast errors of +/-20% (for six weeks out) and +/-30% (for twelve weeks out) were reduced.

Forecasting and demand planning are essential for a supply chain management strategy to be implemented effectively. The degree of precision and efficiency with which this demand is projected and is communicated up and down the supply chain is directly related to reducing expenditures in inventory and improving customer service levels. Even though precise and successful forecasting is a difficult goal to achieve, many businesses are increasingly adopting a collaborative forecasting strategy. The whole supply chain that participates in choices regarding demand is involved in collaborative forecasting. This demand, which is used to direct supply chain operations, entails accumulating forecasting data both internally and outside. Some of the fundamental issues with conventional forecasting are resolved through collaborative forecasting. It is a technique for combining enterprise-wide information into a prediction that is supported by the whole supply chain and is more accurate than a typical forecast. The goal is to be able to provide the most accurate and timely demand estimates.

Collaborative Planning, Forecasting and Replenishment (CPFR)

A nine-step method called Collaborative Planning, Forecasting and Replenishment combines supply planning and demand planning into a single operation. The three main sub-processes of the CPFR process are planning, forecasting, and replenishment. Each of these sub-processes is made up of a number of phases. Usually, it starts with choosing a "forecasting champion." A may be the forecasting champion, a single individual, a division, or a business. The collaborative forecasting approach depends on the selection of a "forecasting champion." The champion's responsibility is to speak clearly and lead the organizations engaged in exchanging and approving information, technology, and forecasting methodologies. Various techniques are used for collaborative forecasting. These forecasting procedures are often constructed specifically to satisfy the requirements of each unique company. The task's champion must recognize and underline the process's importance if they are to succeed. The forecasting champion must also coordinate the cross-functional activities needed to enhance forecasting.

The creation of the forecast collaborative group is the next phase. Each organization should choose a representative from this group. However, the group should be made up of people from several functional fields, such as sales, marketing, logistics and operations, finance, and information systems. Members of external partners such Notes suppliers and customers are included in this definition. The effort must be concentrated to achieve two goals: (a) the final forecast must include the finest and most up-to-date information feasible; and (b) the forecast must take into account the changing demands and environments that the organization faces.

The group is tasked for choosing the collaborative forecast process's goals, objectives, and

pressing requirements. These are based on the informational requirements of each and every forecast consumer. The group will determine the variables, procedures, technologies, and pertinent information sources that have an influence on the prediction. Both internal and external sources are possible. The group's capacity to guarantee that information is accessible to all users at all relevant levels will determine the outcome.

At least two regular meetings are often held by businesses per month. The first meeting's objectives are to collect data and create the preliminary projection. The purpose of the second meeting is to discuss conflicting projections and find a consensus. The next phase is at the company level after the relevant information has been chosen and made accessible. The method used to combine the different bits of information is decided upon by the supply chain participants. The company's sales and planning systems employ the consensus prediction after receiving the required permissions. As an example, Gillette discovered connections between top managers, distributors, and so on.

By supporting the company's objective to enhance critical customer connections via an efficient, collaborative, improvement-oriented approach, the linked teams provide it an extra edge. Gillette discovered various ways to enhance problems including shrinkage, shelf replenishment, packaging, and display design by doing it in this manner. Additionally, it makes sense since consumers enhance their own sales while simultaneously reducing retailer loss of sales by caring about their own performance difficulties. However, metrics and incentives must be a part of the process for this kind of synergy to occur. These make sure that the collaborative method truly has a positive impact on prediction accuracy and associated supply chain performance. The effectiveness of the joint efforts should be shown by measurements that show both the rate of progress over time and the success of the collaborative efforts at a specific moment in time. Measurements should compare the reality to the predicted, however they may differ.

The businesses may use these to compare projections for consistency and comparability. Calculating the absolute error for each item (the real minus the prediction, divided by the actual, without the sign) is a frequent practice. An additional crucial metric is a bias indicator. This displays the proportion of products that either exceeded or fell short of forecasts. The bias indicator highlights patterns and tendencies that cause certain things to be over- or under-forecasted. To improve the projections that are impacted, compensating for this bias might be essential.

The collaborative method is a departure from custom and demands participants to fundamentally alter the ways they previously worked. Issues with resistance are often the outcome of working technique adjustments. The greatest outcomes will often not be obtained through efforts to enhance the prediction process if participants do not genuinely alter their behavior. For many of the participants, the collaborative method also requires extra effort in addition to shifting previous work patterns. Those who have not previously participated in the forecasting process could consider it to be additional effort.

Results may not, however, appear right away. Setting up the system and seeing benefits from it takes time. Before results are available, there is a learning curve for participants; systems and sub-systems must be built, and process choices must be made. Each organization in the whole supply chain will find it difficult to convert to collaborative forecasting as a result of the confluence of all these problems. As businesses add data from the consumer, the market, and other sources to statistics in the collaborative forecasting environment, the information is more up to date and

accurate. By reducing prediction uncertainty, this supplementary information lessens the inventory held since there is less need for inventory to account for forecast uncertainty.

The key tenet of CPFR is that each member of the supply chain creates a coordinated forecast. Both upstream and downstream in the supply network, a firm may cooperate with a large number of other members. To improve the process from beginning to finish, any party involved in a CPFR process, including the supplier, manufacturer, distributor, and retailer, may monitor and modify prediction data. In essence, CPFR eliminates predicting hunches. This implies that merchants and manufacturers communicate their intentions in-depth understanding of one another's assumptions and limitations. However, employing such systems requires a high level of skill and considerable investment.

Gillette discovered that not every participant in the supply chain was eligible to join the integrated supply chain. Last but not least, it chose to differentiate its client approach based on customer size. Based on Gillette's value chain structure, more sophisticated, complicated retail chains got a more distinctive and integrated service. Smaller, independent firms get a set of supply chain services that are uniform. This difference is driven by the customer's intelligence as much as the expense to service. Gillette only performs CPFR with its biggest accounts as a result. There are several effective CPFR instances. Heineken USA has effectively shortened their order-cycle time by using CPFR. It is expanding its program and now giving its top 100 distributors collaborative planning and replenishment tools.

Quantitative Methods

Despite having the potential and competence to employ such IT-based models, the majority of businesses, particularly small and medium-sized ones, do not find their utilization to be cost-effective. They may choose to make their projections using conventional quantitative techniques. The "time series" approach is the most used one.

Time Series Notes

A time series is a way of describing change that happens across time. It is a quantitative model that uses historical data to depict the shift in the demand for products and services as well as the pattern in the order of occurrence. A "times series" refers to certain patterns or traits of the changing process. The ongoing development of inventory theory has as one of its main themes the creation of realistic and demand-driven inventory models. Demand in the actual world is unpredictable and hard to predict. Furthermore, these demand mechanisms are becoming progressively more erratic and unpredictable as product life cycles shorten.

Inventory managers often depend on estimates based on a time series of historical demand, such as a weighted moving average, in practice. These estimates are often based on the assumption that the most current data on demand are the greatest indicators of future demand. Therefore, time series are often utilized for inventory choices in order to:

1. Create and maintain projections for various product levels,
2. Provide accurate predictions for product and location planning and replenishment,
3. optimize demand history via demand reduction and seasonal profile,

CONCLUSION

Effective supply chain management requires the planning and forecasting of demand, which

enables companies to satisfy consumer demand while reducing costs and optimizing inventory levels. Since accurate demand forecasting enables businesses to make well-informed choices about production, acquisition, and inventory replenishment, it ensures that goods are available when and where they are required. Businesses may increase the precision and dependability of their demand projections by using a variety of strategies, including statistical models, market analysis, and predictive analytics. As a result, it is easier to allocate resources effectively, there are fewer stock outs, and customers are more satisfied. The efficacy of demand planning and forecasting will be further improved by adopting cutting-edge technology and data-driven strategies, which will assist firms in anticipating consumer wants, streamlining processes, and achieving sustainable growth in a fast-shifting business environment.

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INTRODUCTION OF PROCUREMENT AND SOURCING STRATEGIES

Ms. Pramoda Hegde*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-pramodah@presidencyuniversity.in

ABSTRACT:

For firms to effectively obtain products and services while maximizing value and reducing costs, procurement methods are crucial. An overview of the significance of procurement strategies and their effect on organizational performance is given in this chapter. It stresses the crucial components of successful supplier management, strategic sourcing, risk analysis, and technology implementation. The abstract emphasizes the advantages of putting into place strong procurement strategies and their function in attaining operational excellence and strategic objectives.The procurement function collaborates closely with the inbound supply chain or procurement logistics.

KEYWORDS: *Logistics, Procurement Strategies, Sourcing Strategic, Supplier, Supply Chain.*

INTRODUCTION

The process of buying products, services, or labor in accordance with a set of specifications is known as procurement. The authority, the supplier, or the person should all profit from the procurement process being optimized and completed at the lowest possible total cost. The purchase of commodities, works, or services that are necessary for a Notes organization or individual's operations or as a raw material is often referred to as procurement. The growth of vendors is a crucial aspect of procurement. The procurement team must acquire certain skill sets, including sourcing and vendor development [1], [2].

Procurement Strategies

In contrast to conventional practice, a successful procurement strategy for supply chain operations calls for considerably tighter collaboration between buyers and sellers. Three techniques in particular have been identified: value management, supplier operational integration, and volume consolidation. Each of these tactics requires intensive cooperation between supply chain participants and need to be seen as stages of ongoing development [3], [4].

1. Volume Consolidation

Consolidating volume by reducing the number of vendors is a crucial step in creating a successful procurement strategy. Beginning in the 1980s, many businesses had to accept the fact that practically every item or input they utilized came from a variety of sources. In reality, buying literature from before that time highlighted that using a variety of sources of supplies was the ideal strategy. First, suppliers vying for a buyer's business constantly put pressure on themselves to propose cheap costs. Secondly, keeping a variety of suppliers decreased the buyer's reliance on any one supply. This reduced the buyer's risk in the event that a particular supplier had supply shortages due to a strike, a fire, or internal quality issues[5], [6].

Procurement is positioned to leverage its portion of a supplier's business by concentrating volumes with a small number of suppliers. It at the very least strengthens the buyer's position during negotiations with the supplier. More importantly, volume consolidation with fewer suppliers offers those suppliers a variety of benefits. Concentrating a bigger volume of purchases with one supplier gives the supplier the opportunity to increase economies of scale by spreading fixed costs across a larger volume of production, which is the most evident benefit. Additionally, a provider is more willing to invest in capacity or procedures to enhance customer service when they are confident in a number of orders. No one company has a reason to make such an investment when a customer often changes providers[7], [8].

It is obvious that risk rises when a single source of supply is employed. This is why stringent supplier screening, selection, and certification processes are virtually always implemented with supply base reduction projects. Procurement executives often collaborate closely with other members of their team to establish preferred or certified suppliers. It should be emphasized that volume consolidation does not imply that all or any of the acquired inputs come from a single source of supply. It does imply that many fewer suppliers are utilized than previously customary in the majority of firms. Having a backup plan is crucial, even when just one source is used. Consolidating volumes has the potential to provide significant savings. According to one consulting business, purchase price and other cost reductions may amount to 5 to 15% of total expenditures. If a typical manufacturing company, which spends 55 percent of its sales on acquired goods, can reduce costs by 10 percent via volume consolidation, there is a chance that the bottom line may increase by $5.5 million on a revenue of $100 million[9], [10].

2. Supplier Operational Integration

The next phase of development starts when buyers and sellers start fusing their operations in an effort to significantly boost performance. To lower overall costs and enhance operational integration, such integration sometimes entails alliances or partnerships with chosen suppliers. These fusions may take many different shapes. As an instance, the buyer may provide the supplier access to sales and order data, providing the supplier ongoing awareness of which goods are selling. The provider is in a better position to efficiently and affordably satisfy customer requests when it has access to detailed sales information. Costs are reduced because the provider can plan more effectively and rely less on ineffective methods like forecasting and expediting. When buyers and suppliers collaborate to identify the procedures involved in sustaining supply and look for methods to rethink those processes, it may lead to more operational integration. One typical advantage of such integration is the creation of direct communication links to shorten order times and minimize communication faults. Eliminating duplicate tasks that are carried out by both parties may be part of more complex integrative efforts. As more reliance and responsibility are placed on suppliers in certain complex arrangements, procedures like buyer counting and inspection of incoming supplies have been abandoned.

Operational integration has been accomplished by many businesses via the use of vendor-managed inventories and continuous replenishment programs. Such integration has a great deal of potential to lower TCO. Through two-way learning, certain operational integration initiatives aim to lower overall costs. As an example, Honda of America collaborates closely with its suppliers to enhance their quality control. Honda visits supplier locations and offers assistance in finding methods to improve quality. These changes eventually help Honda since they lower the supplier's rework costs and provide Honda access to higher-quality components. Operational integration's

main goals are to eliminate waste, lower costs, and create a partnership that enables both the customer and the provider to improve things for each other. One company running alone would be impossible to produce synergy, but several firms working together can. In addition to the advantages of volume consolidation, it has been projected that operational integration with a supplier may result in additional savings of 5 to 25 percent.

DISCUSSION

Value Management

Value management becomes possible when suppliers are operationally integrated. Value management, which goes beyond a focus on buyer-seller activities to a more extensive and long-lasting connection, is an even more rigorous part of supplier integration. Some strategies a business may use to collaborate with suppliers and lower TCO include value engineering, simplifying processes, and including suppliers early in the development of new products. To guarantee that a balance of lowest overall cost and quality is implemented into new product design, value engineering is a concept that entails carefully assessing material and component needs at the early stage of product design. Cost savings may often be achieved by involving suppliers early on. The ability of a corporation to make design adjustments is lessened as the new product development process moves from concept creation through the different phases to commercialization. Early on, design modifications may be readily handled; but, after prototypes have been created, a design change becomes challenging and costly. An organization is more likely to benefit from a supplier's expertise and skills the sooner the supplier is brought in throughout the design process.

An automotive manufacturer's example exemplifies the advantages of early supplier participation. The design engineer had just finished developing the bracket assembly for the front bumper of a new model. Even though real production wouldn't begin for many months, the assembly supplier's engineer requested whether the bracket placement could be altered by roughly a half-inch throughout the process. After giving it some thought, the design engineer said that it could be done without having any effect on the finished product. The design engineer was curious as to why the supplier had asked for the modification. The supplier would be able to build the bracket using already-in-use equipment and dies, was the response. For new tooling, the original design called for a large financial expenditure. The cost of the bracket was reduced by around 25 to 30 percent as a consequence. Value management in a company obviously involves more than just buying and requires collaboration between multiple internal and external partners. Teams from procurement, engineering, production, marketing, and logistics, as well as key supplier staff, work together to find ways to reduce overall costs, boost performance, or better meet customer demands.

Sourcing Strategies

Although closely related, the sourcing strategy and the procurement process are distinct from one another. While procurement process deals with the actual business processes of the procurement function and guaranteeing performance, sourcing strategy deals with planning, developing, and creating a trustworthy and competitive supplier base. A supply chain's needs, pricing tactics, and procurement strategy may all be determined with the use of sourcing. The strategy entails aligning or verifying its goals with the stakeholders' goals in operations, finance, marketing, and distribution. Finally, designing a sourcing strategy requires considering various variables and

competitive procurement sources for its raw materials, components, and services.The process of sourcing is standardized and formal, and it includes continual study to determine the best tool and technology combination for better supplier creation, management, and cost-reduction. There are three stages of outsourcing:

1. Transactional outsourcing
2. Tactical outsourcing
3. Strategic outsourcing

1. Shift in Sourcing Strategic Approach

The way businesses see and handle supplier relationships has changed as a result of the realization that suppliers play a critical role in the supply chain network of the company. The perceived value of supplier relationships has changed as a result of several reasons. Companies have had to establish production or assembly facilities closer to customers as well as in places where conversion costs are substantially less expensive due to complex business models at global sizes and market needs. This demands that the company have a strong vendor network that can guarantee supply at all locations.

The managers must continue to seek for ways to cut the cost of procurement and the cost of procurement logistics as part of the lean manufacturing and cost per unit concepts. Buyers might delay taking ownership of their inventory till the time of consumption by building collaborative relationships with suppliers to persuade them to keep stocks at the buyer's site. Presently, preferred suppliers accompany the buyer into the nations where the buyer is establishing facilities and take on value-added services, such as managing warehouses in the vein of customer relationship management. Therefore, management has come to the realization that in order to create a global business model, they must collaborate, form supplier partnerships, and engage in both relationship building and supplier capability development. Management of suppliers now goes beyond simple transactions.

2. Third Party Provider (3PL)

According to the definition of third party logistics provider (3PL), these are "the services provided by a middleman in the logistics channel that has specialized in providing, by contract, for a given period, all or a significant portion of the logistics activities for other firms." A broker, a freight forwarder, a Shippers' Association, etc. are examples of middlemen.

What separates a 3PL from a transportation provider?

Transport companies move goods from point A to point B and are often referred to as 3PLs. However, a 3PL provider helps with numerous duties, while a transportation provider handles only one logistical task.

Types of 3PL Providers:

The following list of 3PL provider types is discussed:

1. Based on transportation: In this case, the Services provide a wide range of logistical services in addition to transportation. Leveraged and non-leveraged transportation-based service providers are both possible. While non-leveraged 3PLs utilize assets that only belong to the parent company, leveraged 3PLs utilise assets from other companies.Examples of 3PLs include Ryder,

Schneider Logistics, FedEx Logistics, and UPS Logistics.

2. Based on warehouses or distribution: Many, but not all, have prior expertise in distribution and/or warehouse operations. Compared to suppliers that rely on transportation, the transition to integrated logistics has been less difficult.

Examples of warehouse/distribution-based 3PLs include DSC Logistics, USCO, Excel, Caterpillar Logistics, and IBM.

3. Forwarder-Based: These service providers are, at their core, extremely autonomous intermediaries who expand the duties of forwarders. These non-asset owners may competently provide a variety of logistical services.

Examples of forwarder-based 3PLs include AEI, Kuehne & Nagle, Fritz, Circle, C. H. Robinson, and the Hub Group.

4. Financial-Based: These service providers provide solutions for monitoring, booking, tracking, tracing, and controlling inventories in addition to providing freight payment and auditing services.

Examples of financial-based 3PLs include Cass Information Systems, CTC, GE Information Services, and Fleet Boston.

5. Information-Based: This alternative category of Internet-based, business-to-business, electronic marketplaces for transportation and logistics services has shown notable growth and development.

Examples of information-based 3PLs are Transplace and Nistevo.

Benefits of Contracting with a 3PL

The typical benefits include: a decrease in personnel, operational flexibility, a shorter cycle time, improved responsiveness, a decrease in the cost of logistics operations, a decrease in the investment made in infrastructure facilities, and the ability to hire experts at affordable prices.

Disadvantages of Contracting with a 3PL

Loss of control and a detrimental effect on the internal personnel are the drawbacks.

1. Service level promises are broken.
2. The Service Provider's company is deficient in strategic management expertise.
3. Because the service provider does not own the objectives, cost reduction targets are not achieved.
4. The absence of an adequate monitoring mechanism on the part of the service provider causes costs to "creep" up and price hikes to take place.
5. There have also been few advancements and successes.
6. Functions that were outsourced have less control.
7. Knowledge-based, consultative skills are inadequate.
8. The delivery of technological skills is lacking.
9. The time and effort put into logistics were not cut down.

3. Fourth Party Logistics Provider (4PL)

The notion of the Fourth Party Logistics Provider (4PL) is relatively new in the outsourcing world. Multiple 3PL service providers, technology providers, and management consultants join forces to establish a 4PL. The definition of a 4PL provider is a Supply Chain integrator that combines and controls its own organization's resources, competencies, and technology with those of supplementary service providers.

LSCM Alliances 3PL + 4PL = 7PL

The development of 4PL solutions makes use of the skills of 3PL providers, technological service providers, and business process managers to give an all-encompassing supply chain solution via a single point of contact. The 4PL will combine the capabilities of these "best of breed" service providers with the supply chain operations and supporting technology of the customer.

3PL + 4PL = 7PL

The Value Logistics Group came up with the term "7PL," which describes the emerging trend of combining 3PL and 4PL. The customer has a single service provider that manages the whole logistical chain thanks to this solution.

The 7PL Approach

3PL and 4PL combined to create 7PL (3PL + 4PL = 7PL). Today, a single service provider may provide a customer both 3PL and 4PL services as well as a full 7PL solution, and can even take on turnkey projects for its clients where all services and activities are covered, under one roof.The seventh-party logistics, or 7PL, idea is a development of the established logistics service provider paradigm. While the idea of 3PL (third-party logistics) entails outsourcing logistical tasks to a specialist provider, the 7PL concept goes one step further by merging several parties and technology to produce a smooth and complete logistics solution.

A central orchestrator serves as the primary logistics service provider and manages the whole supply chain in a 7PL structure. To manage and optimize logistics operations, this orchestrator works with several specialist 3PLs, 4PLs (fourth-party logistics), and other stakeholders, including carriers, customs brokers, warehouse facilities, and technology suppliers. The 7PL idea places a strong emphasis on cooperation, coordination, and end-to-end visibility among all stakeholders engaged in the supply chain. With the help of cutting-edge technologies like data analytics, artificial intelligence, and blockchain, the orchestrator acts as the central hub for integrating and streamlining operations, sharing information, and making intelligent choices in real-time.

Adopting the 7PL idea has advantages such as greater customer service, a more efficient supply chain, lower costs due to streamlined operations, higher flexibility and scalability, and better risk management. Organizations may boost supply chain performance and competitiveness by using the skills and capabilities of several logistics partners and cutting-edge technology. It's crucial to remember that the 7PL idea is still being developed, and that the way it is implemented will depend on the demands of the company and the particular sector. In order to successfully execute and use this cutting-edge logistics model, organizations thinking about adopting the 7PL idea should thoroughly assess their logistical requirements, work with dependable and competent

partners, and invest in the appropriate technology.

E-Procurement

Electronic or e-procurement is also known as supplier exchange. It involves the online selling and acquisition of goods and services from businesses to consumers, businesses and governments, or businesses and other businesses. Typically, registered users of e-procurement websites may search for buyers or vendors of products and services. The buyers or sellers may encourage bids depending on the kind of site. Online transactions may be started and finished. Some purchasing and selling procedures may even be automated using e-procurement software. Companies that employ e-procurement services may better manage their component inventory, save costs, and speed up their production processes.

The most recent iteration of e-procurement software uses an application that includes supply management tools and intricate auction processes. Businesses that include e-procurement into their business models have increased operational efficiency in the form of cost savings, cost comparisons, accessibility, shorter response times, and system usability. E-procurement users may automate the stages involved in the procurement process. They can manage stocks, lower the cost of purchases, accelerate delivery times, and overall work more efficiently.

Businesses are increasingly using e-commerce and e-procurement as they recognize the technologies' higher efficiency. Paper processing inefficiencies and internal discrepancies in procurement processes are reduced or eliminated. You may start enjoying benefits from increased productivity by putting these effective methods to work for your business with the assistance of digital broadcasters.

CONCLUSION

To optimize operations, save costs, and improve performance, firms must execute efficient procurement strategies. Strategic sourcing helps businesses to negotiate the best prices and realize cost savings by examining the market and choosing suppliers based on value and quality. Building excellent relationships with suppliers is a key component of supplier relationship management because it promotes greater cooperation, higher-quality products, and on-time delivery. Utilizing technology, such as e-procurement platforms and data analytics, also simplifies the procurement process, improves transparency, and facilitates improved decision-making. Organizations may acquire a competitive advantage, stimulate innovation, and achieve sustainable development in today's fast-paced business climate by using these procurement techniques.

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DEFINE THE CONCEPT OF MANUFACTURING STRATEGY

Dr. Yagnamurthy Raja*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-narasimharaja@presidencyuniversity.in

ABSTRACT:

In today's global economic world, a company's performance and competitiveness are greatly influenced by its manufacturing strategy. The relevance of manufacturing strategy and how it affects overall organizational performance are discussed in this chapter. It examines the crucial components and factors, such as process design, technology selection, supply chain management, and quality control that go into creating a successful manufacturing strategy. The report also looks at how the manufacturing strategy relates to other organizational functional strategies, emphasizing the need of integration and alignment. In addition, it covers the difficulties and chances presented by executing and modifying manufacturing strategies in markets that are dynamic and undergoing fast change. Overall, this chapter highlights the strategic character of manufacturing and highlights the need of a well-defined and successfully implemented manufacturing strategy in attaining operational excellence and long-term competitive advantage.

KEYWORDS: *Manufacturing Strategy, Production, Supply Chain, Strategy.*

INTRODUCTION

Manufacturing has evolved and is been evolving ever since the Industrial Revolution, when humans switched from producing items by hand to using machines. Only a few of the most recent advancements in a long line of manufacturing improvements include computer-aided manufacturing, micro- and nano-manufacturing, and innovative supply chain management. Manufacturing plays a significant role in corporate success, and manufacturing success is connected to business success. Manufacturing strategy is also related to manufacturing success. Manufacturing is now widely recognized as a key component of company strategy[1], [2]. Integration in several areas has emerged as a critical problem that need replication in manufacturing strategy.

The idea of lean production originated in Japan due to changes in the country's economic and competitive environments, which prompted manufacturing companies to develop creative and economical production techniques. This prompted the organizations to search for a reform of the Japanese management system as well as the production models. Even while the Japanese economy as a whole has suffered, several well-organized Japanese manufacturing businesses, including Toyota, Honda, and Canon, continue to compete on the international scene. In addition to their technological advantages, JIT manufacturing, TQM, and concurrent engineering are seen as the key strengths of Japanese enterprises. When Japanese manufacturers realized they couldn't afford to create facilities like those in the USA after World War II, they focused on the lean idea. To reduce waste, they started the process of creating and improving the production process [3], [4].

Manufacturing Objectives

Companies now need to compete on several performance facets at once due to the evolving nature of competitive pressure. This reality deviates from the conventional notion that businesses must identify a niche and choose between goals like low cost, high quality, or flexibility. The extent to which businesses resolve manufacturing performance trade-offs and our comprehension of the mechanisms by which they do so emerge as a collection of research issues. Let's talk about the idea of manufacturing targets[5], [6]. Cost, quality, delivery, and flexibility are all aspects of manufacturing goals, and there are often trade-offs between them. The manufacturing goals must be supported by trade-off choices in a number of crucial areas. Skinner outlined five categories for decision-making:

1. Plant and machinery;
2. Controlling and planning the production;
3. Employment and labor;
4. Product engineering and design; and
5. Management and organization.

Trade-offs and consistency of goals/policies are two fundamental concepts that served as the basis for the present knowledge of industrial strategy. Formally, a manufacturing strategy can be described as "a pattern of decisions, both structural and infrastructural, which determine the capability of a manufacturing system and specify how it will operate to meet a set of manufacturing objectives that are consistent with overall business objectives.The goals of production might change based on the organization, industry, and market circumstances. However, there are a few goals that the majority of industrial businesses share [7], [8]. These goals comprise:

Cost Efficiency: Improving the efficiency of production processes is one of the main goals of manufacturing. This entails decreasing manufacturing costs, enhancing productivity, maximizing resource usage, and lowering waste. Cost effectiveness aids businesses in maintaining competitive pricing, maximizing profitability, and efficiently allocating resources.

Quality: Manufacturing companies strive to offer goods that are as high-quality as or better than what their customers have come to expect. In addition to conforming to legal requirements and industry standards, quality goals include guaranteeing the uniformity, dependability, and durability of goods. Upholding high standards improves client happiness, strengthens brand reputation, and encourages client loyalty [9], [10].

Flexibility and responsiveness: Manufacturing firms must be flexible and nimble in order to adapt to changing consumer needs, market trends, and market pressures. The capacity to swiftly modify production procedures, scale up or down operations, launch new goods, and accommodate customer customization demands are all examples of flexibility goals. Companies may take advantage of market possibilities, shorten lead times, and maintain an edge over the competition by being adaptable and responsive.

Sustainability and environmental responsibility: As environmental concerns are becoming more widely recognized, industrial businesses are putting more of an emphasis on sustainability goals. These goals include minimizing the influence on the environment, saving resources, putting

eco-friendly procedures in place, and using sustainable production techniques. Sustainability initiatives not only help the environment, but they also improve company reputation, satisfy legal obligations, and draw in eco-aware consumers.

Supply Chain Optimization: To guarantee effective material procurement, on-time delivery, and efficient coordination with suppliers and distributors, manufacturing businesses strive to optimize their supply chains. Minimizing lead times, lowering inventory levels, strengthening supply chain partner communication, and improving logistics and distribution networks are all goals of the supply chain. Operations may be streamlined, prices can be decreased, and overall efficiency can be increased by optimizing the supply chain.

Continuous Improvement: Manufacturing companies work to improve constantly in all facets of their business. Implementing lean manufacturing concepts, encouraging a culture of ongoing learning and growth, adopting process optimization strategies, and looking for possibilities for improvement are all part of this goal. Objectives for continuous improvement assist firms in reducing waste, increasing efficiency, and achieving operational excellence.

DISCUSSION

One of the key concerns in industrial strategy is the consideration of trade-offs between competing agendas. Making a decision on the variety of items to provide in the market is a crucial choice that businesses in all sectors must make. While the significance and complexity of interactions across products in the production environment grow with expanding product lines, the operational consequences of product line selections have been largely disregarded. Furthermore, given attempts in many businesses to increase coordination of manufacturing processes across goods, consideration of production synergies across products in product line design is increasingly advantageous.

Manufacturing strategy has become an essential component of organizational performance and competitiveness in today's global economic environment. In order to accomplish certain corporate goals, it entails the planned and methodical planning, coordination, and execution of manufacturing processes. Manufacturing strategy covers a broad variety of choices, including as process design, technology choice, supply chain management, and quality control, all of which are intended to maximize production capacities and effectively satisfy customer needs. Manufacturing strategy acknowledges that manufacturing operations are strategic assets that may promote value creation and differentiation rather than being just operational components. It encompasses a wider view that takes into account variables like innovation, flexibility, and speed to market, and customer response in addition to conventional ideas of cost reduction and efficiency gains.

A proactive and futuristic approach to manufacturing operations is stressed by the idea of manufacturing strategy. It necessitates coordinating production choices with overarching corporate goals and a larger organizational plan. By doing this, businesses may achieve operational excellence, improve product quality, shorten their time to market, and ultimately secure a long-term competitive edge. Companies may choose process technologies, equipment investments, production sites, and supply chain topologies with the help of a well-defined manufacturing strategy. It takes into account elements like economies of scope, capacity use, product diversity, customizability, and pricing structure. It also discusses the trade-offs between price, quality, flexibility, and speed, acknowledging that various industries, markets, and product

life cycles may call for various techniques.

Manufacturing strategy is a continuous process that needs constant examination and adaption rather than being a one-time project. Companies must be flexible and sensitive to market movements, developing technology, and changing client expectations in today's dynamic and continuously changing business environment. Maintaining competitiveness and embracing new possibilities depend on the capacity to quickly modify production strategy and capabilities. Managing manufacturing operations strategically means taking into account every step of the value chain, from raw materials to completed goods. It entails making choices that support organizational goals, maximize available resources, and improve operational efficiency. Companies may improve their competitiveness, achieve operational excellence, and deal with the complexity of today's manufacturing market by creating and implementing an effective manufacturing strategy.

Manufacturing Decisions

Manufacturing is characterized by tangible outputs (products), outputs that consumers continuously consume, jobs that use less labor and more equipment, little customer contact, no customer involvement in the conversion process (in production), and sophisticated methods for measuring production activities and resource consumption as products are made. For every dollar in final sales of manufactured goods, other economic sectors get $1.37. The financial services industry, in comparison, only produces roughly 50 cents for every dollar of activity.In today's highly competitive business environment, manufacturing choices are crucial factors in determining a company's success. These choices pertain to a number of manufacturing-related issues, such as choosing the right technology, creating effective production methods, managing the supply chain, and assuring quality control. Companies may improve their production processes, increase productivity, save costs, and satisfy consumer needs by managing these choices effectively.

Organizations must make a variety of decisions related to manufacturing during the course of the production cycle. These choices start with strategic ones, including picking the best production practices and technology that complement the organization's overarching goals. The decision-making process continues with tactical choices such as staff management, facility layout, and capacity planning. Last but not least, operational choices affect routine tasks like scheduling, inventory control, and quality assurance.Manufacturing choices matter because of how they affect customer happiness, product quality, and operational effectiveness. Making educated judgments may result in processes being simplified, manufacturing capacity being raised, and product consistency being enhanced.

On the other side, bad judgments may lead to bottlenecks, delays in production, and degraded quality, which has a detrimental impact on a company's profitability and competitiveness. Numerous variables, such as consumer demand, technology improvements, cost concerns, and competitive pressures, have an impact on manufacturing choices. To make educated choices that are in line with their company objectives and preserve a competitive advantage, businesses must keep up with market trends, consumer preferences, and industry standards.Additionally, choices made in the manufacturing department affect other functional areas of a business. For the whole value chain to be coherent and synergistic, they must be connected with other corporate operations like marketing, finance, and supply chain management.

Manufacturing Strategy

The term "manufacturing strategy" has grown in use since the 1980s. There is significant ambiguity about the timing and location of manufacturing strategy in the firm's overall strategic planning process. It has been questioned if ideas like JIT and TQM have superseded production strategy. Managers often struggle to distinguish between production strategy and initiatives like JIT.

It seems that two definitions best capture what manufacturing strategy is.

1. Manufacturing strategy is described as "a series of choices made over time to enable a business unit to achieve a desired manufacturing structure, infrastructure, and set of specific capabilities" by Hayes and Wheelwright (1984).

2. Manufacturing strategy is seen as the efficient use of manufacturing capabilities as a competitive weapon for the accomplishment of business and corporate objectives, according to Swamidass (1987).

Three related themes will be connected via manufacturing strategy:

1. The manufacturing mission, which might provide a connection to business strategy;

2. The manufacturing idea, which offers a comprehensive, integrated view of how manufacturing is expected to be in the future; and

3. A manufacturing implementation plan that details the scope and pace of change that will be implemented.

Thus, we may define manufacturing strategy as a pattern of structural and infrastructure choices that establish a manufacturing system's capabilities and outline how it will function to achieve a set of manufacturing goals that are compatible with larger company goals.

Strategy Development

Let's examine the fundamental procedures for analyzing current production practices and revising the manufacturing plan. A manufacturing strategy is a working document that explains the foundation for competitive advantage, the major challenges that will have an impact on the organization, the strategic manufacturing goals, and the major strategic activities to be undertaken. The majority of organizations function with a business plan and a broad corporate strategy, while not all manufacturing enterprises have a manufacturing strategy. Having a better combination of people, technology, concentration, and direction may provide you a competitive edge. All of these problems are investigated by a manufacturing strategy.The length of time required to complete a dramatic industrial transition makes a long-term perspective necessary to enable planned investment and execution.

Formulation of Strategy

The steps for developing a manufacturing strategy, which take into account quality, technology, skill needs, training, and make-or-buy choices, are as follows.

1. Appoint a Project Team

Planning a strategy requires the full-time focus of a number of skilled members of the

management team. Members of the team must possess a thorough awareness of the organization's goals, its goods and markets, as well as expertise in competition analysis and production technologies.

2. Gain an Understanding of the Existing Market Position

The process of developing a strategy requires a deep grasp of your current product offerings. The following inquiries must be addressed:

What tactics does your company use to compete?

The three general techniques are price competition (cost leadership), differentiating on better products or services, and concentrating on a certain segment of the market.

What household goods do you have?

1) Use product life cycles as a framework to consider how various items need to be manufactured.

2) An image of the size and structure of the firm in the future may be constructed by plotting the product life cycles for current major items and upcoming initiatives.

3) Additionally, evaluate each product's effectiveness.

4) Concentrate on the market share, growth, and contribution.

5) Determine the competitive advantage that each family product produces. Quality, delivery lead time, delivery flexibility, design flexibility, and affordability are examples of competitive qualities.

6) Choose the characteristic that offers you the most edge over your competitors.

3. Identify the Drivers of Change

Consider business parameters, such as product performance, market needs, the development of manufacturing philosophies, and management structures when determining the causes of change. We should also take changing technical advancements and budgetary demands into account. Then, using a SWOT analysis, we should examine the external influences on the organization, the internal resources and capabilities, and the staff members' skills and competencies.

4. Analyze Your Performance Currently

It might be challenging to evaluate performance in relation to competitive edge requirements. Direct measurements of certain elements might be challenging, and gathering comparable data can be challenging as well. Thus, to ease data collecting and analysis, we may employ methods like Pareto Analysis and activity sampling. Obtain comparative information by consulting public studies, databases, or speaking with clients and suppliers directly. Think about damaging product review of a rival. Take part in benchmarking research. Additionally, we should pay attention to aspects of product performance including quality, delivery, adaptability, material prices, and capital expenditures.

5. Determine Critical Elements

By identifying the elements most important to the organization's long-term performance, you can

make the best use of the limited investment cash that is at your disposal. A continuum of business content may be used to categorize components, with those at the upper end being of strategic significance. High added value components should be included to the list of strategic components, while poor business content components should be taken into consideration for purchasing in.

6. Evaluation of Your Manufacturing Operation

This may be the most challenging job and take a lot of time. When evaluating manufacturing processes, we look at present practice in light of a number of factors. Facilities, span of process (the degree of vertical integration), capacity, processes and how they are organized, human resources, quality, control procedures, suppliers, and new products are the nine core topics that are most often discussed. The next step is to identify gaps by contrasting the advantages and disadvantages of present practice with the predetermined competitive edge criteria.

7. Set new goals

Targets might be set for inventory costs, equipment utilization, faulty material costs, or tooling expenses. Without objectives, it is difficult to both monitor progress and keep up the pressure to meet goals.

8. Create a New Manufacturing Plan

The new production strategy is now being developed. However, in order to develop the new manufacturing strategy, the company must have a clear grasp of the current manufacturing strategy and make sure it is aware of the advantages and disadvantages of the current product line.

9. Establish a Supplier Network

We should take into account our interactions with each provider. We should go through the process of locating a suitable supplier network and assessing its capacity to satisfy the needs of in-house production for those components for which we have made the decision to purchase them.

10. Review

Every year, we should evaluate the production strategy in light of the evolving business environment and establish updated goals.

Third Party Innovation

Exel Logistics, Bass Brewers, and NFC Plc. have joined forces to form Trade team, a nationwide distribution network service for the U.K. beverage sector. In reaction to altering industrial challenges and fluctuating market circumstances, Trade team was created. The UK beer market has been in long-term decline, with pub consumption declining at a rate of around 1% annually. Generally speaking, the sector has been hampered by high capacity and poor profitability.

Additionally, the government mandated that brewers relinquish themselves of their ownership stakes in bars, a move with significant market repercussions. For instance, the percentage of regional and national brewers that own pubs fell from 74 to 33 percent between 1992 and 1999. Brewers were consolidating and repositioning and need a novel strategy to marketing and distribution, which is characteristic of low-growth sectors. Exel Logistics, the biggest brewery distribution service provider in the UK, had a stake in defending a company that was being threatened by small-scale brewers and growing bar ownership organizations. Exel's plan was to take over the current distribution network of a big brewer in order to reach the critical mass

necessary to capture that company's market share. It would then provide other beverage suppliers with cost-effective logistical services by using that infrastructure.

This idea sparked the creation of the Trade team joint venture between Exel Logistics and Bass, which was already the low-cost manufacturer in the sector. The top independent logistics company serving the beverage sector in the UK is now Trade team. On behalf of many beverage suppliers, it distributes around 280 million gallons of beer and other drinks to more than 27,000 retail clients, generating annual sales of $200 million. Trade team has completely transformed the supply chain for the beverage sector thanks to its unique position as a multiuser distributor between the buyer and the seller. The outcomes thus far are good. Breweries and beverage suppliers may now save operational expenses, boost sales by expanding into new markets, and provide consumers better service thanks to Trade team. This creative joint venture has a market share of between 40 and 50 percent. In reality, this is the biggest outsourcing project that the UK has ever embarked on.

CONCLUSION

Manufacturing strategy is essential to the success of an organization because it helps businesses to manage their supply chains effectively, employ technology effectively, and improve their production processes. The achievement of operational excellence and acquiring a lasting competitive advantage may be facilitated by a well-defined manufacturing strategy that is in line with overall company goals and other functional plans. However, creating and executing a successful manufacturing strategy calls for thorough research, wise judgment, and ongoing adaptability to changing market circumstances. To develop a solid manufacturing strategy, businesses must take into account elements like process design, technology selection, supply chain management, and quality control. Additionally, for efficient operations and the accomplishment of overall company goals, the manufacturing strategy must be integrated and aligned with other functional plans within the organization. Companies may remain competitive and prosper in the dynamic manufacturing environment by proactively addressing the issues and seizing the possibilities brought by developing markets.

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INFORMATION FUNCTIONALITY: THE SUPPLY CHAIN

Dr. Varsha Pratibha*

*Associate Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-varsha.ps@presidencyuniversity.in

ABSTRACT:

The idea of information functionality is examined in the context of supply chain management in this chapter. Information systems and technologies' capacity to assist and improve different elements of the supply chain, such as coordination, visibility, and decision-making, is referred to as information functionality. In the chapter, important information functionality components such as data integration, real-time monitoring, and analytics are covered. It also looks at the advantages and difficulties of using information functionality in supply chain operations. In the end, this research emphasizes how crucial information functionality is to enable successful supply chain management. Strategic investments, cooperation among supply chain partners, and ongoing improvement are required to meet these difficulties.

KEYWORDS: *Information, Inventory, Management, Supply Chain.*

INTRODUCTION

In this era, there are new methods to do business thanks to the information technology tsunami. Word processors have essentially taken the role of typewriters. Electronic mail has made it simple to send text messages possibly with embedded video and audio files—across international boundaries using computers, mobile phones, and TVs with specialized equipment across telephone, satellite, and cable television networks. The idea of a "paperless office" is already a reality thanks to office automation. Currently, local area networks (LANs) are used to connect equipment such as workstations, printers, database systems, and other devices[1], [2].

Although the Web has improved substantially over the last ten years, in many respects we are still in the "horse and buggy" period of the Internet. On the Internet, retail sales totaled $184 billion in 2004. The next-generation Internet will provide both small and big enterprises the flexibility they need to compete and thrive in the digital economy. Today, locating the ideal supplier for a certain component, negotiating a contract, and setting up the intricate business procedures to guarantee that it will arrive when and where it is required might take a firm several weeks. There will soon be sophisticated Internet software that can do all of this within a day, if not a few minutes. Imagine the amount of influence the Web of the future will have if you believe the way business is done now is changing because of it.

Regardless of location or device, collaboration and communication will be possible without any issues. It will be able to communicate with computers more naturally by employing handwriting, voice, and basic gestures. The PC may still be on the desk, but it will serve as the focal point of a sizable "personal network" of gadgets and services that, when combined with clever Internet applications, will keep you informed, engaged, and connected wherever you are.The group known

as the "Internet Generation," or those who were born after 1994, will be the knowledge workers and government and business leaders of future. They are the first generation for whom the Internet is as pervasive as television was for baby boomers. By fostering linked learning communities where educators, parents, students, public libraries, and organizations may collaborate, technology will enhance students' educational experiences. There will be a generation that uses the Internet regularly for communication, establishing friends, shopping, and entertainment [3], [4].

Information Functionality – The Supply Chain

One of the most important enablers in supply chain management is information. In today's fiercely competitive market, a company's ability to react quickly to customer demand depends critically on its supply chain intelligence. Three more factors make timely and accurate information essential:

Customers see information on order status, product availability, delivery date, and invoicing as essential components of overall customer service;

1. By reducing demand uncertainty, information may minimize inventory; and
2. Information makes it easier to decide when, where, and how to use resources to achieve a strategic advantage.

3. DISCUSSION

Building on four layers of functionality, information unifies supply chain operations.

1. Transaction,
2. Management control,
3. Decision analysis, and
4. Strategic planning systems.

The schematic layout, shown as Figure 1, indicates each level as well as the key decision areas related to it.

Figure 1: Information Functionality [goseeko].

1. Transaction

Order input, inventory assignment, order selection, shipping, pricing, billing, and customer inquiries are all examples of transaction activities. An entering transaction on the reception customer order marks the beginning of the customer order performance cycle order. This starts the subsequent transaction, which is the inventory assignment to the order. The material handlers are then instructed to choose the order in a third transaction that is subsequently produced. A transaction that controls the transportation, loading, and delivery of the order comes next. The invoice is printed or sent for payment in the final transaction. Thus, a sequence of information system operations finish the client order performance cycle. Customers may also have access to order status information via this method whenever they need it[5], [6].

The codified rules, inter-functional communication, high number of transactions, and operational day-to-day emphasis that define the transaction system. Transaction system costs may be quite expensive due to the many system users, demanding communication requirements, high transaction volume, and substantial software complexity. The effectiveness of the information system is heavily emphasized in the transactions system. However, because to the processes' high level of structure, it is simple to calculate the benefits or returns and the system costs are often well-defined [7], [8].

2. Management Control

A tactical, intermediate-term focus that examines previous performance and develops alternatives is what defines management control. Financial, customer service, productivity, and quality indicators are included in the information on typical performance measurements. Examples of metrics include the price of shipping and storage per kilogram (cost measure), asset measure of inventory turnover, measure of customer service provided by order fill rate, productivity measure of cases per worker hour, and quality measure of customer perception. Other indicators, like customer service, are less precise while certain management control measures, like cost, are quite well-defined[9], [10].

Future problems that need management attention should be anticipated by the Supply Chain Information System (SCIS), which should be proactive in this regard. It need to be able to assess competitive capacity and add possible areas for development. Using exception reporting as the information is being processed, this is achieved. When identifying prospective customer or order issues, inventory shortages based on expected needs and anticipated revenues, or a firm's capacity to leverage pricing, for example, information offered via exception reporting is often helpful.

3. Decision Analysis

This concentrates on decision applications for logistics strategic and tactical alternatives identification, evaluation, and comparison for management choices. Numerous analytical tools are often included in the majority of supply chain application packages. Planning and managing inventories, forecasting, vendor scheduling, truck routing, and cost-benefit analysis of operational trade-offs and agreements are a few of the typical ones. Decision analysis is characterized by a tactical, evaluative emphasis, much like the management control. Decision analysis, in contrast to management control, focuses on analyzing potential tactical options in the future.

Analysis of choices Instead of focusing on efficiency (quicker processing or an increase in

transaction volume while employing fewer staff resources), SCIS places a greater emphasis on effectiveness (differentiating between profitable and unprofitable accounts). The SCIS must be flexible and somewhat unstructured to allow for evaluation of a large variety of choices in order to do this successfully. Using these technologies, businesses are re-engineering their supply chain processes to decrease the number of cycles and sequential operations, which has the potential to provide them a competitive edge.

4. **Strategic Planning**

The term makes it clear that the emphasis is on data that bolsters the organization's capacity to create and improve supply chain strategy. Despite being less regimented than the other categories, these choices are made with the long term in mind. Examples of strategic planning choices include reorganizing networks, taking use of business strengths and market possibilities, forming strategic partnerships, and making significant changes to customer service, among others.Lower-level data gathering must be reflected in the SCIS strategic planning level information, which must then be transformed into a variety of business planning and decision-making information. This data may then be included into models to help assess the likelihoods and benefits of different tactics. Enterprise profitability and competitiveness may be significantly impacted by strategic planning's capacity to evaluate division contribution, customer/product profitability, and alliance synergies.

Information flow has historically been utilized to increase transaction system effectiveness. While this has resulted in gains in terms of speed and reduced operational costs, anticipated advantages in terms of cost reductions are dwindling as rivals sharpen their skills. The management control, decision analysis, and strategic planning components are now being prioritized as the area of SCIS applications with the greatest potential to provide significant savings due to rising competition.

Principles of Logistics Information

In order to fulfill management information demands and effectively support organizational planning and operations, logistics information systems must adhere to six criteria.

1. Availability

First, it's important that logistical data be regularly and easily accessible. The status of the order and the inventory are two examples of necessary information. Although businesses may have a lot of information on logistical activities, this information is either paper-based or very challenging to access in computer systems. Rapid accessibility is required to satisfy consumers and enhance management choices. Customers usually want rapid access to inventory and order progress information, thus this is crucial. The capacity to obtain necessary data, such as order status, independent of management, customer, or product order location is another facet of availability.

2. Accuracy

Second, for metrics like client orders and inventory levels, logistics data must properly represent both current status and periodic activities. The degree to which LIS reports correspond to real physical counts or status is referred to as accuracy.

3. Timeliness

Third, logistics data has to be timely in order to provide management immediate response. The

term "timeliness" describes the interval between when an action takes place and when it becomes apparent in the information system. Since a new order isn't always immediately loaded into an active demand database, it often takes the system hours or days to identify the order as real demand.

Timeliness of an information system includes both management controls, such as daily or weekly performance reports, and system status, such as inventory levels. When it's still possible to make corrections or reduce the loss, timely management controls give information. In conclusion, timely information decreases uncertainty and detects issues, which lowers inventory needs and improves decision accuracy.

4. Exception

Fourth, LIS has to be exception-based to draw attention to issues and possibilities. Operations in the logistics sector often face a vast number of clients, goods, suppliers, and service providers. To arrange replenishment orders, for instance, the inventory status for each product-location combination must be checked often.

The evaluation of the status of pending replenishment orders is another tedious task. Large quantities of items or replenishment orders often call for examination in both situations. The evaluation procedure often necessitates asking two questions. The initial query is if any action for goods or replenishment orders is necessary. The second query asks what kind of action should be done if the first response is yes. Although they are gradually becoming automated, many LIS still need human review completion. The justification for continuing to employ manual processes is that they often include unstructured choices that call for human judgment. Modern LIS use decision rules to recognize these exceptional circumstances that call for management attention and/or decision-making.

5. Flexibility

Fifth, in order to satisfy the demands of system users and clients, logistics information systems must be capable of being adaptable. Data must be able to be adapted to suit consumer needs via information systems. As an instance, certain clients can demand that order invoices be combined across specific divisional or geographic borders. Both of these needs must be able to be met by a flexible LIS. Internally, information systems must be upgradeable to suit future corporate demands without requiring crippling expenditures in terms of money or development effort.

6. Appropriate Format

Finally, reports and screens for logistics should be prepared correctly, which means that the proper data should be there in the proper order. A distribution center inventory status screen, for instance, is often included in LIS. Each screen lists one product and one distribution center.

When trying to identify inventory to fulfill a given client order, this format necessitates that a customer care agent verify the status of inventory at each distribution center. In other words, if there are five distribution centers, then five computer displays need to be reviewed and compared. An appropriate structure would provide the inventory status for each of the five distribution centers on a single screen. A customer service agent will find the best supplier for the goods much more easily thanks to the unified screen. A screen or report that effectively includes and shows all pertinent information for a decision maker is another example of a proper format. On-hand inventory, minimum inventory, demand prediction, and anticipated receipts for a particular item

at a distribution center are all integrated into the screen together with previous and future information.

A screen or report that effectively includes and shows all pertinent information for a decision maker is another example of a proper format. On-hand inventory, minimum inventory, demand prediction, and anticipated receipts for a particular item at a distribution center are all integrated into the screen together with previous and future information. Inventory planning and ordering are made easier by the graphical display, which merges inventory flows and level and focuses the planner on the weeks when predicted on-hand inventory may fall below minimal levels.

Logistics Information System Architecture

Hardware and software are combined in logistics information systems to organize, regulate, and measure the logistics processes. Computers, input/output devices, and storage medium are all examples of hardware. Systems and application programs used for management control, decision analysis, and strategic planning all fall under the category of software. The execution components and the data base used to manage the data warehouse are both included in the design. Purchase orders, inventory status, and client orders are all included in the information base. The data warehouse serves as the foundation for determining future needs and includes data regarding historical activity levels and present conditions.

The tasks required to arrange the distribution of resources for production, logistics, and procurement throughout the whole organization are included in planning and coordination. Determining the needs for logistics, production, and procurement are specific components, together with the development of strategic goals and the rationalization of capacity limits. The transactional tasks required to handle and process orders, run distribution centers, plan transportation, and integrate procurement resources are all considered operations. Both client and corporate replenishment orders go through this procedure.

Demands made by business customers are reflected in client orders. The flow of completed goods between production and distribution sites is governed by replenishment orders.

Planning and Coordination

The planning and coordination elements of the logistics system serve as the foundation of manufacturers' and merchandisers' information systems. These elements outline the fundamental tasks that regulate how an organization allocates resources and performs operations from product development to procurement. The following particular elements are covered:

1. Strategic Objectives: Strategic objectives, which include marketing and financial objectives, are the main sources of information for many businesses. Typically, these strategic goals are created over a multiyear planning horizon that often includes quarterly revisions. Target markets, goods, marketing mix strategies, and the function of logistical value-added activities like service levels or capabilities are all defined by marketing's strategic goals. The goals include the number of customers, the range of goods and services, upcoming promotions, and targeted performance levels. The customer service guidelines and objectives that specify logistical activity and performance goals are referred to as marketing goals. The service's capabilities, availability, and quality components are all included in the performance goals. Financial strategic goals include income, sales, and production levels, associated costs, and resource limits for both capital and labor.

The markets, goods, services, and activity levels that logistics managers must take into account throughout the planning horizon are determined by a mix of marketing and financial goals. Projected yearly or quarterly activity levels like shipments, dollar volume, and total cases are just a few examples of specific targets. Product promotions, new product launches, market rollouts, and acquisitions are some specific events that must be taken into account. The financial and marketing strategy must to be coordinated and consistent. Inconsistencies will lead to subpar service, too much inventory, or missed financial targets.

Other business strategies are guided by the marketing and finance strategic goals combined. Although the process of defining strategic goals is inherently unstructured and broad, it nevertheless has to create and convey a plan that is specific enough to be put into practice.

2. Capacity Constraints: From the strategic goals, logistical, production, and procurement needs develop. Capacity restrictions are determined by production, storage, and transportation resources both internal and external. Capacity limitations detect material bottlenecks and efficiently manage resources to satisfy market needs using activity levels set by the strategic goals. Capacity restrictions dictate the "where," "when," and "how much" of manufacturing, storage, and transportation for any commodity. The limits take into account throughput and total production caps such yearly or monthly capacity.

Problems with capacity may be overcome by acquiring resources, engaging in speculation, or delaying production or delivery. Acquisitions, partnerships, contract production, and facility leasing are all examples of ways to increase or decrease capacity. By anticipating the need for additional production capacity via forward planning or contract manufacturing, speculation lessens bottlenecks. Production and shipping are put on hold until precise needs are identified and capacity can be allocated. In order to delay delivery, it could be essential to provide customers rewards like discounts or allowances. By taking into account facility, financial, and human resource restrictions, the capacity constraints provide the temporal dimension to the enterprise's strategic goals. Schedules for production, procurement, and logistics are significantly impacted by these limitations.

The overall operational strategy of the business is linked to the weekly or daily logistical needs via capacity restrictions. These limitations have a significant impact on each manufacturing location's weekly or monthly productivity. Flexibility in capacity is influenced by lead-time and the nature of the product. There is often a lot of flexibility for the long term since a wide variety of deferral, speculation, and acquisition tactics are possible. Since resources are often committed, there is little room for flexibility in the near term, such as this week. Organizations differ in how they integrate capacity constraints with the remaining enterprise demand systems. All of the planning and coordination components show a high degree of integration in the greatest businesses.

3. Logistics Requirements: To complete the logistics objective, facilities, equipment, labor, and inventory resources must be coordinated. An example of a logistics need is the scheduling of final product shipments from production facilities to distribution centers and retailers. The discrepancy between client demands and inventory levels is used to determine the shipping quantity. Distribution requirements planning (DRP), a method for inventory management and process control, is often used to implement logistics needs.

Forecasts, consumer orders, and promotions serve as the foundation for future needs. Forecasts

are based on information from sales and marketing as well as previous levels of activity. Orders from customers might be in-process, committed orders for the future, or contracts. Planning logistics needs is especially crucial when considering promotional activities since it often accounts for a sizable portion of overall volume and significantly affects capacity. Products are currently in stock and ready to be sent. In further detail, period demand is calculated for each planning period (such as weekly or monthly) as the total of prediction, future client orders, and promotional volume. A judgment must be made since it is difficult to calculate the proportion of the anticipated volume that is accounted for by known client orders. Since current projections may include some future orders and promotional volume, period demand is often a mix of the three.

It is crucial to take into account the overlap between forecast, upcoming client orders, and promotions when calculating period demand. time logistical needs followed by an equivalent time of demand, with less inventory on hand and fewer expected receipts. With this structure, it is desirable for each period to conclude with zero stocks on hand, ensuring that projected revenues and period demand are identical. While perfect demand and supply matching is desirable from the standpoint of inventory management, it may not be the best course of action for the company. To achieve optimum system performance, logistics needs must be linked with both capacity restrictions (upstream) and production requirements (downstream). When logistics needs are established, completed products inventory at the end of the production line is often invisible due to poorly linked logistics and manufacturing components.

4. Manufacturing requirements: In order to address daily capacity constraints within the materials management system, manufacturing needs schedule production resources. Primary bottlenecks are caused by a lack of raw materials or by daily capacity restrictions. The master production schedule (MPS) and manufacturing requirements plan (MRP) are determined by the manufacturing needs. Weekly or daily production and machine schedules are specified by the MPS. To support the intended production plan, the MRP manages the acquisition and delivery of materials and components based on the MPS. Despite the fact that the criteria for production and logistics are presented in this discussion in order of importance, they must genuinely work together. This is especially true for businesses that use market- or demand-paced production techniques. These tactics eliminate the need to foresee or prepare by immediately coordinating production schedules with market needs or orders. Demand flow or market-paced manufacturing techniques, in a sense, designate all production as "make to order" and therefore completely combine logistics and manufacturing needs.

5. Procurement Requirements: These specifications plan material receipts, shipments, and releases. To show long-term material needs and release timelines, procurement requirements build on production requirements, logistical requirements, and capacity restrictions. When it comes time to contracting and negotiating for purchases, the requirement and release timeline is employed.

CONCLUSION

Modern supply chain management relies heavily on information functionality. Organizations may improve coordination, visibility, and decision-making across the supply chain by using information systems and technology to their full potential. A fluid information flow among multiple stakeholders is made possible by effective data integration, which improves planning and execution. Real-time monitoring provides prompt reaction to interruptions and promotes proactive

problem-solving. Analytics-driven insights aid in process optimization, trend detection, and decision-making. Implementing and using information capabilities, however, also presents difficulties, including the requirement for qualified employees, issues with data security and privacy, and technical complexity. For firms looking to gain a competitive edge via effective and responsive supply chain operations, information functionality is a crucial enabler.

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A DESCRIPTION ON COMMUNICATION TECHNOLOGY

Dr. Vinay Muddu*

*Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-muddu.vinay@presidencyuniversity.in

ABSTRACT:

In order to link people, groups, and cultures throughout the world, communication technology is essential. It includes numerous devices, programs, and procedures that help in information transmission and exchange. The influence and importance of communication technologies in the linked world of today are examined in this chapter. It looks at the development of communication technology, its essential elements, and the benefits it provides in terms of boosting communication effectiveness, teamwork, and information availability. The chapter also focuses on the difficulties that come with communication technology and proposes viable directions for the future. The development of artificial intelligence, the internet of things (IoT), 5G connection, and virtual reality (VR) offer immense promise for the future of communication technology, promising even more seamless and immersive communication experiences.

KEYWORDS: *Communication, Information, Supply Chain, Technology.*

INTRODUCTION

Comprehensive Information System Integration

Activities necessary to complete logistical operations and planning are started, monitored, helped with decision-making, and reported on by a comprehensive information system. To create an integrated information system, a number of components must be merged, and there are several methods to arrange and present the resulting components. Enterprise Resource Planning (ERP) or legacy systems, communication systems, execution systems, and planning systems are the four main system components [1], [2].

1. Legacy or ERP Systems

The majority of businesses' supply chain information systems are built on legacy or ERP systems. In order to start and monitor performance, this backbone retains both current and historical data as well as transactions. To automate processes like order input, order processing, warehouse operations, inventory management, transportation, and associated financial activities, legacy systems refer to mainframe software created before 1990. As an example, systems that dealt with client orders were sometimes referred to as Order Management Systems (OMS) since they oversaw the order fulfillment process. Legacy systems often store data about customers, goods, inventory levels, and facility operations in addition to order information.

These legacy systems often consist of separately created software components that are not integrated or consistent, which causes several issues with data dependability and integrity. The fact that multidivisional companies often employ various legacy systems for each division or

nation further exacerbates these issues[3], [4].

2. Communication Systems

The communication module streamlines information exchange between supply chain partners and functional divisions of the company. The key elements of communication needed for supply chain operations. Real-time data on business operations, inbound material flows, manufacturing status, product stocks, customer shipments, and incoming orders make up logistics information[5], [6].

Businesses must make order, shipping, and billing information accessible to customers, suppliers, financial institutions, and transportation companies on the outside. Information on the production schedule and status must be shared and exchanged across internal operational units. Bar coding, scanning, EDI, satellite communication, radio frequency, and the Internet are examples of common supply chain communication technology [7], [8].

3. Execution Systems

In combination with the company's ERP, enterprise execution systems provide particular capabilities to assist logistical operations. While some ERP systems include decent logistics features, many do not have the tools necessary to support modern transportation and warehousing operations. In order to ease data sharing, most execution systems are "bolted-on" or integrated into the ERP system. Warehouse Management Systems (WMS) often include value-added services, management reporting, and decision support capabilities in addition to traditional warehouse management operations including receiving, storage, shipping, and warehouse automation [9], [10].

4. Planning Systems

While the ERP system processes transactions to carry out particular logistical operations, transaction systems as a whole don't help with decision-making or analyze alternative options. Systems for planning the supply chain, also known as Advanced Planning and Scheduling (APS) systems, are intended to help with the evaluation of potential supply chain options and provide guidance for supply chain decision-making. It is becoming more and more usual to use sophisticated supply chain planning technologies to enable evaluation of complicated options under strict time limitations. Production scheduling, resource planning for inventories, and transportation planning are examples of common supply chain planning applications. The APS program methodically discovers and assesses different courses of action and offers a nearly ideal solution within the set restrictions using the historical and current data kept in the data warehouse. Limitations on manufacturing, facilities, transportation, inventories, or raw materials are frequent examples of limits.

Strategic and tactical planning systems may often be divided into two types. Systems for strategic planning are made to help in assessments when there are many options and data that is not available from recent past is needed. Supply chain network design and structural studies, such as determining the best supplier, manufacturing, and distribution facility combinations to utilize and how product should move between current or planned facilities, are examples of uses for strategic planning. The primary emphasis of tactical planning is operational concerns as they relate to short-term resource limitations like production, facility, or vehicle capacity. The data warehouse of a company is often where the information needed for tactical planning may be found. Tactical planning procedures analyze customer needs to determine the best operational mix of production,

inventory, facility, and equipment usage that may be used while still operating within capacity restrictions. An action plan to direct immediate activities is the outcome.

DISCUSSION

In order to simplify planning and operations for logistics and supply chains, information technology is also essential. Historically, logistical coordination has been challenging since it often takes place far from the hardware used for information technology. As a consequence, crucial information in terms of both time and substance was unavailable at the site of work. Significant improvements in the capabilities of logistical communication systems have been made during the last ten years. Extensible Markup Language (XML), satellite technology, EDI, and the Internet all let businesses and facilities communicate with one another.

1. Electronic Data Interchange

EDI and the Internet are fast replacing phone, fax, and direct computer connections as the preferred methods for efficient, accurate, and affordable information transmission. To ease high-volume transactions, EDI is described as the intercompany computer-to-computer interchange of business documents in standard forms. It entails the capacity and routine of exchanging information electronically between two companies rather than via the more conventional channels of mail, courier, or even fax. Direct EDI advantages include enhanced channel partnerships, more internal productivity, higher external productivity, better capacity to compete globally, and lower operating costs. EDI increases efficiency by reducing duplication and facilitating speedier information exchange. Reducing repetitious data input and interpretation improves accuracy. Through (1) lower labor and material costs related to printing, mailing, and processing paper-based transactions; (2) lower telephone, fax, and Telex costs; and (3) lower administrative costs, EDI has an influence on logistics operational costs. The graphics sector has discovered that EDI can get rid of up to 90% of paper-based systems, cut the time it takes to process receipts in half, and save $8.00 each invoice document. Another example is Texas Instruments, which claims that EDI has cut the time taken to complete a worldwide procurement by 57 percent, the number of field queries by 60 percent, the number of data entry resources needed by 70 percent, and shipping mistakes by 95 percent.

Despite making great progress in logistics communication, EDI's adoption is starting to level out at roughly 50% of all transactions. Large manufacturers, distributors, and retailers have embraced EDI as a way to communicate information with significant trade partners, but medium-sized and small businesses are less likely to use it due to the high startup costs and specialized knowledge needed. Standards for information and communication are crucial for EDI. Technical specifications are defined by communication standards so that computer hardware may carry out the exchange as intended. Character sets, transmission priority, and speed are all covered by communication standards. Information standards determine the message's format and content. To standardize communication and information exchange, standards bodies have created and improved two generic standards as well as several industry-specific standards.

Communication Standards

The American National Standards Committee X.12 (ANS X.I 2) and UN/EDIFACT (United Nations/Electronic Data Interchange for Administration, Commerce, and Transport) communication standards are the most widely used. While EDIFACT is marketed by the United Nations as more of a worldwide standard, X.12 is presented as the U.S. standard. For the

exchange of common data across supply chain partners, each business has established a standardized structure. According to experts, moving to EDIFACT standards is the most probable migration route. By experimenting with methods for sharing data over the whole business cycle, the National Institute of Standards and Technology (NIST) and automotive professionals are advancing information integration.

The STEP (Standard for the Exchange of Product Model Data) initiative was created for supply chain partners to exchange design and engineering data. All phases of the business cycle, including design, analysis, production, sales, and service, should be able to be included in STEP, allowing users to combine business and technical systems data.

EDI Transaction Sets

Transaction sets are used to implement communication standards. To enable information exchange between partners in any sector and nation, a transaction set offers a single universal standard. The transaction set specifies the sorts of documents that may be transferred for each industry. The documents include typical logistical processes including ordering, warehouse management, and transportation. The needed data is placed after the transaction code (or ID) in the transaction set. The transaction code lets you know if the electronic communication is, for instance, a warehouse stock transfer receipt (code 944) or a warehouse shipment order (code 940). A warehouse transaction also includes the warehouse number, item number, and quantity in addition to the transaction code.

2. Internet

The options and capacity for information sharing between businesses of all sizes have significantly increased as a result of the Internet's ubiquitous availability and the standardized interfaces provided by Internet browsers like Netscape and Internet Explorer. Forecasted needs, orders, inventory status, product updates, and shipping information are all often sent across the supply chain via the Internet. The Internet provides a standard method for order input, order status enquiry, and shipment tracking when used in combination with a PC and an Internet browser. According to a poll conducted by Ohio State University, 20% of client purchases will be placed online by 2010.

The creation of the exchange site, a communication tool with substantial supply chain ramifications, has also been made possible by the expanding Internet's accessibility. An infomediary that makes it easier for supply chain participants to communicate information both horizontally and vertically is known as an exchange portal. a company's exchange site created to make it easier for suppliers and customers to communicate. The company may announce information about the need for raw materials, product availability, or pricing changes and then let the market respond by making bids or placing orders based on the most recent information. By 2003, it is anticipated that 60 percent of Fortune 500 companies would have exchange portals to help them communicate with important clients and suppliers. While a single corporate site may provide effective Internet advertising, it does add to the complexity since all the partners must deal with various, distinctive interfaces that raise transaction costs.

Industry-based exchange portals are a different kind. All supply chain participants within a given industry may communicate more easily, and it can also significantly lower transaction costs. While the material may be made accessible to everyone who is interested in it, it can also be restricted. Collaborations amongst industry portals are feared to raise the possibility of

monopolistic tactics and trade restrictions. One might anticipate that the Federal Trade Commission (FTC) will become more involved in the development of exchange portals, especially for B2B activity.Supply chain communication has progressed thanks to the Internet and exchange portals, moving from one-to-one or restricted capacity to a one-to-many environment with the potential to expand to a many-to-many capability. As a consequence, prolonged Internet communication is a reality and presents a significant difficulty when it comes to using publicly accessible information.

The definition and acceptance of online catalogues is one of the main obstacles to the widespread use of trading portals. An online catalogue includes a list of the goods and services provided together with their descriptions and specifications, just as the paper counterpart does. To enable efficient product and service comparisons across participating businesses, a catalog that is similar across them is essential. An organization that wants to buy a basic T-shirt from a portal, for instance, would prefer all the T-shirt providers on that portal to have a similarly prepared entry detailing the shirt, its color, its contents, and other specifics so that the client can effectively compare them.

Customers want consistent catalogs, while suppliers like to utilize catalogs to stand out from the competition and are unwilling to change from their proprietary format. The Voluntary Interindustry Commerce Standards (VICS) and Collaborative Planning, Forecasting and Replenishment (CPFR) are actively pushing uniform and consistent catalog definitions and standards to make information sharing and exchange easier.

3. Extensible Markup Language

Extensible Markup Language (XML) is a versatile computer language that enables data exchange across a variety of applications and is simple for people to understand. The World Wide Web Consortium released it in 1998 to make it easier for data to be transferred across different systems, databases, and web browsers. Due to its high level of structure, EDI can only be used in scenarios with significant transaction volumes due to its expensive setup costs and technical requirements. When there are not enough transactions to warrant EDI, XML is emerging as the preferred method of information transmission between businesses and service providers. By removing many of the information technology hurdles preventing EDI adoption, XML is advancing communication.

Data tags, a DTD (Document Type Definition) or schema, and the actual data being transferred make up a basic XML message. A crucial component that identifies the data being delivered is the data tag. The tags instruct computers as to what the information contained inside the brackets is and where it should be placed in a database or Web page. XML transactions are significantly simpler to use than EDI transactions since standard terminology is used and there are no restrictions for sequencing. When decoding a message, the computer is instructed by the XML DTD or schema the document format to use. A DTD is simply a template that depicts the relationship between a standard form, its tags, and a database.

For instance, there would be different schema for client orders, shipment alerts in advance, or transportation paperwork. For three reasons, XML is preferable over EDI in circumstances with low traffic. First, installing it doesn't cost much. An application may be created quickly, and it takes significantly less time to implement. Due to its simplicity of conversion into HTML (HyperText Markup Language), the language used by Web browsers, XML is also simple to

maintain. The ability to change and communicate data across apps is greatly facilitated by this. Last but not least, XML is more adaptable, enabling a variety of applications as well as easy design and expansion of standards. The development of industry standards is one of the main obstacles to the expansion of XML. A group of over 60 businesses called Rosettanet was established in 1998, and since then it has started to create standards for utilizing XML to transport information along the supply chain as well as common definitions for business procedures and goods.For supply chain partners to speak with one another and be certain that the information transmission is safe, a standard language is required.

4. Satellite Technology

Communication over a large geographic area, such as a region or perhaps the whole planet, is possible because to satellite technology. The technique is comparable to microwave dishes, which are used for home television in places without cable. A quick and efficient avenue for the global exchange of information is provided via satellite communication. Using communication dishes installed on its vehicles, Schneider National, a national truckload carrier, enables two-way communication between drivers and their dispatchers. This real-time contact gives dispatchers the most recent information on location and delivery information and enables them to reroute vehicles depending on demand or traffic. Satellite communication is often used by retail chains to instantly communicate sales data back to the corporate office. Walmart utilizes daily sales data to inform marketers on regional sales trends and to promote store restocking.

5. Radio Frequency Exchange

Within relatively compact spaces, such as distribution centers, Radio Frequency Data Communication (RFDC) technology is employed to enable two-way information transmission. Real-time communication with mobile operators, such as forklift drivers and order selectors, is a key application. Instead of utilizing a hard copy of instructions printed hours earlier, RFDC enables drivers to have instructions and priority updated in real time. The ability to enhance service while utilizing less resources is made possible by real-time instructions that direct job flow. They give improved flexibility and responsiveness.

Label printing and warehouse cycle count verification are two-way communication uses for RFDC in logistics. Applications in logistics warehouses are using advanced RFDC features like as two-way voice communication. Voice RFDC guides operators through activities with auditory orders and waits for spoken answers or requests rather than forcing warehouse operations staff to interact with a mobile or portable computer. Incoming parcels' zip codes are read using speech-based RFDC by United Parcel Service, which also prints routing tickets to direct shipments through their more recent sortation facilities. The keywords and vocal patterns of each operator are the foundation of speech recognition systems. Since a keyboard is not needed for data input, voice-based RFDC offers a simpler operator interface and frees up both hands for order selection.

Another use of radio frequency technology is radio frequency identification (RFID). When a container is on a piece of transportation equipment or travels through a facility, RFID may be used to identify the container or its contents. RFID embeds an electronic chip with a code inside the box or container. It is possible to scan a container or box as it travels through the supply chain to look for an identification number or even the list of contents. Retailers are starting to employ RFID to enable simultaneous scanning of full cartloads of goods. Pallet contents are listed using RFID by the U.S. Department of Defense so that they may be followed when they are loaded into

vehicles or travel through facilities.

6. Image Processing

Fax and optical scanning technologies are used by image processing systems to communicate and retain information about freight bills as well as other supporting documents like bills of lading or receipts for proof of delivery. The justification for this new service is that providing the client with timely shipping information is nearly as crucial as providing the items on schedule. Support materials are supplied to places for image processing, electronically scanned, and entered into the system when freight is delivered to clients.

The papers are subsequently converted into electronic pictures and sent to a central data center, where they are stored on optical laser disks. Customers may view the papers the next day by calling their service agent or via computer links. With the help of a facsimile transmission, customer requests for tangible copies of a document may be fulfilled in a matter of minutes. Benefits to customers include more precise invoicing, quicker service from carrier staff, and simple access to documents. The technology has advantages for the carrier as well since it removes the need to submit paper papers, lowers the likelihood of loss, and increases trust with clients.

Before seeing any results, it takes a significant financial commitment to implement RF, satellite technology, and picture processing. However, as experience has proven, the main advantage of modern communication technologies isn't cost savings but rather better customer service. The provision of better service takes the shape of earlier job definition, speedier shipment tracking, and quicker transmission of sales and inventory data. As consumers become more aware of the competitive advantages of real-time information sharing, there will be a rise in demand for these uses of communication technology.

7. Bar Coding and Scanning

The development of auto identification (ID) technologies, including as bar coding and electronic scanning, facilitated the sharing of logistics-related information. Applications that are common include monitoring retail sales and warehousing receipts. Although these ID systems need a large financial commitment from users, they are necessary to replace the outdated, error-prone, and time-consuming paper-based information collecting and interchange methods. In reality, in order to remain competitive in the modern industry, shippers, carriers, warehouses, wholesalers, and retailers must create and exploit Auto ED capabilities. Auto ID is increasingly turning into a core service need for carriers to trace freight since it enables supply chain participants to do so swiftly and with a low risk of mistake.

Customers in the B2B and consumer markets alike anticipate being able to follow the status of their shipments using the web-based systems provided by couriers like United Parcel Service and FedEx. The application of computer-readable bar codes to products, cartons, containers, pallets, and even train cars is known as bar coding. The Universal Product Code (UPC), which can be seen on almost all consumer goods, is known to the majority of customers. Each manufacturer and product are given a different 12-digit number via UPC bar codes, which were first used in 1972. When receiving, handling, or shipping a product, standardized bar codes decrease mistakes. A bar code, for instance, may identify the size and flavor of an item. The European and UN standard for item bar coding is called European Article Numbering (EAN). Due to demands of global commerce, it is anticipated that the UPC and EAN systems will become increasingly

harmonised.

8. Enterprise Resource Planning (ERP)

The two main software elements of logistics information systems are enterprise resource planning (ERP) and enterprise execution systems. The client and replenishment orders may be started, tracked, monitored, and reported on using ERP's database and transaction capabilities. ERP systems provide businesses integration, economies of scale, and uniformity of information. Supply chain, financial, and human resource management are made easier by the central database and application modules included in the architecture of ERP systems. The design of the supply chain system contains elements for operations, planning/coordination, and inventory deployment. Production, storage, and transportation resources are all managed by the planning/coordination component of the business. The operations component manages transaction processing for both customer and replenishment order creation, management, fulfillment, and shipping. Inventory resources are managed via inventory deployment for businesses and their expanding supplier chains.

Enterprise execution systems serve as the link between the ERP and regular customer, transportation, and warehouse activities. Systems for managing customer relationships provide information on the company's performance and degree of involvement with its most important clients. Systems for managing transportation start shipments and track movements to track the business's transportation efficiency and cost. Systems for managing warehouses start up operations, regulate material handling machinery, keep an eye on employee productivity, and report on cost and performance metrics.

CONCLUSION

The way we connect and communicate with one another has been changed by communication technologies. With its help, we can now cooperate remotely, communicate efficiently, and instantly access a wealth of information. It has become an essential part of our everyday life. The development of communication technology has greatly increased convenience, efficiency, and productivity across a variety of fields, including business, education, healthcare, and interpersonal relationships. Communication technology does, however, come with drawbacks, including issues with privacy, information overload, and the digital divide. It is crucial to provide strong security measures, encourage digital literacy, and guarantee fair access to communication technology in order to overcome these difficulties. The way we communicate, interact, and travel across the globe as it becomes more linked will surely be changed as communication technology continues to advance.

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DESIGN OF ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

Mr. Mrinmoy Biswas*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-biswas@presidencyuniversity.in

ABSTRACT:

ERP (Enterprise Resource Planning) systems are sophisticated software programs created to synchronize and simplify a variety of internal corporate procedures. The design factors and essential elements of an ERP system are examined in this essay. It talks about how important system design, data management, modules, and system integration are. The research also identifies the key success elements for a successful installation as well as the advantages and disadvantages of ERP system architecture. Overall, this article offers insights into the critical components and factors to be taken into account when creating an efficient ERP system.Enhancing efficiency and enabling end-to-end process optimization is integration with other systems, such as Customer Relationship Management (CRM) and Supply Chain Management (SCM).

KEYWORDS: *Enterprise Resource Planning, Erp System, Information, Supply Chain.*

INTRODUCTION

Much of the work was finished piecemeal when businesses used substantial computers to manage and monitor operations and financials in the early 1970s. The sales and order management system was often implemented after the finance and accounting systems. Other apps were created or bought as more capability was required. These latter modules typically made use of erroneous assumptions, inconsistent methods, and duplicated data. Functional systems were sometimes created internally by the company to meet internal work procedures. As a consequence, the company developed a number of legacy systems that were distinctive in terms of their procedures, capacities, and features while still including a significant amount of its historical operations and information. When these legacy systems were first developed, their creators often used clever and complicated programming approaches to reduce storage and run-time requirements since processing and storage hardware was frequently quite costly[1], [2].

As an example, a lot of these outdated systems had software that had the Year 2000 Millennium Bug (Y2K) incorporated into the working logic. The cost of the technology was decreased by merely recording the first two digits of the year when saving dates on disk. Businesses had to reinvest in their enterprise systems throughout the 1990s as a result of events involving legacy systems and the availability of technologies enabling relatively cheap information storage. Additionally, businesses sought to improve internal integration. Although the new technologies have capabilities that much surpass those of the original legacy systems, implementing them may be expensive, often costing millions or even tens of millions of dollars. Currently, the most, if not all, of the Fortune 1000 companies have deployed or are in the process of deploying an ERP system, and the market for ERP systems for small and mid-sized businesses has significant

development potential. These expenditures are often justified by three things, regardless of the size of the business: consistency, economies of scale, and integration [3], [4].

1. Consistency

Legacy systems were created by several businesses or business divisions to satisfy their unique needs and procedures. As the company expanded its markets and activities abroad, the same was true for its overseas subsidiaries. Similar to this, the many mergers and acquisitions that took place in the 1980s and 1990s combined businesses with antiquated legacy systems. As a consequence, there were several separate systems that offered various and, sometimes, inconsistent processing. To ascertain the sales and inventory position for their South American operations, one manager from a global consumer goods company said that he had to consult 15 separate computer systems [5], [6].

2. Economies of Scale

Management increased its expectations to rationalize resources in order to benefit from global scale economies when companies combined and grew internationally. Similar to this, clients started searching for suppliers that could deliver goods internationally while using uniform system capabilities and interfaces to benefit from scale economies. ERP provides businesses with several opportunities for economies of scale. First, a single centralized processor or network of dispersed processors with identical hardware configurations provides the possibility of significant scale reductions in procurement and maintenance. Second, because all divisions and regions use the same program, the centralized ERP system provides considerable software scale savings by requiring just a small number of software licenses.

Although the initial cost of the software license may be high, the licensing and maintenance costs for the single ERP program should be lower than the cost of purchasing several copies of the software for each division or area. However, the decreased staff needed to set up and manage a shared ERP system is where the true scale economy advantages lie. To develop, maintain, and alter each application, several divisional or regional systems need numerous people with varied levels of skill in hardware and software. The experience of the people often cannot be utilized successfully since certain knowledge has limited portability across hardware and software platforms. Although there are scale economies for ERP knowledge, they may not be readily visible at this time since so few people have gained considerable capabilities and because they are in such great demand as workers[7], [8].

The ability for a multidivisional company to adopt shared resources and services across divisions or even regions is increased by the centralized ERP system. Sharing of vital resources becomes more likely when it is possible to examine the production, storage, and transportation resource needs of several divisions within a single system. A significant amount of potential for cost savings in negotiations and operations arise from the use of common suppliers, manufacturing facilities, storage facilities, or transportation equipment made possible by the integrated information[9], [10]. Although there is no proof that present ERP deployments are generating these scale efficiencies, the advantages will probably start to materialize as soon as the relatively new implementations settle.

3. Integration

The last advantage of ERP is improved system integration between suppliers and customers as

well as inside the company and organization. Internal integration is the consequence of implementing common procedures across divisions and regions and a shared integrated database. Order input, order processing, warehouse management, invoicing, and accounting are some common procedures contained in ERP. This similarity makes it possible to combine procedures and provide important clients a standardized way to interact with the business. Standard financial procedures are another outcome of such integration across company groups. Numerous ERP systems also enable external connection with supply chain partners thanks to their defined interfaces.

Example: Many businesses in the chemical and auto sectors are standardizing on the SAP ERP system. In order to gather needs data and give release dates, the big manufacturers then ask their suppliers to interact with their SAP database. The exchange of supply chain information is significantly improved by such information and process integration, which lowers uncertainty inside the company and among supply chain partners. Large companies' growth in ERP deployments has slowed as the majority of them take in and improve what they have already done. Smaller businesses, in comparison, are only starting their investment and implementation.

New ERP systems are being developed to provide more integration, especially with customers. These systems, known as ERP II, combine conventional ERP with a Customer Relationship Management (CRM) system to better align important customers' needs with the company's supply chain strategies. The external connection provided by ERP II, which is so important for supply chain coordination, is the main enhancement. Additionally, it is becoming popular to access these linked apps via the Internet, creating a uniform worldwide interface.

DISCUSSION

ERP System Design

The central database or information warehouse serves as the system's hub and houses all data so that all modules may easily access common and consistent data. The operational modules that start and coordinate business actions are located everywhere throughout the database. Although integrating all operations into a single application is the ideal way to get the full advantages of ERP, many businesses choose to deploy systems in a modular fashion to spread out resource needs and reduce risk as only a small number of firm functions are ever in transition.

1. Central Database

The relational information repository for the whole ERP system is the core database. Since there is little information duplication in the database, the central database is referred to as relational since it connects or links information relating operational entities. Because one reference to a data item ultimately changes without also changing the other reference, information redundancy often results in inaccuracy over time.

Example: If a client's address appears in the database twice, it is probable that one reference will ultimately change if the customer moves, while the second reference will be forgotten. All references to the second location would then be inaccurate, and the database would no longer be consistent. Access is restricted by a proprietary data format used by certain ERP software. In these circumstances, the ERP is required for all database communication. Although using the ERP system as an interface may limit flexibility and data consistency, it need not be an issue. However, the database structure often makes use of one of the several open database designs that

other systems may access. An open database design allows a variety of different programs to access the interface, which is openly specified and documented.

2. Supply Chain Applications

Inventory and supply applications, manufacturing applications, and sales and delivery applications are just a few of the modules that make up the ERP supply chain applications. These three modules aid in the procurement of raw materials, manufacturing, and customer order fulfillment, among other supply chain operations. The transactions and procedures that start the full spectrum of supply chain operations are included in these modules.

3. Financial Applications

The transactions required to keep the company's financial and accounting records are included in the financial module. The module specifically keeps track of payables and receivables as well as the general ledger's contents and references. Additionally, the module makes it easier to create uniform revenue statements and balance sheets for departments, geographical areas, or the full international organization. Accounts receivable and payable, invoicing, financial accounting, and management reporting are examples of common transactions.

4. Service Applications

The post-sale product service and warranty assistance are supported by the service module. Strong after-sales service for maintenance and repair is necessary for customers of costly capital equipment, such as industrial, medical, communication, or transportation equipment. To guarantee that the appropriate repair parts are accessible and can be sent to the needed location swiftly, the system must monitor equipment kinds and versions. In order to identify possible issues with preventive maintenance or equipment adjustment, the service module may also monitor use and repair data.

5. Human Resource Applications

The human resource module keeps tabs on the performance, assignments, and records of each employee. Documentation for payroll, taxes, and employment history is supported by this data. By measuring the time people spend on orders, tasks, or processes, this module helps with budgeting supply chain operations in addition to the traditional human resource applications. Supply chain managers can calculate the relative cost of customized or customised production and services thanks to detailed activity monitoring.

6. Reporting Applications

For monitoring, performance assessment, and decision assistance, the reporting module provides standard and customized management reports. These report apps provide managers the opportunity to track activity levels and spot performance issues by using the central data warehouse.

7. Common ERP Systems

The software sector is consolidating significantly, especially for ERP software, much as in manufacturing. As a consequence, there are fewer and bigger ERP software suppliers. While a small number of suppliers concentrate their efforts on niche markets, the majority of the big systems integrate a wide variety of functions and features and target a variety of sectors.

SC Information System Design

Modern logistics operations are based on a supply chain information system. This infrastructure used to be centered on starting and managing processes that included receiving, processing, and delivering client orders. The function of information infrastructure must be expanded to cover requirements planning, management control, decision analysis, and interaction with other supply chain participants for today's businesses to stay competitive. The crucial procedures start, keep track of, and evaluate the actions necessary to carry out client and replenishment orders. There are two types of these processes. The first are the procedures for producing and deploying inventory that need preparation and coordination. The operational procedures for receiving, processing, shipping, and billing consumer orders come in second.

The procedures required to arrange and manage the distribution of resources for production, logistics, and procurement throughout the whole organization are included in planning and coordination. The establishment of strategic goals, the rationalization of capacity restrictions, and the identification of market/distribution, production, and procurement needs are specific components. Order processing, inventory assignment, distribution operations, transportation operations, and procurement coordination are just a few of the activities that need to be managed in order to handle client order fulfillment. Both client and replenishment orders go through these steps. Demands made by business customers are reflected in client orders. The flow of completed items between production and distribution facilities is started by replenishment orders.

When a Make-to-Order (MTO) or Assemble-to-Order (ATO) approach cannot be used, inventory deployment and management serves as the link between planning/coordination and operations, controlling the cycle and safety inventory supply. The planning/coordination and operations processes effectively mirror one another when an organization is able to use an MTO manufacturing strategy. Example: When an MTO approach is feasible, it may not be essential to plan ahead for manufacturing and raw materials or to have a reserve of stock.

Planning/Coordination

The information system foundation for manufacturers and merchandisers is composed of supply chain system planning and coordination components. These elements outline the fundamental tasks that direct the enterprise's resource allocation and productivity, from product planning through product delivery. This encompasses both internal and external supply chain partner material planning procedures. The particular elements are: (1) strategic goals; (2) capacity restrictions; (3) logistical needs; (4) manufacturing needs; and (5) procurement needs.

Strategic Objectives

Strategic goals that specify marketing and financial objectives are the main sources of information for many businesses. Typically, these strategic goals are created over a multiyear planning horizon that often includes quarterly revisions. Target markets, product development, marketing mix strategies, and the function of logistical value-added activities like service levels or capabilities are all defined by marketing's strategic goals. The goals include consumer reach, the range of goods and services, upcoming promotions, and expected performance levels. The customer service standards and objectives that establish the performance benchmarks for the logistics and supply chain are known as marketing goals. The service's capabilities, quality, and availability are all included in the performance goals. Financial strategic goals outline revenue, financial, and activity levels, associated costs, capital and human resource limits, and other

factors.

The range of markets, goods, services, and activity levels that logistics and supply chain managers must take into account throughout the planning horizon are determined by a mix of marketing and financial goals. Projected yearly or quarterly activity levels for things like revenue, shipments, and case volume are examples of specific targets. Events including product promotions, new product launches, market rollouts, and acquisitions must be taken into account. The marketing and finance planning should ideally be linked and consistent since discrepancies might lead to poor customer service, excess inventory, or missed financial targets. Other business strategies are guided by the marketing and financial goals combined. Although the process of defining strategic goals is inherently unstructured and broad, it nevertheless has to create and convey a plan that is specific enough to be put into practice.

Capacity Constraints

Internal and external manufacturing, storage, and transportation resource restrictions place limits on production and logistics capability. These limitations identify material bottlenecks and direct resource allocation to satisfy market needs based on the activity levels set by the strategic goals. Capacity restrictions affect the where, when, and how much of each product is produced, stored, and moved. The restrictions take into account general restrictions such recurring production, transportation, and storage capacity. Problems with capacity may be handled by acquiring resources or by speculating on/delaying output or delivery. Acquisitions, partnerships, contract production, and facility leasing are all examples of ways to increase or decrease capacity. By anticipating the need for additional production capacity via forward planning or contract manufacturing, speculation lessens bottlenecks. Production and shipping are put on hold until precise needs are identified and capacity can be allocated. In order to delay customer delivery, it could be required to provide customers incentives like discounts or allowances. The capacity constraints take into account facility, financial, and human resource constraints to time phase the enterprise's strategic goals. Schedules for production, procurement, and logistics are significantly impacted by these limitations.

Logistics Requirements

The time-phased facility, tools, labor, and inventory resources that are needed to complete the logistics task are included in the logistical requirements. An example of a logistics need is the scheduling of final product shipments from production facilities to distribution centers and retailers. The discrepancy between client demands and inventory levels is used to determine the shipping quantity. Distribution needs Planning (DRP), a method for inventory management and process control, is often used to implement logistics needs. Forecasts, consumer orders, and promotions serve as the foundation for future needs. Forecasts are based on information from sales and marketing as well as previous levels of activity. Orders from customers might be in-process, committed orders for the future, or contracts. Planning logistics needs is especially crucial when considering promotional activities since it often accounts for a significant portion of volume variance and has a significant influence on capacity. Products are currently in stock and ready to be sent.

The total of projection + future client orders plus promotional volume indicates period demand for each planning period, day, week, or month. It requires some judgment to estimate the proportion of the anticipated volume that is attributable to known client orders. Since current

projections may include some future orders and promotional volume, period demand is often a mix of the three. It is crucial to take into account the overlap between forecast, upcoming client orders, and promotions when calculating period demand. The period demand minus inventory-on-hand projected revenues is then used to establish the period logistical needs.

Manufacturing requirements

Production resource scheduling and daily capacity limitations in the materials management system are addressed by manufacturing needs. Primary bottlenecks are caused by a lack of raw materials or by daily capacity restrictions. The Manufacturing Requirements Plan (MRP) and Master Production Schedule (MPS) are determined by the manufacturing requirements. Weekly or daily production and machine schedules are specified by the MPS. To support the intended production plan, MRP time phases the purchase and arrival of materials and components based on the MPS. Despite the fact that the criteria for production and logistics are presented in this discussion in order of importance, they must genuinely work together. This is especially true for businesses that use market- or demand-driven production techniques. These tactics eliminate the need to foresee or prepare by immediately coordinating production schedules with market needs or orders. Demand flow or market-paced manufacturing techniques, in a sense, design every aspect of production as made-to-order, fully integrating the needs of manufacturing and logistics. The Dell model of MTO laptops serves as an example of a method that balances manufacture and demand within certain bounds. However, even the Dell model is subject to capacity restrictions over a short period of time.

Procurement Requirements

Requirements for procurement plan receipts, shipments, and releases of material purchase orders. To define long-term material needs and release timelines, procurement requirements build on production requirements, logistical requirements, and capacity restrictions. The negotiation of contracts, the coordination of transportation equipment, and the timing of arrivals are all done using the requirement and release schedule.

Planning/Coordination Integration

While each planning/coordination component has the ability to function independently and often has, doing so frequently results in discrepancies that result in excess production and logistical inventories as well as operational inefficiencies. Since each functional module was governed by a distinct organizational function, it was typical for businesses to have various predictions for each one.

Example: While logistics may plan on more cautious estimates, the strategic goals may produce lofty expectations to energize the sales team. Similar discrepancies in product acquisition, production scheduling, and logistics deployment were caused by variations in logistics, manufacturing, and procurement projections, which in turn led to the creation of irrational safety stocks to protect independent operations. The ability to plan within capacity restrictions was previously restricted by the separate planning/coordination procedures. As though there were boundless capacity, every planning process was fundamentally uncapacitated.

Operations

For the supply chain to be competitive, coordinated, integrated operations information systems are also crucial. Coordination and integration allow for the efficient and reliable movement of

customer and replenishment order information throughout the organization and provide real-time order status insight. Integral information exchange lowers the need for resources, delays, and mistakes.Order processing, order assignment, distribution operations, transportation, and procurement are the operational activities necessary for fulfilling client orders and coordinating the receipt of purchase orders.

Order Processing

The entrance point for consumer orders and enquiries is order processing. It enables the input and upkeep of client orders via the use of communication tools including the mail, phone, fax, EDE, and Internet. Order processing inputs and retrieves necessary information when orders or queries are received, changes for proper values, and saves accepted orders for assignment. To create and validate consumer expectations, order processing might also provide information about inventory availability and delivery schedules. The main point of contact between customers and legacy or ERP systems is order processing, which works in tandem with customer support agents.

Order Assignment

Available inventory is distributed across open customer and replenishment orders via order assignment. As orders come in, assignments may be made in real time or in batches. Batch mode refers to the periodic processing of orders in groups, such as per day or shift. While a batch method gives the company greater control over instances when inventory is limited, real-time allocation is more responsive. For instance, order assignment in a batch process might be planned to solely distribute stock from existing inventory or from projected production capacity. If the operational system enables inventory assignment from anticipated production amounts or capacity, it is more responsive. While assigning production capacity refers to utilizing capable to promise inventory, assigning production numbers is referred to as using availability to promise inventory. Due to the firm's decreased ability to reschedule output, there is a trade-off when planned production capacity is assigned.

Distribution Operations

Processes are incorporated into distribution operations to direct physical activities at distribution centers, such as product reception, material movement and storage, and order selection. Because of their capacity to monitor inventory storage locations in warehouses, they are often referred to as inventory control, warehouse management, or warehouse locator systems. Using a mix of batch and real-time assignments, distribution operations manage all activities inside distribution centers. The distribution operations system creates a "to do" list of instructions or tasks for each material handler in the warehouse while working in a batch setting.

Transportation and Shipping

Planning, carrying out, and managing transport and movement operations are the responsibilities of transportation and shipping procedures, often known as the Transportation Management System (TMS). The TMS consists of carrier management, transport documentation creation, notification of shipments, notification of shipments, consolidation of shipments, and notification of shipments. Effective carrier management and the optimal use of transportation resources are made possible by these activities.

The TMS is unique in that it often includes three parties: the shipper, the carrier, and the consignee (receiver). There must be a fundamental degree of information integration for the

process to be managed efficiently. For transport papers, standardized data formats are necessary for information exchange. The standardization of transport document formats in the US was started and developed by the Transportation Data Coordinating Committee (TDCC) and VICS.

CONCLUSION

To achieve seamless integration and optimum performance, it is important to carefully examine a number of variables when designing an Enterprise Resource Planning (ERP) system. Scalable, adaptable, and able to meet both present and future demands of the company, the system design should be. To ensure data integrity and enable informed decision-making, effective data management techniques, including data cleaning, migration, and security measures, are essential. An ERP system's modular design enables customization and flexibility by allowing firms to choose and deploy certain modules in accordance with their needs. Organizational change management, user training, and system acceptance resistance are among issues that arise during ERP system implementation. However, there are several advantages to designing an ERP system, such as increased operational effectiveness, greater data visibility, simplified procedures, and improved decision-making. Strong leadership backing, user interaction, and efficient communication across the business are all necessary for a successful deployment.

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DESCRIPTION ON THE PLANNING INVENTORY

Ms. Leena George*

*Assistant Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-leenageorge@presidencyuniversity.in

ABSTRACT:

A crucial component of supply chain management is inventory planning, which guarantees product availability while reducing expenses related to overstocking or stock outs. This chapter tries to examine several approaches and methods for planning inventory, taking into consideration elements like lead times, carrying costs, and demand forecasts. It also looks at how technology and data analytics may improve the methods used for inventory planning. Businesses may boost operational efficiency overall, increase customer happiness, and lower carrying costs by employing efficient inventory planning techniques.

KEYWORDS: *Cost, Inventory, Order Quantity, Planning.*

INTRODUCTION

The main cost driver in the supply chain is inventory, which also serves as the foundation for raising customer happiness and customer service. As an example, having a large amount of inventory at retail locations may make products more accessible to consumers and improve sales, but it will also drive-up expenses and reduce profitability. To make the organization's inventory carrying as efficient as possible, these two important difficulties must be handled since they are at odds with one another. Industry has a financial burden from excess inventory in the form of capital commitments, obsolescence costs, and supply chain maintenance costs. But it's important to have the correct quantity of inventory on hand to satisfy client demands. Not running out of inventory and having too much of it are the two main goals of inventory management[1], [2].

Inventory basically functions as a reserve mechanism to avoid stock outs. As crucial as it is to avoid this kind of stock out, you also don't want to have too much inventory on hand since doing so may become a significant burden. So how can you strike a balance between the two and how much is enough? In order to avoid a stock out, it's more crucial to know when to place another order. Obtaining and using the proper inventory models in decision-making will provide the solution to this. Identification of inventory costs and cost optimization in relation to organizational activities form the basis of inventory choices. Stock levels and inventory expenses in production must be kept to a minimum since inventory is an idle but required resource[3], [4].

1. Average Inventory

The definition of average inventory is the batch size divided by two plus safety stock.

(Order quantity + Safety stock)/2 is the formula for average inventory.

The underlying assumption is that the cycle stock, which includes safety stock but is intended for usage, is typically half the recipient amount, or halfway between the recipient quantity and 0

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remaining, at any given moment. This has the practical effect of halving the average cycle stock and order amount. Inventory drops if a component is produced in smaller quantities [5], [6].

2. Holding (or Carrying) Costs

The simple act of keeping an item in stock results in expenses. The actual expenses of keeping inventory are as follows. These expenses are often known as carrying costs or inventory holding charges. The expenses for: are included in this wide category.

Handling and storage: This refers to the whole warehouse facility. This usually amounts to 6%. The entire cost to the business is thought to be 3 percent a month or 35 percent of the value of the inventory kept annually.

Insurance: Part of the inventory expenditures are covered by insurance. Companies often insure the material since it is always better to be safe than sorry. Typically, it comes out to 1 percent [7], [8].

Pilferage and Spoilage: Depending on the business and the kind of inventory being transported, pilferage and spoilage may account for anywhere between 2 percent and 10 percent of losses.

Obsolescence and Deterioration: This refers to merchandise that is deemed inappropriate for sale or that is just sitting in storage while waiting to be put to its proper use. It is commonly calculated to be about 1% of the carrying cost of the inventory [9], [10].

The Opportunity Cost of Capital: The price to build up the warehouse is known as the opportunity cost of capital. Instead of the interest rate, the "Lost Opportunity Cost" is applied to this.

Although holding costs are shown as a straight line, there are certain fixed and variable costs associated with storing inventory, meaning that some expenses are independent of the amounts of inventory retained while others are. Table 1 provides a broad breakdown of inventory holding expenses.

Table 1: Differences between Fixed and Variable Holding Costs.

Fixed Costs	Variable Cost
• Capital costs of warehouse or store • Cost of operating the warehouse or store • Personnel costs	• Cost of capital in inventory • Insurance on inventory value • Losses due to obsolescence, theft, spoilage • Cost of renting warehouse or storage space

3. Ordering Costs

How much does it really cost to place and execute a purchase order? The cost of buying, receiving, incoming inspection, and accounts payable are included in the overall cost. The purpose of each of these departments is to meet the ongoing demand for materials. We arrive at the following simple calculation to get the average cost per order:

Average Cost per Order = Total Budget / Annual Order Volume

Despite the fact that keeping inventory costs money, regrettably, replenishing it also costs money, whether via the buy cycle or the manufacture cycle. Procurement costs, also known as inventory

ordering costs, are expenses that arise during the purchasing process. There are two parts to ordering costs:

(a) One reasonably fixed component; and

(b) A second variable element

The cost of replenishing inventory is a significant factor in inventory costs. The expenses to the organization that would alter are the variable costs, and which would probably not be the fixed costs, if a component or raw material is obtained from outside suppliers, and orders are placed for a certain part with its supplier three times per year instead of six times per year. The expenditures associated with creating vendors, upgrading the information system, and assessing vendors' skills. Ordering expenses include every aspect, including item counts and order quantity calculations. Ordering costs could include the expenses related to upkeep of the system required to monitor orders. This covers things like typing, mailing, and phone calls. You knew? Vendor development is a never-ending process, but it is also quite costly. If you have a strong vendor network, you may establish long-term partnerships to meet your demands over the course of possibly a whole year. This results in a decrease in the complexity and expense of ordering by switching the question of "when" to "how many to order." It is obvious that the fixed costs of procuring or placing an order are far higher than the variable costs of doing so.

4. Setup (or Production Change) Costs

Set-up expenses are incurred in the production cycle, while ordering costs are incurred in the buying cycle. As a result, the set-up cost is really reflected by the expenditures associated with ordering goods. These two expenses are regarded as exclusive. Set-Up is the name for the corresponding cost for produced goods. The expenses involved in switching equipment from producing one item to producing another are often known as setup costs in the event of subassemblies or full items that may be manufactured in-house.

DISCUSSION

This comprises all expenses such as those spent to prepare the order papers, process and monitor order operations, set up the machine, and first inspection expenses that are not directly tied to the order amount. The final cost of ordering and processing is transferred to the goods. The expenses associated with setting up certain equipment settings, completing out the relevant paperwork, billing time and materials accordingly, and transferring out the prior stock of supplies are reflected in setup costs. Numerous small lots would be generated if switching from one product to another was neither expensive or time-consuming, allowing inventory levels to be reduced and expenditures to be saved as a consequence.

Shortage or Stock-out Costs

No manufacturing company can afford to maintain enough inventory on hand to satisfy all demands. At some point, there are stock-outs. If the client is willing to wait, a stock-out results in either a lost sale or a back order. Lost sales are a reflection of the possibility of losing the company to rivals. Back orders also result in extra expenses, such as more paperwork, time spent managing the extra paperwork, a system to manage the back orders, extra delivery notes and invoices, and extra packing and delivery charges.

Orders for items that are out of stock must either be canceled or delayed until the item is

restocked. Carrying enough inventory to meet demand and the expenses associated with stockouts must be balanced. Stock out or shortfall costs are the expenses spent as a consequence of running out of stock. For any inventory model to be used, it is essential to comprehend the cost of a stockout. The company cannot weigh the expenses (and risk) of maintaining inventory against the revenue lost when an item is out of stock unless these costs are understood.

For a store, the costs include both short-term losses from orders that are canceled and long-term losses from stockouts that decrease the possibility of future purchases. These include the loss of capacity as well as output for a firm. Additionally, losing clients and missed sales of items are two other potential outcomes. The cost of back orders is believed to fluctuate linearly with the amount in short supply (measured in rupees) and the cost associated with the extra time needed to complete the backorder (measured in years), if the unmet demand for the products may be supplied at a later period (back order scenario).

The cost of shortages is believed to fluctuate directly with the amount of the lack ('/unit shortage), albeit, if the unmet demand is lost. Since this cost is relatively stable in relation to the value of the inventory, when it comes to the overall cost of inventory, the cost drops steadily with an increase in inventory. Although it is often feasible to provide a range of such expenses, the projected shortfall cost is frequently nothing more than a guess.

Creating an inventory

The essential criteria and processes for inventory planning are described in this section. Three topics when to order, how much to purchase, and inventory management procedures—are the main topics of debate.

1. Determining Order Point (When to Order?)

When to start a re-supply shipment is determined by the reorder point. The item and distribution center-specific reorder point may be set in terms of units or days of supply. The main topic of this debate is identifying reorder points under demand and performance-cycle certainty. Future needs and performance-cycle durations must be known in order to satisfy the certainty criteria.

The fundamental reorder point equation is:

$R = D \times T$

where, R is the ordering point, expressed in units.

D is the normal daily demand.

T stands for the typical performance cycle.

Assume a 20-day performance cycle and a demand of 10 units/day to demonstrate this computation. Here, 10 units each day multiplied by 20 days equals 200 units.

The re-supply shipment is expected to arrive at the same time as the last unit is delivered to a client, according to the usage of the reorder point formulae. As long as demand and performance cycles are predictable, this strategy works. An inventory buffer is required to account for unpredictability in the demand or the duration of the performance cycle.

2. Determining Lot Size (How Much?)

The lot size approach strikes a compromise between the cost of ordering and the expense of

managing stocks.

Remembering that average inventory equals half of order amount is essential to comprehending the connection. Therefore, the average inventory grows as order quantities increase, which raises maintenance costs annually. However, the number of orders needed each planning period decreases as the order amount increases, which lowers the overall ordering cost. For a particular sales volume, lot quantity formulas pinpoint the exact amounts at which the yearly total cost of ordering and maintenance is lowest.

Economic Order Quantity (EOQ)

The replenishment order amount that minimizes the total cost of acquiring and maintaining inventory is known as the Economic Order amount (EOQ). The determination of such a number presupposes that demand and prices remain mostly constant throughout the course of the year. The ideal replenishment amount is determined using the EOQ model, however it does include some pretty strict assumptions that prevent direct implementation. The following basic assumptions underlie the simple EOQ model:

1. Fulfillment of every requirement
2. Constant, dependable, and ongoing demand
3. A cycle time for replenishing that is consistent and predictable
4. A product's constant price that is unaffected by the amount or timing of the order (i.e., there are no discounts for bulk purchases or for shipping costs).
5. Infinity-horizon planning
6. There is no interaction between different inventory items.
7. There are no goods in transit
8. No limit on the amount of available money. Computational extensions may be used to get around some of these assumptions' limitations. The EOQ model, however, emphasizes the significance of the trade-offs related to holding and acquisition costs.

Extensions of EOQ

Although the EOQ formulation is quite simple, there are certain additional elements that need to be taken into account when using it. The modifications needed to benefit from unique buying circumstances and unitization features are the ones that cause the most enduring issues. Volume adjustments, quantity discounts, other adjustments, and volume transportation prices are the three most common modifications.

The effect of transportation costs on order quantity was not taken into account while calculating the EOQ. Such disregard may be acceptable when goods are acquired on a delivered basis and the seller covers the expense of transportation from the point of origin to the location of the inventory. Until it gets to the customer's place of business, the seller is in charge of the package. Nevertheless, while establishing order quantity, the effect of transportation rates on total cost must be taken into account when product ownership is transferred at origin.

In general, the cost of transportation from any origin to destination will be cheaper per pound the heavier the order is. For both truck and rail shipments, a freight-rate reduction for bigger

shipments is typical and may be seen in most transportation pricing systems. Consequently, an organization will naturally desire to buy in numbers that optimize transportation efficiencies, all other factors being equal. These amounts might exceed the purchase quantity calculated using the EOQ technique.The cost of inventory is affected twice as much by increasing order size.

Rates

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So, if transportation costs are the buyer's responsibility, every EOQ must be assessed for transportation cost sensitivity over a variety of weight breaks. Lastly, two aspects affecting inventory cost under circumstances of origin purchase are important. (Origin purchase signifies that the buyer bears the risk of the goods during travel as well as the expense of freight.) First, at the moment of shipping, the buyer takes complete responsibility for the goods. This can imply that transit inventory is included in the enterprise's average inventory and is thus liable to the relevant fee, depending on the period of needed payment. Therefore, every change in weight break that results in a shipping mode with a different in-transit duration should be evaluated for the relevant additional cost or savings in a total-cost analysis.

Second, to accurately determine the worth of items held in inventory, the transportation cost must be included to the purchase price. The cost of transportation must be included to the product investment once the inventory has been received. The cost of the item plus shipping should then be added together to determine inventory carrying cost. With the basic EOQ formulation, quantity discounts may be handled directly by calculating total cost at any given volume-related purchase price to derive corresponding EOQs. The quantity discount presents a workable option if the discount at any connected quantity is adequate to cover the increased cost of maintenance minus the lower cost of ordering. It should be noted that greater purchase quantities are impacted by both volume discounts and transportation charges. Since it is a fixed cost once the choice is taken to renew the product, this does not always imply the lowest overall cost. The business should load the truck regardless of the EOQ if it is chosen to hire a private fleet to convey replenishment

merchandise.

Other EOQ Modifications

Numerous unique circumstances could arise that call for alterations to the fundamental EOQ. Examples include

1. Production lot size
2. A purchase of many items
3. Limited resources
4. Exclusive trucking.

The most cost-effective amounts from a manufacturing standpoint are referred to as production lot size. When more than one product is purchased at once, this is referred to as a multiple-item buy. As a result, transportation and quantity discounts must take into account the effects of different product combinations. Situations with budget restrictions for the entire inventory investment are referred to as limited capital. Order numbers must take into account the need of distributing the inventory investment throughout the product line in order to satisfy the product line within the constraints of the budget.

Discrete Lot Sizing

Not all replenishment scenarios function with consistent consumption rates, such as those used in the earlier EOQ calculations. A certain component is often in demand at irregular periods and in a range of amounts in production settings. As a result of demand being reliant on the manufacturing schedule, use needs are erratic. In other words, the necessary assembly components must be on hand when the product is being manufactured. If a component can be ordered as required, there is no need to have inventory on hand between need periods.

Discrete lot sizing, a modified method of determining order amounts, is necessary for inventory servicing of dependent demand. The term "discrete" indicates that the procurement goal is to get a component quantity that is equivalent to the net needs at a certain period. Because component needs change over time, discrete lot sizing will result in different purchase amounts for different orders. There are several lot sizing strategies available.

Options include:

1. Lot-for-lot sizing
2. Period order quantity
3. Time-series lot sizing

Lot-for-lot sizing

Planning purchases to meet net needs over a predetermined time period is the most fundamental kind of discrete ordering. The cost of buying under lot-for-lot sizing is not taken into account. Since ordering economics are not taken into account, the lot-for-lot approach may be seen as being pure dependent-demand-oriented. The amount of the order perfectly matches the amount of the manufacture or demand. When the item being bought is affordable and the needs are modest and irregular, the basic strategy is often applied. To save processing and delivery times, lot-for-lot scaling often makes use of premium transportation and electronic order transmission.

Period Order Quantity

The Period Order Quantity (POQ) approach extends the EOQ reasoning. Here, component acquisition is completed in three parts. The conventional EOQ is computed first. Second, the order frequency is calculated by dividing the EOQ amount by the anticipated yearly consumption.

Time-series lot sizing

Combining needs across various periods to arrive at procurement rationale is the main goal of time-series lot sizing. The order amount is modified to match the most recent estimations of the need, making the time-series method dynamic. This contrasts with basic EOQ, which is static in that it remains the same across the demand-planning horizon after the order quantity is determined. The fundamental difference between dynamic lot sizing and the conventional EOQ is that needs are represented in variable amounts throughout time as opposed to use rates per day or week. Fixed order amounts are replaced with a lot size system that may determine an inexpensive order given fluctuating and intermittent consumption in the presence of significant usage variability. The least unit cost, least total cost, and part period balancing are three such strategies that are extensively explored in the literature and are briefly described here.

CONCLUSION

For organizations to satisfy consumer requests, maintain ideal stock levels, and simplify supply chain operations, effective inventory planning is crucial. Companies may obtain significant insights into client preferences and market trends by using cutting-edge approaches like demand forecasting and data analytics, which empowers them to make wise choices regarding inventory replenishment. Additionally, stock outs may be reduced and order fulfillment rates can be increased by using real-time inventory monitoring systems and minimizing lead times. Organizations may maximize their inventory investment and boost customer satisfaction by finding the ideal balance between inventory holding costs and service levels. In today's changing company market, investing in strong inventory planning tactics and using technology improvements may result in enhanced operational efficiency, cost savings, and a competitive advantage.

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A BRIEF STUDY ON INVENTORY MANAGEMENT POLICIES

Dr. Kadambat Kumar*

*Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-krishnakumark@presidencyuniversity.in

ABSTRACT:

A key component of supply chain management is inventory management, which is keeping the appropriate balance between customer demand and inventory levels on hand. To maximize operational effectiveness, save costs, and increase customer happiness, effective inventory management procedures are crucial. This chapter looks at different inventory management practices and how they affect how well firms function. It emphasizes the value of precise demand forecasts, effective ordering and replenishment methods, and the use of cutting-edge technology to improve inventory visibility and management. In order to get the best inventory management results, the abstract emphasizes that firms must develop comprehensive inventory management policies that are adapted to their unique requirements and difficulties.

KEYWORDS: *Demand, Inventory, Management, Planning, Supply Chain.*

INTRODUCTION

Since inventory is usually the second-largest expense in a firm after payroll, business owners and managers concentrate on this function. Companies actively manage the various items in their facilities with the aid of policies and processes. Owners and managers have some flexibility to create standards for their own businesses even if there are established rules and procedures for inventory management [1], [2]. Implementing inventory policy is done via inventory management. Utilizing client demand, the reactive or pull inventory technique moves merchandise through the supply chain. A different way of thinking is to use proactive inventory allocation based on anticipated demand and product availability. A third kind of logic, known as hybrid logic, combines push and pull [3], [4].

1. Inventory Control

The administrative process for putting an inventory policy into practice is called inventory control. The accountability component of control keeps track of additions and deletions and monitors the number of units on hand at a particular place. Accountability and tracking may be done manually or electronically. In order to decide when and how much to purchase, inventory management specifies how often inventory levels are examined. It is carried out either continuously or sometimes [5], [6].

2. Reactive Methods

The reactive or pull inventory system, as the name suggests, draws the goods through the distribution channel in response to a channel member's inventory demands. When available warehouse stock levels fall below a predefined minimum or order point, replenishment shipments are started. The amount ordered is often based on a formula for lot size, albeit it might be a

variable number that depends on the stock levels at the time and a maximum level that has been set in advance [7], [8].

3. Planning Methods

Utilizing a shared data base, inventory planning techniques coordinate the need for inventory across several locations or supply chain stages. It is possible for planning to take place at the plant warehouse level to organize the distribution of merchandise to various locations. Planning could also be done to manage inventory needs across various channel partners, such suppliers and retailers[9], [10]. Applications of the Advanced Planning and Scheduling (APS) systems planning technique Although APS technologies automate the process, it is crucial for logistics managers to comprehend the underlying reasoning and premises. Fair Share Allocation and Distribution Requirements Planning (DRP) are two techniques for planning inventories. A simplified inventory management planning technique called "fair share allocation" gives each distribution facility an equal or "fair share" of the stock that is accessible from a single source, such a plant warehouse.

A more advanced planning method that takes into account several distribution phases and each one's distinct features is called distribution requirements planning (DRP). Although there is one key distinction between DRP and Manufacturing Requirements Planning (MRP), the two methodologies follow logically from one another. Production schedules that are established and governed by management policy serve as the basis for MRP. DRP, on the other hand, is motivated by client demand. Therefore, although DRP functions in an independent demand setting where unpredictable consumer demand drives inventory needs, MRP often operates in a dependent demand condition. Up until production or assembly is accomplished, MRP maintains inventory by coordinating schedules and integrating components into final items. Once completed items are delivered to the plant warehouse, DRP assumes coordinating responsibilities.

4. Collaborative Inventory Planning

Programs for replenishment are made to make it easier for products to move through the distribution system. There are several particular methods for collaborative replenishment, all of which are based on the idea of quickly restocking stock in accordance with current sales data. The idea is to lessen the dependence on predicting when and where inventory will need to be positioned to satisfy consumer or end-user demand and instead to let suppliers react to demand on a just-in-time basis. For collaborative replenishment initiatives to be successful, players in the distribution channel must work closely together and share information. Quick response, continuous replenishment, vendor controlled inventory, and profile replenishment are some specific automated replenishment methods.

5. Adaptive Logic

It may be possible to get around some of the issues that arise with utilizing either a reactive or a planned strategy by employing a hybrid inventory management system. In certain circumstances, a reactive system may be preferable, but over time, circumstances may change to favor the adoption of an inventory planning system. An adaptable inventory management system that integrates both kinds of logic's Notes components and enables the deployment of various techniques with different customer or product groups is thus the best course of action. Customer demand must often be viewed as independent, however in certain supply chain partnerships, demand may be treated as dependent, according to the logic behind an adaptive system. Thus, an

interface between independent and dependent demand occurs at specific points in time throughout the supply chain. Because dependent demand settings lessen uncertainty in system demand, the quantity of total system inventory decreases the closer the interface is to the ultimate consumer.

Example: Since a significant demand spike may be expected by having information of the promotion schedule, a significant consumer promotion may lead demand to act like dependent demand even at the consumer level.

DISCUSSION

Inventory Management Practices

The rules and procedures used to decide where to store inventory, when to start replenishment shipments, and how much to assign are outlined in an integrated inventory management plan. To categorize goods and markets, design segment strategies, and operationalize regulations and criteria, the strategy creation process uses three processes.

1. Product/Market Classification

Product market categorization aims to concentrate and improve inventory management activities. Product/market classification, also known as fine-line or ABC classification, organizes goods, markets, or clients according to common traits to make inventory management easier. The categorization process takes into account the fact that not all goods and marketplaces have the same qualities or levels of significance. Classification must be in line with company strategy and service goals for effective inventory management.

Different metrics may be used to classify things. The most frequent ones are the type of the item, use rate, inventory value, and sales profit contribution. In a typical categorization procedure, items or markets are arranged in a certain order so that entries with comparable qualities are grouped together. The goods are arranged in decreasing order by sales volume, with the high volume items appearing first and the slower movers following. One of the first techniques for establishing selected policies or strategies is classification by sales volume. A small number of businesses account for a significant portion of the volume in the majority of marketing and logistics applications. The Pareto's law or the 80/20 rule are common names for this operationalization. According to the 80/20 rule, which is based on several observations, for a normal firm, 20% of the goods generally account for 80% of the sales volume. A logical extension of the concept is that 20% of customers account for 80% of business sales. According to the rule's alternative interpretation, 80% of the items, clients, etc. account for the remaining 20% of sales. According to the 80/20 rule, a majority of sales are attributed to a small number of items or clients.

Once things have been categorized or grouped, it's customary to give each group a name or description. Products with high volumes and rapid sales are sometimes referred to as "A" goods. The objects with a moderate volume are referred to as "B" items, while the items with a low volume or sluggish movers are called "Cs." These character designations explain why this method is sometimes referred to as ABC analysis. While fine-line categorization often employs three categories, some businesses further improve classifications by using four or five categories. The grouping of related items makes it easier for management to develop targeted inventory plans for certain product categories. For instance, greater service standards are often desired for high-volume or quickly moving items. Fast-moving products often need to have considerably greater

safety stock because of this.Conversely, slower-moving products may be given comparatively less safety stock in order to minimize total inventory levels, which would impair service levels.

2. Segment Strategy Definition

The integrated inventory strategy for each product/market group or segment is defined in the second stage. All parts of the inventory management process, including service goals, forecasting methodology, management approach, and review cycle, are specifically specified in the integrated strategy. Realizing that distinct product segments are more or less important for fulfilling the corporate purpose is the key to developing selective management strategies. The rules and methods used for inventory management should take significant variations in inventory responsiveness into account.

3. Operationalise Policies and Parameters

Creating specific processes and guidelines is the last stage in putting a targeted inventory management plan into practice. The processes include the data needs, software applications, performance goals, and decision-making principles. The parameters define variables such the duration of the review period, the service goals, the proportion of inventory that is carried at any one time, the order sizes, and the reorder points. The combination of parameters either defines the specific amounts required to make inventory management choices or may be utilized to compute them. It is necessary to regularly check the environment and performance characteristics once the processes and criteria have been put into place. To make sure the inventory management system is achieving its goals and that the customer and product environment are not changing significantly, continuous observation is required. For instance, inventory process monitoring should identify the requirement when the demand for a particular product rises and may even propose switching from a reactive to an inventory planning system.

Managing Uncertainty

Because supply chains must be built for and managed in unpredictable contexts, there are often very high risks to the company, which makes global optimization even more challenging. Several elements play a part in this:

1. A difficult task is matching supply and demand:

a) In October 1997, Boeing Aircraft reported a $2.6 billion write-down as a result of "raw material shortages, internal and supplier component shortages, and productivity inefficiencies.

b) "Sales at U.S. Surgical Corporation fell by 25% in the second quarter, resulting in a loss of $22 million. Greater than expected stockpiles on hospital shelves are to blame for the sales and profit deficit.

c) EMC Corp. said that it missed its revenue forecast of $2.66 billion for the second quarter of 2006 by around $100 million and attributed the mismatch on greater than anticipated orders for the new DMX-3 systems over the DMX-2, which led to an inventory blunder.

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d) According to Johnny Dobbs, Wal-Mart Supply Chain and Logistics Executive, "There are so many different ways inventory can enter our system it's a constant challenge to keep it under control."

e) The biggest chip manufacturer in the world, Intel, announced a 38 percent drop in quarterly earnings on Wednesday due to fierce competition from Advanced Micro Devices and a general downturn in the personal computer industry that resulted in a rise in inventory.

This challenge naturally results from the fact that producers must commit to specified output levels months before demand is met. These in-advance promises entail significant supply and financial concerns.

2. Even when consumer demand for particular items does not change much, inventory and back-order levels fluctuate significantly across the supply chain. Distributor orders to the manufacturer change far more in a typical supply chain than the underlying store demand.

3. Predictions don't make the issue go away. In fact, we'll argue that the first rule of forecasting is that "forecasts are always wrong." Therefore, even with the most sophisticated forecasting systems, it is difficult to estimate the exact demand for a particular item.

4. There are other sources of uncertainty besides demand. Lead times for deliveries, production yields, travel durations, and component availability may all have a big influence on the supply chain.

5. Cost-cutting strategies like lean manufacturing, outsourcing, and offshore have considerably increased hazards.

Consider, for one, an automaker whose suppliers are located in Mexico and Canada. Parts may be supplied to assembly facilities "just-in-time" based on set production schedules if there is low transportation uncertainty and a consistent supply timetable.

Adherence to this kind of policy might cause the manufacturing lines to shut down for lack of components in the case of an unanticipated catastrophe, such as the terrorist attacks of September 11, port strikes, or natural disasters. Similar to outsourcing, offshoring implies that supply chains are more geographically varied, which increases the potential effect of natural and man-made catastrophes.

For instance:

1. Hurricane Katrina wreaked havoc on the Gulf coast and New Orleans on August 29, 2005. The storm had a significant effect on Proctor & Gamble's coffee production, which supplies brands like Folgers with more than half of their supply from locations in New Orleans. A P&G official told the New York Times that six months later, "still holes on the shelves" existed where P&G's brands ought to be.

2. A West Coast port strike in 2002 caused ports from Seattle to San Diego to close. Because shops could not be supplied, produce decayed, and companies had to close due to a shortage of components, economists estimate that this strike cost the economy up to $1 billion per day.

3. Taiwan was damaged by a significant earthquake in September 1999. 80 percent of the island's electricity was first lost. Supply disruptions have an effect on businesses like Hewlett-Packard and Dell that purchase a range of components from Taiwanese suppliers.

4. Following the earthquake that struck Gujarat, India, on January 26, 2001, fabric supplies from that country were delayed, which had an effect on several garment manufacturers in the United States.

We will examine various examples that show how product design, network modeling, information technology, procurement, and inventory strategies are used to minimize uncertainty and to increase flexibility and redundancy in the supply chain in order to reduce risks, despite the fact that uncertainty and risk cannot be completely eliminated.

TATA Motors CVBU

With COVENARK® Strategist, the Commercial Vehicle Business Unit of TATA Motors improves its balanced scorecard. The biggest and most recognizable market leader in India for the production of commercial business cars is Tata Motors. Its Commercial Vehicles Business Unit (CVBU) had its first loss in its more than fifty-year existence in the year 2000. This loss was significant. The amount was $ 108.62 Million. This forced Tata Motors to search deeply inside itself in order to understand why this disaster occurred.

Following that, Mr. Ravi Kant, the executive director of CBVU, demanded strict cost reductions across all unit activities, backed by more efficient strategy development and implementation. The management of Tata Motors decided to use the Balanced Scorecard and Performance Framework as the main instrument in the effort to construct the Organizational Performance Chart in order to speed up this process. It was difficult to implement the Balanced Scorecard across all of the CBVU's functional divisions and units.

The procedure got going, however, and the true issue soon became apparent. It came out that the manual nature of the review processes for such a large structure was, at best, almost unachievable and would take a ridiculous amount of time to complete. It was urgent that a watertight solution be found. A decision was made to implement a balanced scorecard automation tool after further analysis of the circumstance. This tool would centralize, integrate, and collate the data, offer quick review and analytical functionality, and present a quick and thorough one view picture of organizational performance.

The CVBU management started this process by reviewing a large number of solution providers and evaluating each of them based on a wide range of different aspects. After a long and arduous process, a solution was chosen in the shape of COVENARK® Strategist, a well-known Balanced Score Card Automation Tool created by MPOWER Information Systems to interact with old and current ERP systems via data integration suite.

The outcomes were dramatic and quick. Within two years of this, CVBU had accounted for a staggering 60% of TATA Motors' inventory turnover, turning a profit of $107 million from a deficit of $108.62 million. The Balanced Score Card's successful trajectory did not end here. Beginning with a single Corporate Level Scorecard, CVBU began using the Balanced Scorecard. Currently, they have grown it to six Hierarchical Levels and 331 Scorecards, with plans to eventually spread it to the lowest level of the organizational structure. This is how MPOWER, via COVENARK® Strategist, contributed significantly to the success of TATA Motors CVBU.

CONCLUSION

Policies for inventory management are crucial to the performance of businesses in a variety of sectors. Companies may achieve the ideal balance between inventory levels and customer demand by putting in place efficient rules, which improve operational effectiveness, result in cost savings, and increase customer happiness. For proper inventory levels to be determined, accurate demand forecasting is essential. Appropriate ordering and replenishment processes also assist to minimize excess inventory while ensuring timely product availability. Utilizing cutting-edge technology, such as real-time tracking systems and inventory management software, improves visibility and control over inventory and facilitates proactive decision-making. However, since one size does not fit all, it is crucial for enterprises to customize their inventory management strategies to meet their unique demands and difficulties. To remain competitive and react to changing market circumstances, policies must be regularly reviewed and modified. In the end, thorough inventory management procedures help businesses achieve optimum inventory performance and boost overall profitability.

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INTRODUCTION OF TRANSPORTATION INFRASTRUCTURE

Mrs. Salma Syeda*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-syeda.s@presidencyuniversity.in

ABSTRACT:

In order to promote economic development, improve connectivity, and raise people's quality of life, transportation infrastructure is essential. The importance of transportation infrastructure and its effects on numerous facets of society are examined in this chapter. It examines important elements that contribute to the creation of effective and sustainable transportation networks, including systems for the road, rail, air, and sea. The chapter also looks at the difficulties with transportation infrastructure, such as finance, upkeep, and environmental issues. This chapter intends to give important insights into the value of funding resilient transportation infrastructure and makes suggestions for future advancements via a review of case studies and current literature.To avoid degradation and interruptions, regular inspections, improvements, and repairs are required. Long-term maintenance expenses may be decreased by extending the life of infrastructure via the use of new technology and effective maintenance practices.

KEYWORDS: *Carriers, Infrastructure, Transportation, Services.*

INTRODUCTION

The physical connection between a business to its clients, suppliers of raw materials, facilities, warehouses, and distributors is its transportation system. It's noteworthy to observe that transportation serves as the connecting medium for all of these logistic system components, which are fixed places. The performance of the organization in terms of costs and customer satisfaction will be better the more effectively and effectively the transportation system operates. The operations of every firm depend critically on having a solid understanding of logistics and transportation. Transporting things ensures that they are available when and where they are required, adding value by offering time and place utility. Because of economies of scale and mass manufacturing, labor specialization, infrastructure facilities, etc., there is often a geographic distance between the source and market of the commodities produced for most enterprises. Getting around is the connecting thread[1], [2].

The management of logistics is important in every organization that produces or manufactures products and services. A considerable role in contemporary business is played by the proper planning, execution, and management of the flow of commodities, their storage, and the efficiency with which various operations follow, from the point of origin to the point of consumption. The activities of sourcing, purchasing, production planning, scheduling, packing, assembly, and customer services are included in the logistics function. These actions are all highly significant. Global supply chains and logistics procedures are emerging as a consequence of advancements in the transportation and communication sectors. The management of logistics is likewise being impacted by technology[3], [4].

Transportation Infrastructure

Hardware and software may be used to broadly categorize transportation infrastructure. Physical assets such as terminals, warehouses, right-of-way for traffic, and vehicles and equipment make up hardware. The key components of software, which is effectively the service superstructure, are operations, maintenance, and value-added services[5], [6].

Each mode or inter-modal (multimodal) system has different economic and legal features that are also influenced by the infrastructure. A mode denotes the fundamental shape or mode of transportation. Large shipment sizes are often used to carry bulk commodities. As a result, specialist transport and handling methods and specialized vehicles are needed. Industrial products are very valuable and often essential. As a result, faster freight movement is required. These factors are used to determine the method of transportation. The rights-of-way, vehicles, and carrier businesses that provide transportation services for hire or internally make up the transportation infrastructure. Each mode or multimodal system's economic and legal aspects are also influenced by the infrastructure's design. A mode denotes the fundamental shape or mode of transportation [7], [8].

Modal Characteristics

The five primary forms of transportation are pipeline, rail, roadway, water, and air. System miles, traffic volume, income, and the make-up of the traffic may all be used to gauge each mode's relative value. Regarding these metrics, each method is explained.

1. Rail Network

Railroads have historically handled the most continental ton-miles. Railroads dominated intercity freight tonnage until after World War II as a consequence of the early development of a comprehensive rail network linking almost all cities and villages. The capacity to move huge cargoes cheaply and to provide regular service, which gave railways a relatively dominant position, was the cause of this early dominance. The railways' revenue and ton-mile shares, however, began to fall after World War II as major motor carrier competition emerged[9], [10].

The fundamental reason railways continue to handle considerable intercity traffic and income is their efficiency in moving heavy loads across long distances. Because of the costly equipment, right of way (railroads must maintain their own track), switching yards, and terminals, railroad operations have substantial fixed costs. Rail, however, has comparatively low variable operating expenses. The railways' variable cost per ton-mile was decreased when steam was replaced by diesel power, and electrification provides the possibility of further reductions. Variable expenses have decreased further as a result of new labor agreements reducing the required manpower.

2. Motor Carriers

Highway traffic has increased significantly after World War II. The flexibility of door-to-door operations and the rapidity of intercity mobility contribute significantly to the motor carrier industry's explosive expansion.

Motor carriers may run on a variety of roads, giving them flexibility. Motor carriers operate on publicly maintained roadways and have comparatively low fixed investments in terminal facilities as compared to railways. Although licensing fees, user fees, and tolls are expensive, they are strongly correlated with the quantity of over-the-road vehicles and operating kilometers. Because

a separate power unit and driver are needed for each trailer or combination of tandem trailers, the variable cost per mile for motor carriers is considerable. The necessity for significant dock labor as well as driving safety regulations result in high labor demands Motor carriers are more equipped than railways to handle small cargo traveling short distances.

Short distances, high-value goods, and manufacturing and distribution businesses are favored by the features of motor carriers. Significant progress has been achieved by motor carriers in the rail traffic for medium and light industry. They have almost all of the freight traveling from wholesalers or warehouses to retail shops because of the delivery's flexibility. The likelihood of retaining a steady market share in highway transportation is still good.

The key issues are rising maintenance costs, platform and dock pay, driver wages, and rising costs to replace equipment. Motor carriers are more labor-intensive than other forms of transportation, therefore increased wages are a big worry even though accelerating labor rates affect all of them. Carriers have given improved line haul scheduling that avoids terminals, computerized billing systems, automated terminals, tandem operations that pull two or three trailers by a single power unit, and use of coordinated intermodal systems a lot of attention in an effort to buck this trend. These improvements lower labor costs and labor intensity.

Package haulers like Federal Express and United Parcel Service are examples of specialty carriers. These businesses concentrate on certain demands of a market or product. Despite the aforementioned issues, it is clear that for the foreseeable future, highway transportation will continue to serve as the foundation of logistical operations.

DISCUSSION

Water Transport

The first form of transportation was via water. In the early 1800s, steamboats took the place of the original sailing ships, and in the 1920s, diesel power replaced steam. Between deep-water and passable inland water transport, a difference is often established. The ability to carry very big goods is water transportation's principal benefit. Two different vessel types are used in water transportation. Deep-water ports are the only places where deep-water boats, which are typically designed for usage on the ocean and large lakes, may dock. Dieseltowed barges, on the other hand, are far more adaptable and often operate on rivers and canals.

In terms of fixed costs, water transportation falls between rail and motor carrier. Although water carriers are required to build and manage their own terminals, the government develops and maintains the right-of-way, which results in lower fixed costs than rail and roadway. The speed and restricted operating range of water transportation are its principal drawbacks. If the movement's origin and destination are not close to a canal, further hauling by truck or rail is necessary. When cheap freight rates are required and speed of transportation is a secondary concern, water transport is in demand due to its capacity to carry big tones at low variable costs.

Mining and basic bulk goods like chemicals, cement, and certain agricultural products are among the common inland water freight items. The flexibility of water transport is restricted by terminal facilities for bulk and dry cargo storage as well as load-unload equipment, in addition to the limitations imposed by navigable rivers. Labor limits on dock loading and unloading provide operational challenges and tend to limit the amount of possible traffic. Finally, in locations where parallel lines exist, a highly competitive scenario has emerged between railways and inland water

companies.

1. Pipelines

It runs continuously, seven days a week, with the exception of maintenance and commodity changeover. There is no empty "container" or "vehicle" to be returned, unlike other modes. Among all types of transportation, pipelines have the greatest fixed costs and the lowest variable costs. Right-of-way, building of the need for control stations, and pumping capacity all result in high fixed costs. Since building a pipeline doesn't need a lot of labor, its variable running costs are very cheap after it's built. The fact that only goods in the form of gas, liquid, or slurry can be handled by pipelines makes them rigid and constrained in terms of the commodities that can be conveyed.

2. Air Transport

Air freight is the newest but least used means of transportation. Its main benefit is the quickness with which a cargo may be moved. In comparison to other forms of transportation, an air cargo from coast to coast takes just a few hours as opposed to days. The high price of flying travel is one deterrent. High speed, on the other hand, may be exchanged for this in order to decrease or do away with other logistical design components like storage or inventory.

Transport via air is still more of a possibility than a reality. Airfreight makes up far less than 1% of total intercity tonmiles, despite the almost limitless distance. Lift capacity, or restrictions on load size, and aircraft availability are two factors that limit the capacity of air transportation. Historically, scheduled passenger flights were used for the majority of intercity airfreight. Although this method was cost-effective, it also reduced capacity and flexibility. The use of specialized planes for just freight operations has been constrained by the high cost of jet aircraft and the irregular nature of freight demand.

However, high-end airlines like Federal Express and United Parcel Service Overnight provide specialized international freight services. Despite the fact that this premium service was initially intended for papers. It now encompasses bigger parcels. For instance, Federal Express and United Parcel have both expanded their air freight services to include overnight delivery from a centralized distribution center situated at their air hub. For businesses with a lot of high-value items and time-sensitive service needs, this is the perfect solution.

Compared to pipeline, rail, and water transportation, air transportation has a low fixed cost. In fact, when it comes to low fixed costs, only roads are second to air travel. Generally speaking, public monies are used to build and maintain airports and airlines. Similar to terminals, local communities often manage them. The acquisition of an aircraft and the need for specialist handling equipment and cargo containers are related with the fixed expenses of airfreight. However, because to the high labor intensity of both in-flight and ground workers as well as fuel and maintenance costs, air freight variable costs are quite high.Modal Comparison and Dominant Traffic Composition is show in Table 1:

Table 1: Modal Comparison and Dominant Traffic Composition.

Mode	Nature of Traffic Composition
Rail	Extracting industries, Heavy manufacturing, Agricultural commodities
Highway	Medium and light manufacturing, Distribution between wholesalers and retailers
Water	Mining and basic bulk commodities, Chemicals, Cement, Some agricultural products
Pipeline	Petroleum, Coal slurry, No particular commodity
Air	Emergency rather than regular basis

Transport Functionality & Principles

Two key functions are provided by transportation functionality:

1. Product Movement: Whether the product is in the form of raw materials, parts, completed items, or work-in-progress, transportation is required to move it to the next step of the manufacturing process or to a location that is physically closer to the final consumer.

The transfer of goods up and down the value chain is a key transportation function. Since transportation consumes resources such as time, money, and the environment, it's crucial to move things only when doing so really increases their worth. Moving goods from a starting place to a specified destination as quickly, cheaply, and environmentally friendly as possible is the main goal of transportation. The cost of loss and damage must also be kept to a minimum. The transfer must also be done in a way that satisfies customer expectations for delivery effectiveness and cargo information accessibility.

2. Product Storage: Temporary storage is a less frequent transit purpose. The cost of using vehicles as storage facilities is high. The cost of unloading and reloading the goods at a warehouse may be more if the in-transit item needs storage but will be transported again soon (say, in a few days). Diversion is a second strategy for achieving temporary product storage. This happens when a delivery's intended destination gets altered while it is being delivered. Traditionally, diverting tactics were directed over the phone.

Today, satellite communication between the corporate headquarters and the cars manages the information more effectively.

Principles

Management and operations in the transportation sector are guided by two main ideas. They are scale economy and distance economy.

1. Economy of Scale

It alludes to the fact that as cargo size grows, the cost of transportation per unit of weight lowers. For instance, less-than-truckload (LTT) shipments, which only use a fraction of the vehicle's capacity, are more expensive per pound than truckload (TL) shipments, which use the whole vehicle's capacity.

Additionally, bigger capacity transportation methods like rail or water are often less costly per unit of weight than smaller methods like motor or air. Because the fixed costs of transporting a load may be distributed throughout the weight of the load, transportation economies of scale are possible. Because of this, a higher load enables expenses to "spread out," resulting in lower costs per unit of weight. The administrative costs associated with receiving the transportation order, the

time required to position the vehicle for loading or unloading, billing, and equipment expenditures are all considered fixed expenses. Since they are unaffected by shipping volume, these expenses are regarded as constant.

2. Economy of Distance

It alludes to the fact that as distance rises, the cost of transportation per unit of distance lowers. A package traveling 800 miles will be less expensive than two shipments traveling 400 miles and weighing the same total amount. Since rates or charges decrease with distance, the tapering principle is another name for the transportation economics of distance. Similar to economies of scale, distance economies are justified. In particular, the variable expenditure per unit of distance must be divided by the comparatively constant expense spent to load and unload the vehicle. Longer distances enable the fixed cost to be spread across a greater number of miles, lowering the total per mile rates.

When analyzing alternate transportation plans or operational procedures, these concepts should be taken into account. The goal is to optimize the load's size and its shipping distance while still providing the level of customer care that is expected.

Relationship between the Shipper, the Consignee and the Public

In certain circumstances, such as when corporate-owned vehicles are used to move items between two business sites, they may be tied by ownership. But often, the parties are separately owned and run. Reviewing the function and viewpoint of each party is crucial to comprehend the complexity of the transportation environment.

Consignees and Shippers

Both the shipper and the consignee share the goal of efficiently transporting the items from the point of origin to the point of destination. Services include scheduled collection and delivery windows, predictable transit times, no loss or damage, accurate and fast information exchange, and invoice generation.

Carriers

The carrier, acting as the middleman, has a somewhat different viewpoint. Carriers want to reduce the expenses involved in completing the transaction while maximizing their related income. According to this viewpoint, a carrier tries to reduce labor, fuel, and vehicle expenses associated with moving the products while charging the shipper (or consignee) the maximum possible fee. The carrier needs flexibility in collection and delivery schedules to enable the consolidation of individual loads into cost-effective movements in order to accomplish this goal.

Government

Due to the influence of transportation on the economy, the government continues to have a strong interest in the transaction. In order to maintain economic development, the government wants a safe and effective transportation environment. The efficient circulation of goods to marketplaces throughout the nation made possible by transportation encourages the availability of goods at competitive prices. The pre-Soviet Union scenario in the Soviet Union serves as an example of the effects of a subpar transportation infrastructure. Although not the primary cause, the Soviet economy's failure to distribute food to the market despite substantial output was due in part to the transportation infrastructure.

Carriers must provide competitive services while turning a profit in order to maintain a stable and effective commercial economy. Compared to other private organizations, several governments are more engaged with carrier operations and practices. Participation may take the shape of control, support, or ownership. Governments control carriers by limiting the markets they may serve or by imposing price caps. Governments help carriers through providing rights of way, such as roads or air traffic control systems, or by funding research and development. Some carriers are controlled by the government in nations like the United Kingdom or Germany, which maintains complete control over markets, services, and prices. Such power enables the government to have a significant impact on the economic performance of nations, sectors, or businesses.

Public

The public, who makes up the ultimate participant, is worried about environmental and safety standards, as well as accessibility, cost, and efficacy of transportation. The public ultimately decides the necessity for transportation by requesting affordable commodities from throughout the globe. Although customers prioritize reducing transportation costs, trade-offs related to environmental and safety regulations must also be taken into account. Even though there have been substantial improvements in consumer safety and pollution reduction over the last 20 years, the consequences of air pollution and oil spills continue to be a major problem for transportation. Consumers are charged for lowering the danger of environmental or automotive accidents, and they must jointly decide how much safety is required.

The interaction between the parties makes the transportation connection complicated. As a result, disputes between parties with micro interest's shippers, consignees, and carriers and parties with macro interest's government and the general public are common. Due to these disputes, transportation services are now duplicated, regulated, and subject to limits.

Transportation Facilities

The rights-of-way, vehicles, and carrier businesses that provide transportation services for hire or internally make up the transportation infrastructure. Each mode or multimodal system's economic and legal aspects are also influenced by the infrastructure's design. A mode denotes the fundamental shape or mode of transportation.

CONCLUSION

A well-functioning society must have enough transportation infrastructure because it promotes connection, fosters economic development, and enhances general quality of life. For the smooth flow of products, services, and people, it is crucial to establish efficient and sustainable transportation networks that include a variety of modes including roads, trains, air transportation, and marine systems. The advantages of investing in transportation infrastructure exceed the expenses by a wide margin. To fulfill rising demand, infrastructure must be built, maintained, and upgraded with sufficient financial resources. To reduce the harmful effects on the environment and public health, priority must be given to ecologically sound and sustainable transportation systems. In order for the transportation infrastructure to last and function at its best, maintenance is essential. Environmental issues must be taken into consideration throughout the design and execution of transportation infrastructure projects. Reduced carbon emissions, the promotion of alternative fuels, and the use of green design principles should all be prioritized. We can reduce environmental consequences and help create a cleaner, greener future by including sustainability into the creation of transportation infrastructure.

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A BRIEF STUDY ON REGULATIONS IN TRANSPORTATION

Dr. Nishant Labhane*

*Assistant Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-nishantbhimrao@presidencyuniversity.in

ABSTRACT:

Ensuring the security, effectiveness, and sustainability of transportation networks depends heavily on regulations. The purpose, scope, and effects of transportation rules on various types of transportation are all examined in this chapter. It examines the important regulatory organizations and their functions in enforcing and keeping track of adherence to transportation laws. The report also illustrates the benefits and difficulties of controlling transportation in a society that is becoming more technologically advanced and networked. Overall, this study offers insightful information on the significance of transportation laws and their implications for industry stakeholders.But managing transportation is not without difficulties. Drones and driverless cars, among other emerging transportation innovations, create additional regulatory complications. For regulatory organizations, finding a balance between innovation and safety continues to be quite difficult. Additionally, for efficient transportation systems and global commerce, it is crucial that laws from many jurisdictions be harmonized.

KEYWORDS: *Cost, Services, Safety, Transportation.*

INTRODUCTION

A number of paperwork are created and filed to ensure that commodities be transported without incident from one nation to another. You will learn about the numerous viewpoints, types, and purposes of export-import paperwork in this unit. Additionally, you will learn about the many legal and other papers involved in export-import commerce as well as the paperwork required for completing the commercial duties of an exporter and importer. Government traditionally has had a particular interest in both managing and encouraging transportation since it has a significant influence on both local and international business. Government regulation at the federal and state levels, as well as other administrative and judicial measures, are all examples of control. After the Act to Regulate Interstate Commerce was passed on February 4, 1887, the federal government started taking steps to safeguard the public's interests in the supply and execution of transportation services [1], [2].

1. Types of Regulation

Economic regulation and safety and social regulation are the two areas into which government transportation regulations fall. Historically, regulatory activities have been more concerned with economic concerns; but, in recent years, they have become more concerned with safety and social issues.

Economic Regulation

The earliest kind of governmental control is the regulation of commercial activities. Both the federal and state governments have actively participated in economic regulation in order to offer reliable transportation services and to promote economic growth. Government regulation has aimed to make transportation equally affordable and available to everyone without any prejudice for more than 100 years. Regulations have made an effort to promote competition among privately held transportation businesses. The government made investments in public infrastructure, including as roads, airports, rivers, and deep-water ports, to promote affordable and broad transportation supply. The government, however, funded and controlled a network of independently owned for-hire carriers in order to actually offer transportation service[3], [4].

Safety and Social Regulation

Another pattern in the 1970s and 1980s was increased safety and social control, which was in stark contrast to the reduction in transportation regulation. The federal Department of Transportation (DOT) has actively participated in regulating hazardous material handling, driving hours, and transportation since its founding in 1966. The Transportation Safety Act of 1974, which legally created safety and social regulation as a governmental endeavor, codified the type of regulation. During the next three decades, significant legislation with an influence on logistical performance was enacted. State and municipal environmental rules were superseded by the Hazardous Materials Transportation Uniform Safety Act of 1990, which gave the federal government responsibility over equipment design, hazardous substance categorization, packing, and handling. The increasing focus on transportation safety is a result of litigation involving the environment and associated responsibility[5], [6].

2. Rationale for Documentation

Most people agree that export paperwork is the most challenging and complicated aspect of international marketing. You may have seen similar remarks before since they tend to deter individuals from starting export businesses. Therefore, it is essential to stress that paperwork is just as crucial as the completion and fulfillment of an export order. Why is paperwork required in the export industry? The nature of the commercial relationships between the exporter and the importer, who are engaged in business in two different nations, provides the answer to this question. When doing domestic business, one is aware of or has easy access to knowledge of the commercial procedures that tie the buyer and seller. Similarly, because both the buyer and the seller are familiar with or have easy access to knowledge of the laws regulating contracts, the likelihood of commercial disagreements is decreased. The commercial procedures and legal systems, however, alter when the customer and the seller are doing business in two separate nations. Thus, some documentation procedures become necessary to ensure that the respective rights of the buyer and seller are safeguarded.

In a similar vein, each nation has its own regulations controlling imports and exports. As a result, the exporter must follow the legal requirements of his nation via documentation procedures. At the same time, he must submit the importer specific paperwork that will allow the importer to take possession of the items after receiving approval from the relevant government agency the customs authorities. Another justification for documenting in export commerce exists. Such evidence is related to the assertion that practically every nation in the world offers export incentives. Since the majority of these incentives must be claimed after shipping, the exporter must provide verifiable evidence that the goods were indeed sent. In order for the exporter to get selling value and to be eligible for export incentives, documentation requirements must be completed. In order

to meet with commercial, legal, and incentive requirements, export paperwork are thus necessary[7], [8].

Standardized Document

The normative texts are:

1. A bill (commercial or pro forma bill)
2. Packing list
3. Origin Certificate
4. Bill of Lading
5. Order Notes for Shipping
6. Mate's Receipt
7. Shipping Charges
8. Document of Port Trust
9. Marine Insurance
10. Statement Form
11. Certificate of Marine Insurance
12. Airway Bill
13. Postal Package Receipt
14. Bill of exchange
15. Bill of Entry

Using the appropriate mask, each of these documents may be duplicated from the same master. Reproduced signatures on certain papers might pose some issues. It would be essential to conceal the signature column on the master and manually sign each document until everyone involved has agreed that they are acceptable. Additionally, it will be challenging to discern between the original and duplicates of the document since all copies of reproduced documents, especially those made using a spirit duplicator, will have the same impression. This is not a severe issue, however, and may be resolved by everyone agreeing that a document will be viewed as original unless it is marked "Copy." It is undoubtedly practical to include dates on papers in a numerical format. However, the exporter should be sure that such dates will be construed similarly outside as they are here[9], [10].

DISCUSSION

The rights-of-way, vehicles, and carriers that work within the five primary transportation modes make up the freight transportation framework. A mode designates a fundamental means of transportation. The five primary forms of transportation are pipeline, rail, roadway, water, and air. The system miles, traffic volume, revenue, and kind of freight moved are all factors that are used to determine the relative significance of each method of transportation in the United States. Within the continental United States, railways have historically handled the most ton-miles. A common unit of measurement for freight activities that combines weight and distance is the ton-

mile. Railroads dominated intercity freight tonnage until after World War II as a consequence of the early creation of a comprehensive rail network linking almost all cities and villages. The capacity to move huge cargoes cheaply and to provide regular service, which gave railways a relatively dominant position, was the cause of this early dominance. The railways' share of revenues and tonmiles, however, fell after World War II as major motor carrier competition emerged. In terms of the total amount of miles in service, railroads formerly led all other modes. After World War II, there was a significant expansion of roads and highways to accommodate the increase of cars and trucks, which changed this ranking. In 1970, the United States had 206,265 miles of rail track. Due to extensive abandonment, track mileage has decreased to 128,730 miles by 1998. The track distance has steadied in recent years.

The major reason railways still handle a significant amount of intercity freight is their efficiency in moving heavy loads across long distances. Because of its costly equipment, right-of-way and tracks, switching yards, and terminals, railroad operations have substantial fixed costs.Rail does have very low variable operating expenses, however. The introduction of diesel power decreased the variable cost per tonmile of the railways, and electrification is resulting in additional reductions. Variable costs have decreased as a consequence of modified labor agreements reducing the need for human resources.

Deregulation and targeted corporate growth have led to a change in rail traffic from carrying a variety of goods to carrying specialized freight. The majority of railroad tonnage originates from raw material-extraction enterprises that are situated distant from improved waterways and goods like cars, machinery, and agricultural equipment. For long-distance transfers, the rail fixedvariable cost structure provides competitive benefits. Railroads started to segment the transportation industry in the middle of the 1970s by concentrating on carload, intermodal, and container traffic. Following the Staggers Rail Act's enactment, the marketing focus was further divided into other groups. In contrast to standardized boxcar service, railroads were more responsive to unique client demands by focusing on bulk manufacturing and industrial sectors. By establishing partnerships and acquiring motor carrier ownership, intermodal operations were increased.

As an example, United Parcel transit, a multifunctional motor carrier, is the country's biggest user of rail transit for trailer transportation. India has a large and varied transportation industry that serves 1.1 billion people. Road transportation accounted for the majority of the sector's 5.5% contribution of the country's GDP in 2007. For economic development to occur, both urban and rural regions must have good physical connection. India's expanding economy has seen a growth in demand for transportation facilities and related services since the early 1990s. However, the industry is proving to be a drag on the economy as a result of its inability to keep up with the increase in demand. For the industry to support the nation's ongoing economic development and to combat poverty, significant adjustments are needed.

Railways: One of the major railroads with a single administration is Indian Railways. In 2007, it carried almost 17 million people and 2 million tonnes of freight daily, making it one of the greatest employers in the world. An important part in moving people and goods throughout India's enormous country is played by the railroads. However, the majority of its main corridors have capacity issues that need capacity improvement initiatives.

Roads: Today, India's primary means of transportation are its roads. Nearly 90% of the nation's passenger traffic and 65% of its freight are transported by them. With 0.66 kilometers of roadway

per square kilometer of land, India's highway network has a density that is comparable to that of the United States (0.65) and far higher than that of China (0.16) and Brazil (0.20). However, 40% of India's villages lack access to all-weather roads, and the majority of its motorways are crowded, small, and of poor surface quality. India has 187 small and intermediate ports, 12 large ports, and a coastline spanning more than 7,500 kilometers. These ports support the nation's expanding exports of coal, iron ore, and petroleum products as well as the increased transit of containers. Despite India's 14,000 kilometers of navigable rivers and canals, inland water transportation is still mostly underdeveloped.

Aviation: There are 125 airports in India, including 11 that are international. In the 2006–2007 fiscal year, Indian airports handled 96 million people and 1.5 million tonnes of cargo, an increase of 31.4% for passenger traffic and 10.6% for cargo traffic compared to the prior year. The country's main airports are under a great deal of stress as a result of the sharp rise in air traffic in recent years, including both people and cargo.

Transport Service

The capabilities of several modes are combined to provide transportation service. Government regulations prevented carriers from operating in more than one mode before deregulation. Such constrained ownership aimed to encourage modal competition and reduce the possibility of monopolistic behavior. Following deregulation, carriers had greater freedom to create integrated modal services in an attempt to better serve consumers. The current selection of services provided by various carriers is reviewed in the section that follows. The description also provides illustrative carriers for each category. An essential component of transportation operations is choosing the best method of transportation to provide the client a reliable transportation service. To ensure that all tasks are completed successfully and safely when dealing with passenger transportation, the modes and particular operations of transporting passengers are investigated, as well as the logistics surrounding passenger tickets, passenger belongings, claims, and refunds to passengers.

1. Traditional Transporters

A transportation company that simply uses one of the five fundamental transport modes is the most basic sort of carrier. A carrier may specialize heavily by concentrating on a particular operating mode. Single-mode operators may provide exceptionally efficient shipping, but since multimodal transport entails negotiating and business planning with several carriers, a shipper seeking such solutions faces challenges. Airlines are an example of a single-mode carrier that typically only provides transportation between airports for both freight and passenger operations. Since deregulatory, the majority of carriers have created services that aid in multimodal integration.

2. Package Service

There has been a significant issue with the accessibility of small freight transportation throughout the last several decades. Due to the overhead costs involved with terminal and linehaul operations, it was difficult for common carriers to provide competitively priced small-shipment service. Motor carriers were compelled to impose a minimum fee due to this overhead. Regardless of the size or distance of the package, the minimum was often in the neighborhood of $100. There was a chance for businesses providing specialized services to join the small-shipment or package-service sector because of the minimal price and lack of alternatives.

Given the significance of package services to logistics, carriers' influence in this market is growing as a result of their scale and multimodal prowess. The need for package delivery has greatly expanded as a result of the rise of e-commerce and the requirement for consumer-direct fulfillment. Despite the growth of package services, the necessary services do not cleanly fit into the conventional modal categorization system. The line-haul services of rail, motor, and air are often used to convey packages. Regular and premium services are offered via package services.

3. Intermodal Transportation

Intermodal transportation combines two or more modes in order to benefit from each one's inherent economies and provide a seamless service for a reduced overall cost. Over the years, several initiatives have been undertaken to combine various forms of transportation. Early 1920s saw the first efforts at modal coordination, although at that time, cooperation was constrained by regulations intended to curtail monopolistic behavior. With the introduction of combined rail and motor transportation, often known as piggyback service, intermodal solutions started to grow more effectively in the 1950s. In this typical intermodal configuration, short-distance mobility provided by motor is combined with long-distance mobility provided by low line-haul costs of rail.

4. Non-operational Intermediaries

There are various company kinds in the general transportation sector that neither own nor operate any equipment. These non-operating middlemen represent other companies' services. In a market channel, a transportation broker is comparable to a wholesaler. By providing shippers with cheaper prices for transportation between two sites than would be available by direct shipping through common carrier, non-operating intermediates economically justify their job. It is possible for non-operating intermediates to help shippers save money due to quirks in the common-carrier rate structure, such as minimum freight charges, surcharges, and less-than-volume prices. It's interesting to note that there are instances when non-operating intermediates demand greater prices than what carriers do. The capacity to arrange for quicker delivery and/or more comprehensive service is the basis for the justification for the higher prices. Brokers, shipper organizations, and freight forwarders are the main intermediates.

5. Transportation Economics and Pricing, 8.6.5

Physical distribution refers to the transfer of a completed item to clients. The consumer is the ultimate destination of a marketing route in physical distribution. Customer service's time and location become an essential component of marketing via the physical distribution process, connecting marketing channels with their clients. Order transmission, order processing, order selection, order transportation, and customer delivery make up the normal physical distribution performance cycle.

Total cost of transportation

The overall transportation cost includes not only the basic fee paid for moving the products, but also a variety of extra expenditures, including those related to transit time, degradation and obsolescence, protective packaging, transit insurance, etc. The next section goes through these elements.

Transit Time Cost: The cost of transportation in terms of time is reflected in this component. Cost of inventory in transportation is a major component when it comes to overall logistics

expenses. The user cannot access the inventory the longer a certain mode of transport is in transit. This increases the amount of safety stock and working capital that the corporation must maintain. The cost of transportation must take into account the fact that if merchandise is accessible after a longer length of time, the overall cost will be greater.

Obsolescence and Deterioration Costs: Some items fall into the perishable and sensitive category, and because of this, they steadily lose value over time as their physical characteristics degrade. Tomatoes, for example, are carried from Punjab to Delhi; any delays or improper stowing may compel the marketers to offer them at a lower price than they would have liked. Such expenses are categorized as obsolescence and transportation-related degradation costs.

Costs of Protective Packaging: Special packaging may be needed for a variety of items. The entire cost of transportation includes this expense as well. For instance, less protective packaging may be needed for a product to be carried safely in a container as opposed to a truck. The grading system for the transportation of commodities includes another example for the shipping of glass further on.

Cost of Insurance: Goods-in-Transit insurance protects assets from loss or damage while they are being transported between locations or kept while traveling. This insurance may cover items transported locally and internationally by the company's vehicle or by a third-party carrier. Policies often list the acceptable modes of transportation, which may include the postal service.

Class Rates: In the context of transportation, the rate is the cost per kilogram to convey a certain commodity between two points. The tariff is another name for the rate. The categorization does not specify the cost associated with product transit. It speaks to how well a product travels in relation to other types of goods. A relative percentage index of 100 is used to categorize certain items. Class 100 is thought of as the class for an average product, whereas other classes range from 35 to 500. For listing reasons, each product is given an item number, and after that, a categorization rating. Generally speaking, the cost of transporting a product increases with its class classification. Additionally, ratings are given to products based on their packaging. Glass may be rated differently whether sent unsecured, in crates, or in boxes compared to being shipped in protective wrapping that is wrapped around it. Packaging variations often affect the product's density, stowability, and liability. Depending on the destination, size, method of transportation, and packing of the cargo, several classifications for the same goods may apply.

Other fees: Common charges like terminal or management fees are sometimes assigned to a shipper based on an activity level like the volume of shipments handled. Local taxes, octroi, toll taxes, etc. may also be included in the list of expenses. These are mainly relevant to transportation by vehicle.

Joint Costs: Joint costs are expenditures that are necessarily incurred as a result of choosing to provide a certain service.

Example: When a carrier moves a truckload from point A to point B, it is implicitly decided to charge a 'joint' fee for the trip back from point B to point A. A back-haul shipper must be found, or the expense must be reimbursed by the original shipper from A to B.

These expenses have a big influence on transportation costs because if there isn't a suitable backhaul shipper, the original shipper will have to pay for an empty voyage. One of the most significant actions in the physical distribution function has long been acknowledged as

transportation. A cost model that estimates the overall transportation and inventory costs related to each transportation option might be considered as the shipper's selection of a particular method of transportation in a certain market. There is a connection between the number of purchases made and the choice of transportation method. Choosing a method of transportation (train, truck, air, ship) and a kind of conveyance (common, contract, private) are both strategic transportation choices. The quantity of shipments (or the frequency of shipments) and the assignment of goods to vehicles are examples of further considerations. Typically, models are used to assist in making these judgments.

Transportation Administration and Documentation

Although they are in charge of a wide range of tasks, traffic managers are primarily in charge of: (1) operations management; (2) freight consolidation; (3) rate negotiation; (4) freight control; (5) audits and claims; and (6) logistical integration.

1. Operations Management: In big businesses, managing traffic operations entails a number of administrative duties. Equipment scheduling, load planning, routing, and carrier administration are important aspects of transportation management from an operational standpoint.

2. Freight Consolidation: Some shipping firms provide freight consolidation as a service to reduce overall shipping costs and improve shipment security. Consolidation service, assembly service, and freight consolidation are further names for it. The value of freight consolidation is enhanced by the fact that freight prices are inversely correlated with cargo size and distance traveled. Freight consolidation strategies may be divided into reactive and proactive categories from an operational perspective. To achieve transportation efficiency, each sort of consolidation is critical.

3. Rate Negotiation: The traffic department must negotiate the best pricing available for each cargo while still meeting service standards. Tariffs are used to determine the current cost for each mode of transportation, including rail, air, road, pipeline, water, and so on.

4. Freight Control: Tracing and expediting are additional significant tasks of transportation management. The process of tracing is used to find late or missing shipments. In order to expedite a cargo, the shipper must inform the carrier that the package must pass through the carrier's system as swiftly and without any delays as feasible.

5. Auditing and Claim Administration: Shippers may file claims for compensation when transportation services or costs are not delivered as promised. Typically, claims are categorized as either loss and damage or overcharging/undercharging. The traffic department plays a vital role in auditing freight invoices. Auditing is done to make sure that the invoicing is accurate.

6. Logistical Integration: Traffic management is supposed to provide the necessary transportation services throughout any given operational time at the cost allotted. In order to lower overall logistics costs, it is also the duty of traffic management to look for other transportation deployment strategies.

There is no such thing as inexpensive transportation, successful businesses have learned as operational requirements get more exact, order-to-delivery performance cycles more compressed, and margins for error reduced to almost nil. Procurement, production, and customer service performance won't match expectations unless transportation is handled effectively and efficiently.

CONCLUSION

The framework provided by transportation laws is essential for maintaining the efficient and secure functioning of transportation networks. They address a variety of issues, including as sustainability of the environment, effectiveness, and safety. Regulations aim to reduce hazards, improve operational performance, and safeguard the interests of numerous stakeholders in the transportation sector by defining standards and guidelines. In implementing and overseeing compliance with transportation legislation, regulatory organizations are crucial. These agencies create policies and procedures, carry out audits, and apply sanctions for non-compliance. They also encourage innovation and modify laws to keep up with new developments in technology and transportation trends. However, transportation laws also open up new possibilities. They support fair competition, level the playing field for industry participants, and stimulate investments in sustainable transportation options and infrastructure. Regulations may encourage the use of greener and more effective technology, minimizing the negative effects of transportation on the environment.

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A BRIEF INTRODUCTION OF STRATEGIC WAREHOUSING

Ms. Swati Sharma*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-swatisharma@presidencyuniversity.in

ABSTRACT:

Modern supply chain management relies heavily on strategic storage to help companies efficiently manage, store, and distribute their goods. This chapter examines the idea of strategic warehousing, underlining its importance and outlining the crucial elements to take into account while putting one into practice. It looks at how automation and technology may help warehouse operations run more smoothly and talks about several strategies to increase productivity and save costs. The role of site selection, inventory management, and cooperation with logistics partners in accomplishing strategic storage goals is also examined. This research offers insights into the strategic factors and best practices for putting into effect a successful warehousing strategy.The closeness of distributors to consumers, suppliers, transportation hubs, and infrastructure has a significant impact on distribution speed and cost. When picking a warehouse site, businesses must carefully examine a variety of elements, including market demand, transportation networks, labor availability, and regulatory issues.

KEYWORDS: *Goods, Inventory, Strategic Warehousing, Warehouse.*

INTRODUCTION

Manufacturers were able to understand that in order to keep a consumer, his wants must be met as soon as he requests the goods. Because of this way of looking at storage, there was a tendency to see warehouses as "necessary evils" that increased the cost of distribution and led to the formation of operational expenditures without much consideration for the larger logistical picture, in which warehousing played a crucial part. Little focus was placed on the warehousing capacity required to organize items into assortments sought by consumers. The management paid little attention to internal controls and the highest inventory turnover. Early literature accurately portrayed the scenario. Internal warehouse operations received little attention from businesses aiming to function efficiently between locations of sourcing, manufacture, and consumption. Survival required the construction of warehouses, but the efficiency of storage and handling was not given any attention. Manufacturing issues were the focus of engineering efforts[1], [2].

Early warehouse operations demonstrated a disregard for material handling principles. Typically, trucks or rail cars were used to deliver goods to the warehouse. The products were physically transferred to a storage space within the warehouse and stacked on the floor by hand. When various items were kept in the same warehouse, things were often missing. Rotation of stocks was inadequately managed. Products were hand-selected and loaded onto wagons in response to consumer requests. The product was then put back together and manually placed into delivery vehicles after the wagons or carts were moved to the shipping location. Human resources were utilized freely since labor was so affordable. Efficiency in terms of labor practices, material management, or space usage was not given any thought. These early warehouses, in spite of their

flaws, served as the crucial link between production and marketing [3], [4].

Strategic Warehousing

Economic and service factors are used to categorize the advantages of strategic storage. Conceptually, no warehouse should be a part of a logistical system unless it can be completely justified in terms of cost and value. Despite some overlap, each of the main warehousing advantages is discussed separately.

Economic Benefits

The financial advantages of storage become apparent when employing one or more facilities directly lowers total logistics expenses. Because it is represented in a direct cost-to-cost trade-off, the return on investment of an economic gain is not difficult to calculate. For instance, the total cost will be lower if adding a warehouse to a logistical system lowers overall transportation costs by more than the facility's fixed and variable costs. The warehouse is economically justifiable whenever complete cost savings are possible. Consolidation, break bulk and cross dock, processing/postponement, and storing are the four fundamental economic advantages [5], [6].

1. Consolidation

Storage has a positive economic impact on shipment consolidation. In accordance with this structure, the consolidating warehouse receives and bundles commodities from many production facilities that are going to a single consumer. The attainment of the lowest transportation charge feasible and lessened traffic at a customer's receiving dock are the advantages. The warehouse enables the condensing into bigger shipments of both the incoming movement from the manufacturer to the warehouse and the outgoing movement from the warehouse to the customer. Each manufacturing plant must utilize the warehouse as a forward stock site or as a sorting and assembly facility in order to ensure efficient consolidation[7], [8].

Consolidation merges the logistical flow of multiple small shipments to a certain market region, which is its main advantage. A single company may employ consolidation warehouses, or many companies may band together and use a for-hire consolidation service. Each producer or shipper may benefit from reduced overall distribution costs via the utilization of such a program than they might individually obtain through direct shipping.

2. Cross Dock and Break Bulk

The only difference between consolidation and break bulk and cross-dock warehouse operations is that no storage is done. Manufacturers provide combined client orders to a break bulk operation, which then sends the orders to specific consumers. Individual orders are sorted or divided at the break bulk warehouse or terminal, which also arranges for local distribution. Large shipments that are being transported over vast distances result in cheaper transport costs and simpler tracking.The bulk flow near the breach is shown in Figure 1.In contrast, a cross-dock facility works with numerous manufacturers. Cross-dock operations are often used by retail chains to refill quickly depleting store stocks, such as when entire trailer loads of items are delivered from several suppliers. Customer either sorts the merchandise, if it is labeled, or distributes it to customers as it is received. The merchandise is then actually transferred "across the dock" if it hasn't been labeled before being placed onto the trailer going to the right client.

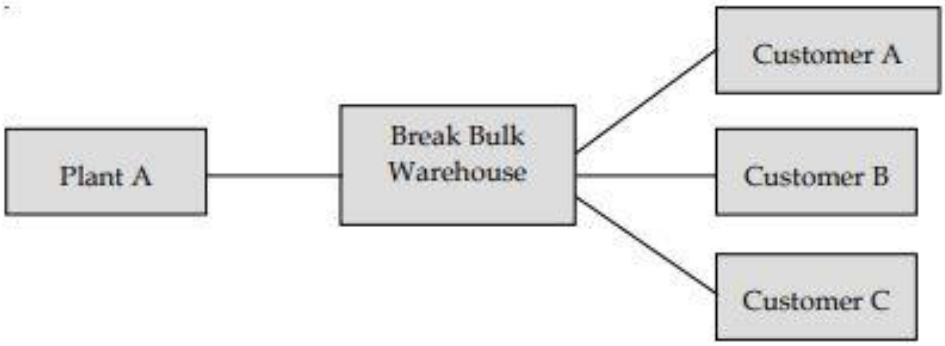

Figure 1: Break Bulk Flow [goseeko].

Once the trailer is loaded with a variety of goods from various producers, it is ready to be taken to the retail location. Cross docking has several financial advantages, including full trailer movements from manufacturers to the warehouse and from the warehouse to retailers, lower handling costs at the cross-dock facility because product is not stored there, and more efficient use of dock facilities because all vehicles are fully loaded, maximizing loading dock utilization [9], [10].

3. Processing/Postponement

By carrying out processing and small manufacturing tasks, warehouses may also be utilized to delay or postpone production. The capacity to package or label goods in a warehouse enables final manufacturing to be delayed until the real demand is known. Example: The manufacturer offers "Brights" cans for processing and preserving vegetables. Brights are cans without labels already affixed. When Brights are used for a private label product, the manufacturer's factory does not have to commit the good to a particular client or packaging design. The warehouse may finish final processing by adding the label and completing the package after a particular client order is received. Postponement and processing both have financial advantages. The first way risk is reduced is by delaying final packing until a certain label and package have been ordered. Second, by employing the basic product (Brights) in a number of labeling and package combinations, the needed amount of total inventory may be decreased. Even if the cost of packing at the warehouse is more than it would be at the manufacturer's site, the combination of reduced risk and inventory level often results in a reduction in the overall system cost.

4. Stockpiling

The fact that seasonal storage is necessary for certain enterprises overrides the immediate economic value of this warehousing service. For instance, toys and lawn furniture are manufactured all year long and are largely marketed during a fairly brief marketing time. Contrarily, agricultural items are harvested at specified periods and consumed throughout the course of the whole year. In both scenarios, warehouse hoarding is necessary to assist marketing initiatives. Stockpiling creates an inventory buffer that permits production efficiency within the limitations given by the client and the material suppliers.

5. Service Advantages

A logistics system's service gains from warehouses may or may not result in cost savings. An enhancement in the time and place capabilities of the total logistical system is the supporting logic when a warehouse is mainly justified on the basis of service. As an example, adding a warehouse

to a logistical system to serve a particular market segment may raise costs, but it may also boost revenue, gross margin, and market share. Conceptually, if the net impact was profitable, a service-justified warehouse would be added. The issue at hand in terms of operations is how to calculate the immediate revenue effect. The five fundamental service advantages of spot stock, selection, mixing, product support, and market presence are all accomplished via warehousing.

6. Spot Stock

Physical distribution is where stock spotting is most often used. Manufacturers that have a small or mostly seasonal product range are more likely to use this service. Delivery times may be significantly shortened by making earlier inventory commitments to critical markets, as opposed to keeping stockpiles in storage facilities year-round or exporting immediately from production facilities. At accordance with this theory, a certain quantity of a company's product line is "spot stocked" at a warehouse to fulfill client demands during a crucial marketing time. By using warehouse space for stock spotting, supplies may be put in a range of marketplaces close to important clients shortly before the peak of seasonal sales. Spot stocking is a common strategy used by producers who sell their goods to farmers to put their goods in a more advantageous place throughout the growing season. The leftover goods is removed to a central warehouse after the sales season.

DISCUSSION

Assortment

A manufacturer, distributor, or retailer may use an assortment warehouse to store product combinations in advance of client orders. The assortments may include a variety of items from various manufacturers or unique assortments that the clients have requested. An athletic distributor, for instance, would carry items from several garment manufacturers in the first scenario so that buyers could choose from a variety of options. The wholesaler would design a particular team outfit, complete with shirt, trousers, and shoes, in the second scenario. The extent and length of warehouse usage determines how stock spotting and whole line assortment vary from one another. When using a stock spotting approach, a company would normally carry a modest range of products for a short period of time in several tiny warehouses targeted at different markets. The distribution assortment warehouse often operates all year long, is restricted to a few key sites, and offers a wide range of products. Because there are fewer vendors for a consumer to deal with, assortment warehouses enhance service. Larger shipping volumes are also made possible by the combined assortments, which lowers the cost of transportation.

Mixing

In contrast to the break bulk method, warehouse mixing may entail shipments from several separate manufacturers. In-transit mixing may save total shipping costs and warehousing needs when facilities are geographically dispersed. Carloads or truckloads of goods are often transported from production facilities to warehouses in a mixed environment. Large shipments are transported at the most affordable cost available. Factory shipments are unloaded at the mixing warehouse and the appropriate mixture of each product for each client or market is chosen.Special transportation tariffs, which are variants of in-transit privileges, have historically supported the economics of in-transit mixing. The mixing warehouse idea allows for the blending of items received and those typically kept there. In-transit mixing warehouses reduce the amount of merchandise that has to be stored overall in a logistical system. Mixing is seen as a service

advantage since inventory is arranged according to exact client requirements.

Production Support

For some components, the economics of manufacturing may allow for relatively extended production runs. Manufacturing facilities get a consistent supply of materials and components from production support warehouses. Long lead times or large consumption variability may make safety stockpiles on commodities bought from outside suppliers necessary. The operation of a production support warehouse to swiftly and economically "feed" processed materials, components, and subassemblies into the assembly plant may be the most cost-effective overall solution in these and a number of other circumstances.

Market Presence

Although a market presence benefit may not be as visible as other service advantages, marketing managers often point to it as a significant benefit of local warehouses. The market presence factor is predicated on the idea or conviction that closer-proximity warehouses may provide speedier delivery and be more responsive to consumer demands than farther-reaching warehouses. A local warehouse is thus believed to boost market share and maybe raise profitability. The market presence factor is a technique that is commonly discussed, but there is little reliable evidence to support its real beneficial effect.

Warehouse Operations

Common stores with shelves and bins, cold or dehumidified storages, enormous silos for the storage of food grains, and bonded stores for the retention of products for which customs and excise charges have not been paid are all examples of shops. Nearly as many distinct storage options are available as there are materials. The transfer and storage of products and materials are the main priorities of stores' operations. This entails creating and maintaining networks of warehouses as required and controlling the physical movement of commodities into and out of the company. A shops manager need to be in charge of the department of stores. He is in charge of the materials' reception, custody, and distribution.

There are many different jobs and obligations that make up the functions. These are listed below:

1) To receive items, make arrangements for examination, and accept them after appropriate document verification.

2) To swiftly prepare the shops received letter and distribute copies to other departments

3) To store the approved products in the proper amounts in response to valid store requests.

4) To release the appropriate items in the appropriate amounts in response to valid shop requests.

5) To record material receipts, issues, and returns on bin cards and to keep track of other store records.

6) When the reordering level is reached, a purchase request is sent.

7) Periodically compare the physical amounts in the bins with the balances on the bin card.

8) To adhere to stock rotation in order to avoid owning outdated stocks Notes

9) To provide reports on garbage, scrap, slowly moving, stationary, and outdated goods.

10) To keep shops neat so that trash cans are always accessible.

11) Receiving and issuing completed goods for delivery to the supply chain

When a purchase order is made, a copy is sent to the retailers, so the processes for reception begin even before the item arrives at the factory. When a purchase order is issued, the data is stored in the system until the product or service is delivered. The specific supplies, quantities, and delivery date for inbound deliveries, such as stock transport orders, production orders, and Advanced Shipping Notification (vendor document), are included with a reference to a purchase order. The reception procedure is based on this.

1. Goods Receipt

The Inward Consignment Register is updated with the products that have been received. This document maintains a record of all P.O. Nos, receipt dates, inbound railway receipts, lorry receipts, consignment notes, and airway bills, among other information. A purchase order's follow-up action is the receiving of goods. It serves as the foundation for updating the financial and inventory records and may start the procedures for quality management and warehouse management. Receiving and inspection often use the same facilities. Following receipt, the item is recorded, sent to quality control for review, and then transported to stores for internal distribution to production. A challan is attached to the materials when they are delivered by the supplier. The receipt is recorded into the Daily Receipts Register, which is kept in the receipt area, using the original copy of the challan. After physical counting and comparison with the requirements listed in the purchase order, this is done. The shop clerk then creates a manual or electronic Goods Receipt Note (GRN). The storekeeper then submits two copies of the GRN, together with sample products for inspection and quality approval, to the quality control department.

The GRN contains information on the supplier's name, codes, date, purchase order number, challan number, unit amount, bin card, and received/rejected/accepted reference. It also includes details on what, when, and how much has been received. The items received note is a transitory document used to guarantee the accuracy of the physical inventory and financial stock from the time the products are received until the purchase invoice is issued. As a result,

1) Debit the stock asset account for the amount and price of the goods, excluding VAT.

2) The net amount on the goods received note is accounted for by credit pending goods received notes.

Despite the fact that the items received notice includes VAT amounts, no posts for VAT are made. VAT cannot be subtracted until a legitimate VAT invoice is obtained from the supplier The pending goods received notes account's purpose is to record the responsibility brought on by the receipt of the items.

2. Supplier Payment

One copy of the GRN is delivered to stores for recording in the bin card when the items are approved by the quality control department, and the first copy is provided to accounts as a record of the vendor's supplies being purchased and supplied. It is now time to finish a GRN as you have an invoice as a result of this. For payment, the GRN copy is compared to the invoice. It is approved for the issuance of a pay order after being examined and priced out by the accounting department using the purchase order as a guide. The procurement department notifies the supplier

for a free replacement when supplies are rejected by the quality control department. In order to return the rejected item to the source, the storekeeper must keep it separate. When a rejected shop is not restocked, the accounts department must issue a debit note to the supplier if payment has already been paid.

3. Recordkeeping

All relevant departments must have access to correct material information in order to plan and manage operations. When items are received, information about their descriptions, quantities, and locations is recorded into the organization's information system. To achieve this, input the information on a bin card. There is a bin card for each bin or location in the shop that contains all the details about the item. It is a quantitative record of each store's item's receipt, issuance, and closing balance. Each item has a unique bin card that is kept up to date. Each card is filled up with actual products movement, such as when they are received and issued. It keeps track of every time you remove or insert your stuff. Calculating the consumption for each item is made simple by this. Without a bin card, it would be necessary for you to review your issue orders in order to ascertain each item's condition, which might be time-consuming. Bin cards are thus a crucial component of internal control and a highly useful tool for position/consumption reporting. Every item stocked in shops will typically have its own account, which will be debited for the number and value of stores bought and credited for the quantity and value of stores given out. A ledger is a numerical and financial record of the receipt, issuance, and closing balance for each shop item. It is filled out with the aid of material issue requisitions and products received notes.You may physically manage the procedures of goods reception and goods issuance while operating a warehouse. Swift material entry into a facility is the goal of a store. The ideal scenario would be for the material to go straight from the warehouse or other storage facility to the manufacturing line. The content is stored, however, if it cannot be utilized right away.

4. Issue of Materials

Material Requisition Notes and Material Transfers are used to regulate the release of materials from storage. The necessary information is transferred from the Material Requisition Note into the Material Transfer Note in order to:

1. The delivery quantity lowers the amount of inventory in the warehouse.
2. In inventory accounting, value changes are reported to the balance sheet account.
3. The delivery quantity reduces the requirements.
4. The status of the serial number has changed.
5. The document flow automatically captures the goods issue posting.
6. Consignment stock from the seller is used to determine stock.
7. The creation of a task list for the evidence of delivery

A packing slip is created and sent with the other documentation when the items are sent for an outbound delivery. Its function is to list the objects that have been packaged at the recipient's end. It makes it easier for the consignee to inspect the contents and notify the consignor if there are any irregularities in the event of any. From the moment the purchase order is issued until the moment the items are supplied, a flow chart is shown. The following should be the minimum standards for receipt and in-store problem documentation:

i. Receipt of Stores must establish policies and procedures for handling unusual situations involving the receipt of goods, as well as written procedures for filing claims for supply and delivery issues. They must also properly document and account for each goods receipt voucher.

ii. Issue of Stores must consistently issue store products, correctly document and account for all delivery vouchers, and manage the issue of goods, such as by comparing voucher authorizations to a database of sample approved signatures.

iii. The main goal of shop paperwork is to make sure that things are received, examined, stored, distributed, and returned consistently.

The processes for receipts and difficulties at stores are outlined in Figure 2.

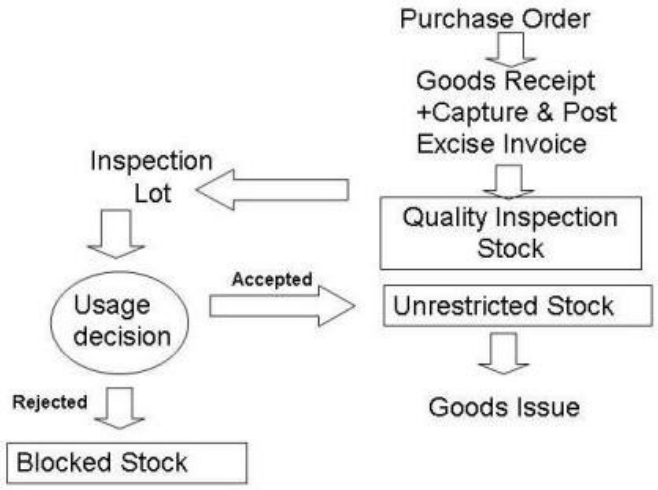

Figure 2: Summary of Stores Procedures for Receipts and Issues [goseeko].

CONCLUSION

Strategic storage is now recognized as a key component of contemporary supply chain management. To satisfy consumer needs, save costs, and preserve a competitive advantage in the market, organizations must effectively use warehouse facilities and resources. This essay has stressed the value of strategic storage and examined the crucial elements that make it successful. Automation systems and the introduction of cutting-edge technology have transformed warehouse operations, improving productivity, accuracy, and speed. Businesses may expedite order fulfillment, enhance inventory visibility, and optimize operations by using technology like robots, artificial intelligence, and data analytics. The choice of site is also crucial in strategic storage. Another crucial component of strategic storage is efficient inventory management. Businesses may avoid stock outs, eliminate excess inventory, and enhance overall operational efficiency by putting in place reliable inventory management systems. Better inventory management and reduced carrying costs are a result of just-in-time techniques, demand forecasting, and real-time monitoring.

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A BRIEF DESCRIPTION ON THE WAREHOUSE DECISIONS

Ms. Neha Saxena*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-nehasinha@presidencyuniversity.in

ABSTRACT:

Making wise warehouse selections is essential to managing supply chain operations effectively. The main factors influencing warehouse decision-making, such as site choice, layout design, technology adoption, and inventory management, are summarized in this chapter. The relevance of these choices in lowering operating costs, promoting customer satisfaction, and raising supply chain efficiency is highlighted. The decision-making process takes into account a number of variables, including transportation networks, labor availability, market demand, and technology improvements. Organizations may acquire a competitive advantage and adapt to changing market needs by making wise warehousing selections.A thorough knowledge of diverse aspects and their effects on supply chain operations is necessary to make informed warehousing choices. Prioritizing these choices and using technical developments may help businesses gain a competitive edge, adjust to changing market conditions, and successfully satisfy client expectations.

KEYWORDS: *Goods, Storage, Supply Chain, Warehouse, Warehousing.*

INTRODUCTION

Warehouse Decisions

The next stage is designing the warehouse after it has been decided to utilize one. Basic warehouse design concepts are covered in the discussion that follows. The following three concepts apply regardless of the size of the warehouse, whether it is a small manual operation or a huge automated facility: design criteria, handling technology, and storage strategy. Each is covered in detail and shown.

1. Design Requirements

Physical facility features and product transportation are taken into consideration while designing a warehouse. The number of storeys in the facility, height usage, and product movement are three elements to be taken into account throughout the design process [1], [2].

Designing a Warehousing System

Most of the time, goods are transported from the producer to the customer in a convoluted chain that includes many levels of warehouses and tiers of marketing middlemen. The answers to the following fundamental questions about this flow are crucial when constructing a storage system.

A. How many warehouses do we need, exactly?

B. Where are they to be found?

C. What size or capacity should each of them have?

In order to avoid having to transfer goods up and down, the optimal warehouse architecture is confined to one storey. Moving products from one level to the next in an elevator takes time and effort. Since there are generally a lot of material handlers vying for a small number of elevators, the elevator is often a bottleneck in the flow of products. While it may not always be practical, warehouses should not exceed one storey, especially in core business areas where land is scarce or costly. Regardless of the size of the facility, the design should make the most use of the cubic space by maximizing the use of height on each level. Although modern automated and high-rise facilities may efficiently utilise ceiling heights up to 100 feet, the majority of warehouses have 20- to 30-foot ceilings. The building's ceiling should be accessible for storing goods via racking or other gear. The safe lifting capacities of material-handling tools like forklifts and the fire safety requirements imposed by overhead sprinkler systems determine the maximum practical warehouse height. The layout of the warehouse should also provide uninterrupted product movement, whether or not products are being stored. This generally implies that merchandise should be delivered to one end of the structure, stored in the center, and then transported from the other[3], [4].

2. Handling Technology

The efficacy and efficiency of material-handling technologies are the subject of the second principle. This principle's components relate to movement scale economies and continuity. Movement continuity refers to the idea that a longer motion made by a material handler or piece of handling equipment is preferable than several smaller, separate moves made by different handlers. Moving the product from one piece of equipment to another or switching between handlers consumes time and raises the risk of harm. As a result, shorter moves are often desired in the warehouse. All warehouse operations should handle or move the biggest amounts feasible, according to the concept of "movement scale economies.

Warehouse operations should be planned to transfer groupings of cases, such as pallets or containers, rather than single cases. This grouping or batching may require moving or selecting numerous goods or orders at once. Although taking into account various items or orders may make an individual's actions more difficult, the approach results in fewer activities overall and lower costs[5], [6].

3. Storage Strategy

The third principle states that a warehouse design should take into account product characteristics, especially those related to volume, weight, and storage. The first consideration when creating a warehouse storage strategy is product volume. Products with high sales or throughput should be kept close to main aisles and in low storage racks to reduce the distance they need to be transferred. A location like this reduces the amount of time spent traveling and moving heavy objects. On the other hand, low-volume products may be placed higher up in storage racks or far from the main aisles[7], [8].

Similar to that, the approach for items with different weights and storage needs should be included in the plan. To reduce the effort and danger of heavy lifting, relatively heavy goods should be placed at low-to-the-ground places. Open floor space or high-level racks may be utilized to store bulky or low-density items, which need substantial storage room. Smaller goods, however, could need storage drawers or shelves. These must be taken into account and covered by

the integrated storage design.

4. Warehouse Management Systems

The creation of work processes and the training of warehouse staff go hand in hand. The majority of businesses use a WMS to standardize work processes and promote best practices. The management must ensure that all employees are aware of and following these practices. Approximately 65 percent of workers at a mechanized warehouse are involved in some aspect of order selection. Individual picking and area selection, commonly referred to as batch selection, are the two fundamental order picking techniques. One employee completes the whole order for a client using individual choices. There is hardly much usage of this system. Its main use is in e-commerce fulfillment, where a lot of tiny orders are chosen for repacking or consolidation before shipping. According to the more popular area selection approach, each employee is given management of a certain region of the warehouse. There are various distinct pickers needed to finish a customer's purchase. Finding things takes less time since every employee is well-versed in a certain selection area. For receiving and shipping, work processes are equally crucial. It is crucial to have established processes for receiving products and making sure they are entered into inventory records. If pallets are used, the product must be stacked in the right configurations to provide optimal load stability and constant case counts. Trailer loading procedures must be understood by everyone engaged in shipping. Items must be examined while loading in some activities, especially when product changes ownership[9], [10].

Work practices are not just applicable to floor staff. Procedures for administration and upkeep must be created. Inadequate ordering methods might result in operational issues while replenishing warehouse inventories. Although communication between buyers and warehouse staff is growing with integrated supply chain management companies, there is often little contact between them. Buyers often buy in numbers that offer them the greatest price, paying little regard to whether such amounts fit on a pallet or need a certain amount of warehouse space. Before placing big purchases or launching new items, buyers should ideally communicate with warehouse staff. Some businesses' experiences have compelled management to mandate that purchasers allocate warehouse space in advance of placing orders. The number of ordered cases is another possible issue. Pallet-multiple purchases are the intended strategy.

For instance, the buyer should place orders in increments of 50 if a product is best packed on pallets in a pattern of 50 cases. If 120 cases are ordered, when they arrive they will fill two pallets plus 20 on a third pallet. The additional 20 cases will demand the same amount of material handling capability and warehousing cubic space as a pallet of 50 cases.

5. Material Handling

Material management includes material handling, which is crucial. How will the content be transported? Depending on the kind and quantity of the material to be transported, numerous types of equipment are needed for physical material movement. The conventional idea of a warehouse has been drastically altered by handling technology's rapid advancement.

Generally speaking, there are three types of material handling equipment:

1) transporting tools,

2) equipment for positioning, and

3) Equipment for unit load formation.

Materials are transported from one site to another using transport equipment. Cranes and industrial vehicles are part of it. In order to position the material properly for later handling, machining, transport, or storage, positioning equipment is utilized to handle the material at a single spot. Lifts and hoists are part of it. Positioning equipment, in contrast to transport equipment, is often employed in a single workplace. Equipment for unit load formation is used to keep a single load intact during storage and transportation. Pallets, sacks, and skids are all part of it.

DISCUSSION

Ownership Arrangements

The company does not have to own and run the warehouses it needs. Owner run, private, and public warehousing are the many alternatives. The company that owns the goods processed and kept at the facility also owns the warehouse, making it an owner-operated facility. Private warehouse facilities are used for contract storage by Third Party Logistics Providers (3PL), who provide customers specialized and one-of-a-kind warehousing and logistics services. In India, a public warehouse is one that is run by a State Warehousing Corporation or the Central Warehousing Corporation of India. These categories are often ambiguous, particularly given how differently "private" and "public" are employed in many US academic articles. This transparency is crucial, for that reason.

1. Owner-operated Warehouses

An owner-operated warehouse is run by the business that is in charge of the merchandise. However, the facility itself could be rented or owned. The choice of whether to buy or rent the facility is mostly a financial one. Better control and flexibility are the main advantages of owner-operated warehouses. The capacity to connect warehouse operations with the rest of the company's internal logistics processes is made possible, in part, through control. Owner-operated facilities provide the opportunity to modify operational rules and processes to satisfy certain needs of the company when flexibility is needed. Because there is no profit markup, owner-operated warehouses are often less expensive than private warehouses. This gain could be misrepresented since private warehouses often operate more efficiently because they make better use of their resources.

Additionally, there can be a variety of additional intangible advantages, especially in terms of market presence. Customers may see a private warehouse bearing the name of a company as responsive and reliable. This notion may provide your business a marketing edge over rivals Private investors and landowners often construct distribution warehouses to a company's needs nowadays or provide land on a leasing basis. As a result, the firm's capital investment in these transactions is reduced.

2. Private Warehouses

Clients pay a base handling and storage cost to private warehouses. The handling fee is calculated depending on the volume or weight handled. The cost of storage is calculated according to the volume or weight of items kept in storage each month. Public storage is a cheap alternative when economies of scale in a private facility are not attainable. According to the variety of specialized activities carried out, private warehouses may be categorized as follows:

General goods, refrigerated goods, specialty goods, and warehouses with bonds make up the first four categories.

1. General merchandise,
2. Refrigerated,
3. Special commodity, and
4. Bonded warehouse.

i. General Merchandise Warehouses:

This kind of warehouse is used to store items like paper, small appliances, and home supplies that can be easily handled, come packed, and don't need a regulated atmosphere. Traditional general warehousing businesses act as intermediaries in the transportation process and are essential to the logistics industry by receiving and shipping products on behalf of their clients. The client or the warehouse manager, who then represents the customer, chooses the carrier. Some warehouses have expanded into other transportation-related business sectors, such as running private trucks fleets used for distribution, as a result of the growing dependence on warehouse operators for services other than storage. Others became engaged in assembling truckload shipments from several shippers' minor freight shipments. Rather than conventional warehouse operators, these services were more characteristic of freight forwarders or transportation firms. The 3PL sector emerged as a consequence of this overlap in services, and many warehouse owners transformed from temporary guardians of raw materials and completed items into logistics specialists.

Companies are using just-in-time (JIT) inventory management at higher rates than previously. JIT must be successfully implemented, and shippers must be flexible and constantly check inventory levels. JIT often necessitates more frequent but smaller shipments of merchandise to and from warehouses. Private and contract warehouses are often more capable of implementing time-based inventory management than in-house warehouses. Private warehouses' capacity to foster distribution economies of scale is a key benefit. With this capacity, the warehouses often have greater negotiating power with suppliers and transporters than small manufacturers and are better able to satisfy JIT inventory needs. EDI and other electronic tools, such bar coding and radio frequency monitoring, are used in general warehouses to increase productivity and efficiency in warehouse operations and simplify inventory management. More warehouses are investing in technology to be competitive in the market as customer demands have grown stricter and competition in the general warehouse business has intensified. In logistics systems, private warehouses owned by 3PL companies are often employed. Such operators provide a wide range of service combinations, either temporarily or permanently.

ii. Refrigerated warehouses (either frozen or chilled):

These are specialized warehouses designed to store and retain perishable goods including food, medicines, and chemical products that need certain temperatures.For instance, since they are kept in these warehouses and distributed to the market in response to demand, onions are always accessible. The ideal conditions for curing and storing onions are 0°C and 65–70% relative humidity. Unfortunately, it is difficult to execute significant improvements because of the nature of refrigeration systems. Regular process hazard analyses and standard operating procedures are required. Long-term planning and collaboration with equipment makers are becoming more and more crucial. For solutions relating to preventative maintenance, specialized lubrication systems

and filtration, consistent chemical water treatment, etc., many such warehouses collaborate with professional service providers.

Pathogens from processed foods are being successfully eliminated by new refrigeration design methods. Due to environmental concerns, ammonia refrigeration systems are replacing systems based on freon. Private refrigeration warehouse owners are increasingly turning to automation technologies to provide the effective, affordable services that today's food processors need.

iii. Commodity Warehouses:

These are used to transport bulk materials including milk, wheat, rice, sugar, lentils, cotton, and edible beans. A few examples of non-food commodities include jute, fertilizers, tires, wood pulp, and tobacco. Some commodities, such as the majority of petroleum products and many chemicals, may also be found in liquid form. Many commodities need particular handling or storage concerns because of their wide variety. For example, grain storage facilities may need elevators, liquid commodities may need tank farms, and a product like tobacco may need a barn. The Central and State Warehousing Corporations handle the majority of the agricultural goods in India. In the section on public warehouses, they are covered.

iv. Bonded Warehouses:

The government has granted these warehouses permission to keep products before taxes or tariffs are paid. The Customs Act of 1962 permits the capability of keeping imported goods in Customs Bonded Warehouses without payment of Customs duty normally imposed on import. In essence, duty is only collected when items are cleared from a warehouse after being allowed to be transported to one without paying it upon arriving. The amount of time that items may be stored in a warehouse both with and without generating interest responsibility is specified by legislation. The Central Board of Excise and Customs has designated certain locations exclusively where the warehouses may be nominated or permitted. The Board has given the Chief Commissioners of Customs authority to designate locations as Warehousing Stations. The Commissioners of Customs have been given the authority to designate locations as Warehousing Stations in relation to 100 percent EOUs.

Customs issues licenses that fall into one of two categories: other non-sensitive products or storage of sensitive items like alcohol, tobacco, food, consumables, etc. The Customs officials have supervision over all products that are stored. With the relevant officer's approval, the owner of the stored goods may view, sort, display for sale, collect samples from, etc. the bonded items. The owner of the bound commodities is also obligated to pay warehousekeeper rent and other fees at the legal rates. Bonded warehouses are also utilized for goods that must be excise-taxed in addition to those for imported goods. Excise duty is a tax imposed on the production or manufacturing of commodities. State excise duty—also known as "State Excise" duty—is collected by the State Government on alcohol, alcoholic beverages, and narcotics. The "Central Excise" tax is the excise charge applied to the remaining items. For the storage of non-duty paid products, manufacturers may maintain holding bonded warehouses. Self Assessment Procedure covers a significant number of excisable commodities, even though several methods have been mandated for the levy and collection of Central Excise Duties bearing in mind the demands of different industry sectors. However, each state has its own processes for state excise.

3. Public Warehousing

According to the Agricultural Produce Development and Warehousing Corporations Act, 1956, the Central Warehousing Corporation (CWC) was established in 1957. According to the Act's requirements, CWC has the following duties:

1) Purchase and construct go downs and warehouses in India at locations it deems appropriate;

2) Manage warehouses for the storage of notified commodities sold by private sellers, cooperative societies, and other organizations, including agricultural products, seeds, manures, fertilizers, and agricultural instruments;

3) Set up transportation infrastructure for recognized commodities, such as agricultural products, seeds, manures, fertilizers, and equipment, to and from warehouses;

4) Invest in a State Warehousing Corporation's share capital;

5) Serve as the government's agent for purchasing, selling, storing, and distributing agricultural products, seeds, manures, fertilizers, agricultural tools, and commodities that have been designated as being of public interest; and

6) Perform any further tasks that may be required.

The Central Warehousing Corporations Act of 1962 has two main goals: to offer market financing and scientific storage for agricultural products. In the cycle of marketing for agricultural products, CWC is crucial. It gives the commodities a location value in addition to a time and space value. The Food Corporation of India (FCI), Central Warehousing Corporation (CWC), and 17 State Warehousing Corporation (SWCs) are the three public sector organizations creating large scale storage/warehousing capacity. As of October 2006, public warehousing has a 56.50 million tones maximum capacity. The biggest public warehousing company is the Central Warehousing Corporation (CWC), which was founded in 1957. During the 2005–2006 fiscal year, it had a net profit of $ 1060 million on a turnover of $6,190 million. Owned Capacity and Hired Capacity warehouses are the two kinds offered by the CWC. In India, CWC has 4,564 warehouses with an 8,000,000 MT capacity that fall under the owned capacity category. There are around 2.40 million tons of contracted capacity.

In addition to storage, CWC provides services in the areas of clearing and forwarding, handling and transportation, distribution, pest control, and fumigation, as well as other ancillary services like safety and security, insurance, standards, and documentation. Additionally, the CWC has launched a program called the Farmers' Extension Service in a few centers to educate farmers about the advantages of scientific storage. Additionally, the CWC runs bonded custom warehouses. These bonded warehouses are built near a seaport or an airport and accept imported goods for storage until the importer of the goods pays the customs charges. Although the supply, distribution, and sale of food grains are CWC's main areas of interest, custom-bonded warehouses are its most lucrative and successful division.

The Food Corporation of India (FCI) also engages in warehousing. It has a 24.40-million-ton storage capacity, of which 7.90 million ton are rented from the CWC and SWCs. Private operators, rural go downs, and mandi go downs make up a significant portion of the available capacity. State Warehousing Corporations (SWCs), which are also present in 17 states, contribute to the capabilities of CWC. Even though CWC may not have representation on the Boards, CWC is required to spend the remaining 50% of the equity capital of the SWCs if any state contributes

50% of the original capital for state warehouses. The storage capacity of State Warehousing Corporations is 19.40 million tones. Agricultural products, seeds, manures, fertilizers, etc. are principally stored at these state warehouses for this purpose. The Central Warehousing Corporation will be able to expand and broaden its operations to improve the service sector thanks to the Warehousing Corporations (Amendment) Bill, 2001, which is now being proposed. This enables it to appoint its members to the SWCs' boards.

CONCLUSION

Making the right warehouse choices is essential to managing supply chains efficiently and attaining operational excellence. The choice of the warehouse site affects responsiveness overall, closeness to suppliers and consumers, and transportation expenses. Design choices for the layout have an impact on personnel efficiency, material movement, and space use. Automation and warehouse management systems, for example, may simplify operations and boost productivity. Optimal stock levels are ensured by effective inventory management, which also minimizes stock outs and lowers holding costs. Organizations may make choices that are in line with their strategic goals by carefully taking into account variables like transportation networks, workforce availability, and market demand. Real-time tracking, better order accuracy, and quicker order fulfillment are all made possible by the implementation of cutting-edge technology. These choices help to improve supply chain performance overall, save operating costs, and provide better customer service.

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A BRIEF STUDY ON PACKAGING AND MATERIAL HANDLING

Dr. Vijayarengam Gajapathy*

*Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-vgajapathy@presidencyuniversity.in

ABSTRACT:

By guaranteeing the secure and effective transportation of commodities from production to consumption, packaging and material handling play critical roles in a variety of sectors. The importance of packaging and material handling in enhancing logistics processes and customer satisfaction is examined in this chapter. It examines the crucial elements to take into account while creating efficient package designs and streamlining material handling procedures. The study also identifies new trends and technology, such as automated systems and sustainable packaging materials that are transforming the packaging and material handling industry. The results underline how crucial it is to use strategic packaging and material handling techniques in order to improve supply chain effectiveness, save costs, and reduce environmental impact.

KEYWORDS: *Automated Handling, Material Handling, Packaging, Warehouse.*

INTRODUCTION

As opposed to bags or open baskets, which provide little protection to the food when piled, thickly waxed cartons, wooden crates, or solid plastic containers are used for packing produce for convenience of handling. Produce may sometimes be protected further by strengthening or lining locally built containers. Even though they are more costly, waxed cartons, hardwood crates, and plastic containers can withstand the high relative humidity encountered in the storage environment. For optimal performance, containers shouldn't be packed either too loosely or too firmly. Over packing leads in compression bruising, while loose objects may vibrate to others and bruise. For shipping containers, shredded newspaper is an affordable and lightweight filler. Provide comprehensive information for small-scale handlers who are interested in building their own cartons out of corrugated fiberboard. Numerous agricultural fibers may be used to make paper, and handlers may find it economically advantageous to include these processes into their post-harvest system [1], [2].

Packaging may help and hinder achieving the best quality and storage life across the whole handling system. Although they must be robust enough to avoid collapse, packages must include vents. Because collapsed packages provide little to no protection, the item within must bear the whole weight of the overhead load. Packing is intended to cushion and immobilize the commodity to protect it, however if packing materials obstruct ventilation holes, temperature control may become more challenging. Vapor barriers and higher relative humidities may be maintained inside a package with the use of packing materials. Packaging provides protection in addition to facilitating speedy handling during distribution and marketing and reducing the effects of harsh handling [3], [4].

1. Packaging Perspectives

Packaging describes the container in which the product is delivered to the final user. It is a component of the product's display and remains there until the client removes it from the shop. Packing is not the same thing as it. Packing is the term for the exterior protective covering used to ensure the items are transported to the importer safely. An example of packing is a plastic box used to bundle a set of embroidered handkerchiefs. On the other side, packaging would be the corrugated fireboard boxes that are used to pack the plastic boxes for safe delivery to the importer in the foreign nation.A product's packaging, which is a component of the upgraded product, is crucial to its marketing. The component of the product known as the "augmented product" deals with the addition of additional features to the core offering in order to meet or exceed client expectations. In order to increase the value of the product, these characteristics may take the shape of packaging, delivery plans, warehousing, customer assistance, etc. In actuality, the battle between exporters on the international market is not over the core product or its fundamentally physical attributes, but rather over the enhanced product. For instance, a pricey chessboard wrapped in soiled newspaper and handed to a client is quite likely to lose out to an identical chessboard set that is presented tastefully in a box that matches. In the latter instance, the packaging increases the product's worth and the "value" it provides to the client[5], [6].

Exporters should create offerings with high value to provide to potential customers in international marketplaces. If the exporters' offer is superior to the competitions finest, they will be able to get business. This necessitates innovation in the offer's creation. The well-known marketing four Ps (product, pricing, location, and promotion) provide a framework for making a variety of choices when creating a value-rich offer. Product inventiveness includes not only the fundamental product design, finish, use of varied materials, quality requirements, etc. but also the product's labeling and packaging. Additionally, the exporter may use the increased awareness of the need to preserve the environment from pollution as a highly powerful marketing weapon in international markets. In the latter part of the 1990s, environmental concerns, the usage of eco-labels, and environmentally friendly packaging took center stage in the world of international trade. Equally crucial are the way the export goods is packed and the appropriate labelling of the export boxes[7], [8].

According to the logistics of carrying out the export order, the exporter should focus on labeling and packaging-related difficulties once the items have been purchased, produced, or processed for export. The procedures for making decisions about the acquisition of products and materials and the mobilization of sufficient financial resources. Labeling, packaging, packing, and marking tasks are essentially marketing tasks, thus exporters should approach these tasks from this angle if they want to be successful in foreign markets[9], [10].

2. Packaging for Material Handling Efficiency

There are many different kinds of materials available for product packaging. These materials include cardboard, paper, plastic, wood, etc. The parameters provided by the importer should be kept in mind when choosing the packaging materials since he has to prepare further for consumer packaging of the products. The following considerations, in general, would affect the choice of packing materials:

a) Features of the product.

b) Techniques for shipping and storing.

c) Environment and society.

d) Environmental concerns and standards.

e) Place in the market.

The kind and caliber of the packaging vary depending on the particular product. For instance, certain goods, including clothing, footwear, and textiles, are offered to customers unpackaged. At the retail establishments, they are often presented without any packaging. Such products don't need to be packaged particularly expensively. It is the responsibility of the exporters to make sure that the packaging they employ keeps the goods clean. Polyethylene bags are often used to package these commodities. To protect them from harm and preserve their look during handling and exhibition, products like sets of glasses or tableware, decorations with many delicate elements, pairs of candle holders, glass vases, fragile statuettes, etc. are packaged in cardboard boxes. Jewelry and other expensive gifts need to be packaged to a high quality. In actuality, the packaging justifies its high quality and cost by being higher the more costly or rare the product.

DISCUSSION

Packaging Types

The packaging for export items may be divided into the following groups based on how the materials are used:

1. Plastic Packaging

The packaging of the export goods uses a variety of plastic materials. Polyethylene (PE) and polypropylene (PP) are the two plastics most often used for packaging. Low density polyethylene (PE-LD) film and high density polyethylene (PE-HD) film are the two primary types of polyethylene film used in consumer packaging. Stretch wrapping, shrink wrapping, and plastic bag manufacturing all employ PE-LD film. When it comes to protecting against moisture and dirt, this coating is really helpful. However, there is no mechanical protection offered by it. The PE-LD film-made plastic bags may be used by exporters to package goods like T-shirts, tablecloths, napkins, leather handbags, and other items. These goods are put within translucent plastic bags that are ideal for shop display. When products are shrink-wrapped, a specially prepared film is first wrapped loosely around them before being heated to produce a tight container. For substantial objects like sets of drinking glasses, a group of egg cups, groups of tablemates, and so on, this kind of packaging is appropriate. Stretch wrapping involves tightly winding a thin film, sometimes in many layers, around the object. The stretched material strives to shrink back to its normal size after the wrapping is done, firmly keeping the object or group of items in place.

Due of its superior resistance to moisture and fats over PE-LD, PE-HD is also utilized to make plastic bags. The price of PE-HD is higher than that of PE-LD. Both types of plastic film are recyclable, making them both environmentally beneficial. Since PP films may be printed on or utilized in their natural state, they are preferable to PE films for packaging fabrics and clothing since they are stronger. When it comes to moisture protection, PP films are superior than PE films, but they are also more costly. The material made of polyvinyl chloride (PVC) is an additional option to PP films. However, since PVE materials cannot be recycled, they should not be utilized from an environmental standpoint. In particular, plastic boxes may be utilized as retail packaging for jewelry and other tiny, priceless items. Additionally, they are perfect for enhancing the charm of goods like souvenir dolls, embroidered handkerchiefs or tablecloths, etc. They may

be simple or printed and have a square, oval, or circular form.

2. Paper Based Packaging

Wrapping, paperboard cartons, and corrugated fiberboard boxes are all made of paper-based components. The different paper varieties may have plastic, wax, or anti-corrosion treatments applied to them. Either virgin wood fibers or recycled wood fibers are used to make paper. The first is more powerful than the second. Paper wrappings provide mechanical protection but not protection from dust or light. Paper gives away moisture when the environment is drier and absorbs moisture when the environment is more humid than the paper. Paper wrappings may thus be utilized to a certain degree to guard against moisture within packages as well as to reduce the damaging effects of moisture in the air.

3. Folding paperboard cartons

For a number of reasons, folding cartons constructed of various grades of paperboard may be used as retail packaging. Folding cartons provide mechanical protection to items, shield them from dust and light, and are simple to handle in retail stores. They may also be molded in almost endless ways and printed with very creative designs. The most crucial characteristic of such boxes is rigidity.

4. Paper Board Cans

The paperboard can is a cheap kind of paper-based retail packaging that is used to package a variety of items. To further protect against humidity, these cans can include inside linings made of plastic or aluminum foil. These cans are used in the packaging of toys, games, tennis balls, and other sporting items.

5. Combined Plastic and Card Board Packaging

Paperboard and plastic materials are used in three primary forms of packaging. These are listed below:

i. Packaging for skin,

ii. Blister packaging

iii. Plastic Bags with a Card Made of Paper.

These containers are mostly used for retail packaging of writing instruments, tiny toys, presents, and light trinkets. The object can be seen through the plastic, the paperboard card may be printed with information and a sales pitch, and notably tiny things are less likely to be lost or stolen thanks to this sort of packaging.

1) **Skin Packaging:** Skin packaging involves placing the product first on a paperboard card that has been heat-sealed. It is appropriate for things that need to be protected against moisture but are not extremely costly or heavy. However, it is not appropriate for things that are heat-sensitive.

2) **Blister Packaging:** In this kind of packaging, the product is first inserted inside a plastic blister that has already been manufactured. Then it is given a card made of paperboard. Many different things, including toys, pencils, textiles, and decorations, may be packaged in blisters.

3) **Plastic bag with Paperboard Card:** In this kind of packaging, a hole in the plastic bag is used to connect a paperboard card to the bag. This increases the saleability of simple plastic bags and is always extremely economical. The paperboard card might have information and attractions printed on it. Any material may be used to make plastic bags, however for better product presentation, PP film should be used.

6. Miscellaneous Packaging

For the purpose of packing the products, the exporter is free to utilize any locally accessible materials, including wood, fabrics, straw, leaves, and so on. Traditional pottery, woodcarvings, a variety of gifts, jewelry, etc. may all be packaged in specially built wooden boxes. When used as a gift or retail box, wooden packaging must be crafted with the same care as the item within. This implies that any hinges or locks should be well-made and functional, and it should be smooth, clean, and dry. In order to prevent damage during delivery, it is also crucial to place the object within a wooden box with enough cushioning material. Always check to see if there are any laws governing the handling or certification of wooden products before utilizing wood as a packing material. To give paperboard cartons or boxes a more professional look, fabric may be used to cover or line them. Packaging for goods that don't need much protection might be done using bags made of jute, cotton, velvet, or other fabrics. Locally produced baskets may also make for extremely appealing packaging for handcrafted goods.

Materials Handling

Productivity in the warehouse is largely dependent on how things are handled. First off, any decrease in the production rate per labor hour is vulnerable due to the proportionately high number of labor hours needed to execute material handling. Material handling is very labor-intensive, hence warehousing is often more sensitive to labor productivity than manufacturing. Second, the nature of warehouse material handling limits the immediate advantages that more advanced information technology may provide. Despite the introduction of new technologies and capabilities via computerization, the majority of material handling still needs a substantial amount of physical labor. Third, up until recently, neither top management attention nor integrated management of warehouse material handling with other logistical operations had been used. Finally, automation technology that may decrease the need for material handling labor is still in the early stages of realizing its full potential.

Material handling is the main labor consumer in the warehouse system. One of the logistics industry's greatest people cost components is the labor involved in product selection and handling. Emerging handling technologies provide the chance to lower this labor intensity and boost productivity. In logistics, incoming and outgoing movements of goods and materials are prioritized above inventory storage. The major location for material handling activities is the warehouse. As a result, the architecture of the warehouse plays a crucial role in both increasing labor productivity and overall handling efficiency.

1. Handling Requirements

Sorting incoming goods in a warehouse according to exact client needs is the main handling goal. Receiving, in-storage handling, and shipment make up the three handling activities.

i. Receiving

The amount of goods and supplies that enter the warehouse is often more than the amount that leaves. The transportation vehicle must be unloaded as the initial handling task. The majority of warehouses employ manual unloading. Only a few automated and mechanical processes have been created that can adjust to different product qualities. Typically, a package is unloaded by one or two individuals. For ease of transfer, the product is hand-stacked on pallets or slip sheets to create a unit load. Conveyors may be used in certain situations to discharge automobiles more quickly. Larger items may be taken immediately out of the vehicle or truck and put into the warehouse. Time spent unloading is significantly reduced by containerized or unit-load shipments.

ii. Storage Handling

Every movement made within a warehouse facility is referred to as storage handling. After receiving a product, it must be moved inside the warehouse so that it may be positioned for storage or order selection. Finally, after receiving an order, it is important to gather the appropriate items and move them to a delivery location. In-storage handling is divided into two categories: transfer and selection. Within a normal warehouse, at least two and sometimes three transfer movements are needed. The goods are initially brought inside the structure and deposited in a designated storage area. Forklift trucks are utilized to manage the incoming movement when bigger unit loads are supported by pallets, slip-sheets, or other mechanical traction. Depending on the operational protocols of the warehouse, a second internal movement can be needed before order assembly.

Products are moved to a picking or order selection area when they are needed for order selection. This second movement may be skipped when the item is physically huge or substantial, such a stove or washing machine. The final transfer involves moving the variety of goods needed for a client shipment from the warehouse to the shipping pier. The warehouse's principal purpose is selection. The selection procedure organizes supplies, components, and goods into client orders. To save travel time, it is usual for one region of the warehouse to be designated as a selection area. A computerized control system manages the standard selection procedure. The selection process is the main focus of warehouse automation.

iii. Shipping

Orders are checked and loaded into transportation trucks as part of shipping. Similar to reception, most systems handle shipping by hand. The popularity of shipping by unit loads is rising as a result of the significant time savings that may be achieved during truck loading. While a dead-stack or floor-stack load consists of boxes hauled straight from the floor, a unit load is made up of grouped items. When goods are sent and their ownership changes, a checking process is necessary. The most of the time, checking is restricted to carton counts, but sometimes, it's required to verify each item individually to make sure it is being delivered with the correct brand, size, etc.

The productivity potential that may be gained from capital investment in material-handling equipment is one of the most exciting aspects of modern logistics. It is impossible to avoid material handling while doing logistics. But it ought to be kept to a minimum. The breadth of the technical facets of material handling exceeds the confines of this work. However, handling strategies and effectiveness will be covered in the section that follows. The lecture will next concentrate on current advancements in automated handling.

iv. Basic Handling Considerations

The warehouse facility is where most material handling occurs in the logistics chain. The management of master cartons and bulk goods differs fundamentally. Protective packaging at the master carton level is not required when handling bulk materials. For bulk offloading, specialized handling equipment is needed, such as for solids, liquids, or gaseous materials. The management of master cartons inside the logistical system is the main topic of the discussion that follows. A number of recommendations have been made throughout time to help managers with the design of material-handling systems. These serve as examples:

a) The handling and storage equipment should be as uniform as feasible.

b) The system should be built to allow the greatest continuous product flow while it is in motion.

c) Handling equipment should get investment rather than stationary machinery.

d) The best feasible use should be made of handling equipment.

e) When choosing handling equipment, the deadweight to payload ratio should be as low as possible.

f) Gravity flow should be integrated into system design wherever it is practicable.

Various types of handling systems include:

1) Mechanized

2) Semi automated

3) Automated

4) Information-directed

Mechanized systems use a mix of labor and handling tools to speed up receiving, processing, and/or shipping. Typically, labor accounts for a significant portion of the entire cost of automated handling. Contrarily, automated systems aim to reduce labor as much as possible by replacing capital expenditure with equipment purchases. Depending on the circumstance, an automated handling system may be used for any of the fundamental handling needs. The system is referred to be partially automated when certain handling needs are carried out automatically while the remaining handling is done mechanically. Computers are used in an information-directed system to provide automated handling equipment the most control possible. The most prevalent handling mechanisms are mechanical. But the usage of automated and semi-automated systems is growing quickly. As was previously said, the fact that information-directed handling has not yet reached its full potential is one cause causing poor logistical productivity. The 1990s are expected to see a significant shift in this condition.

2. Handling Equipments

Mechanized systems make use of a variety of handling tools. The most typical equipment types are:

i. Forklift Trucks:

Loads of master cartons may be moved using forklift trucks both horizontally and vertically. The

platform on which master cartons are placed is often a pallet or slip sheet. A slip sheet is made out of a thin sheet of material, such as corrugated paper or solid fiber. Slip sheets are a cheap substitute for pallets and are the best option when a product is handled only occasionally. Typically, a forklift truck can only move up to two unit loads (two pallets) at once. Forklifts can handle more than just unit loads, however. Depending on the kind of cargo being carried, skids or boxes may also be used. There are many different kinds of forklift trucks. In logistical warehouses, you may find high-stacking trucks that can move up to 40 feet vertically, palletless side-clamp variants, and trucks that can fit in 56-inch-wide lanes. As warehouses seek to boost rack storage density and total storage capacity, narrow-aisle forklift trucks have drawn more attention lately. The forklift truck's high labor ratio per unit of transfer makes it uneconomical for long-distance horizontal transport.

Forklifts are thus most useful for shipping and receiving and for placing goods in high cube storage. The two most popular power sources for forklifts are electricity and propane gas. New communication technologies are being used by many forklift businesses to boost efficiency. Example: Forklift truck operators in warehouse, manufacturing, and distribution activities may expedite load putting away and retrieval assignments by employing radio frequency data communication (RFDC). Workers get their assignments through handheld or vehicle-mounted RF terminals rather than following handwritten or preprinted instructions. When combined with bar code scanning of cartons and pallets, RF technology enables real-time communication between central data processing systems, enabling forklift truck operators to receive and update inquiries about item status, material orders and movements, and inventory adjustments. This technological integration with forklift operations is shown by the Pioneer Hi-Bred International Company.

ii. Pallet trucks and Walkie-Riders:

Pallet trucks with walkie-talkies provide a practical, affordable means of moving many types of materials. Loading and unloading, order selection and accumulation, and shuttling items across longer transportation distances inside the warehouse are examples of typical uses. The most common kind of power is electricity.

iii. Towlines

Drag devices positioned above or in the floor make up towlines. They are used continuously under power in conjunction with four-wheel trailers. Continuous movement is a towline's key benefit. Such handling equipment, however, lacks forklift trucks' versatility. Towlines are most often used for order selection in warehouses. Order selections load goods into a trailer with four wheels, which is transported to the shipping pier. There are now many automated decoupling systems that may direct trailers off the main line to certain shipping terminals.

The relative benefits of in-floor versus overhead towline installation are a topic of discussion. In-floor installation is expensive to change and challenging to keep clean from a housekeeping perspective. Although overhead installation is more adaptable, it runs the danger of lifting the trailers' front wheels off the ground and damaging the goods unless the warehouse floor is perfectly level.

iv. Tow Tractor with Trailers:

A driver-guided power unit hauling a number of different four-wheel "trailers" that each contain a number of palletized items is what makes up a tow tractor with trailer. The trailers are typically 4

by 8 feet in size. Similar to the towline, the tow tractor with trailer is frequently used to enable order selection. Flexibility is the biggest benefit of towing a tractor with trailers. Because it needs more labor engagement and is often idle, it is not as cost-effective as the towline. Automated guided vehicle systems (AGVS) have made significant strides. Under semi-automated material handling, they are covered.

v. Conveyors:

The primary handling device for many order selection systems, conveyors are frequently utilized in shipping and receiving activities. Conveyors are divided into three categories: a) power; b) gravity; and c) speed. a belt or roller motion. The conveyor in power systems employs a driving chain that comes from above or below. In such power arrangement setups, a significant amount of conveyor flexibility is lost. Systems using gravity, rollers, or belts enable the basic installation to be changed with the least amount of hassle. Frequently employed in the warehouse for loading and unloading, portable gravity-style roller conveyors are sometimes hauled on over-the-road trailers to help with unloading at the destination.

vi. Carousels:

In contrast to most other automated handling equipment, a carousel functions according to a distinct principle. Through the use of a number of bins positioned on an oval track, it delivers the requested item to the order selection. The operator can access the selected bin thanks to the complete carousel rotating. There are several types of carousels. In pack and repack as well as service parts activities, choosing individual packages is a regular use.Carousel systems are designed to cut down on the amount of labor required for order selection by shortening walking distances and times. Additionally considerably reducing the need for storage floor space are carousels, especially contemporary stackable or multitiered systems.

vii. Pick-to-Light Systems:

Carousel systems have also included technology in a process known as "pick to light." In these systems, order pickers take predetermined items from carousel bins or conveyors and place them straight into cartons. The amount of things to choose from each site is shown by a string of lights or "light tree" in front of each pick point. When a carton is prepared to proceed, the light system may also be utilized to signal that. Since each carton often represents a different order in systems where an item is selected to complete numerous orders, "softbars" inform the order selector how many things are required in each carton. To further boost selection efficiency, some carousel systems additionally use computer-generated choice lists and computer-directed rotation of the carousel. These processes are known as "paperless picking" since there is no documentation to impede workers' efforts. The several forms of automated material handling equipment that were covered are only a few examples of the vast selection that is available. Most systems integrate several handling device types. For instance, walkie-rider pallet trucks and tow tractors with trailers are utilized for horizontal transfers while forklift trucks may be employed for vertical operations.

viii. Semi-automated Handling:

By automating some handling needs, the semi automated system enhances a mechanized system. The semi-automated warehouse therefore combines automated and mechanized handling. Robotics, computerized sortation, automated-guided vehicle systems, and different types of live

racks are common pieces of equipment used in semiautomated warehouses.

ix. Automated-guided Vehicle Systems:

The automated-guided vehicle system (AGVS) performs the same kind of handling tasks as a rider pallet truck or a mechanized tow tractor with trailer. The main distinction is that an AGVS doesn't need an operator. Without the need for operator assistance, it is routed and positioned automatically at the location. A magnetic or optical steering system is used by typical AGVS equipment. In the optical application, equipment is directed by a laser beam that is focused on the guide route, which is tape that has been laid on the warehouse floor. A floor-installed, energized wire is followed by a magnetic AGVS. The absence of a driver is the main benefit. Modern AGVs may follow pathways without fixed rails thanks to camera and information technologies. Modern AGVs are more compact, straightforward, and adaptable than their 1980s-era precursor systems. AGVs are becoming less and less popular, and since 1985, industry orders have decreased by 40% (in dollar volume). The new, more adaptable systems may make this tendency go the other way.

x. Sortation:

Conveyors are often used in conjunction with automated sortation equipment. Products must be sorted to certain shipping docks when they are picked in the warehouse and conveyorized out. The master carten must have a distinctive code in order for automatic sortation systems to function. These codes are automatically sent to the appropriate place after being scanned by optical scanning equipment. The majority of controllers may be set to allow an adjusted rate of flow through the system to accommodate shifting needs. The main advantages of automated sortation are provided. The first advantage is a plain decrease in labor, and the second is a major improvement in speed and accuracy.Packages may be diverted and aligned by high speed sortation systems at a pace more than one package per second. In this method, packages may be positioned to allow for unit loading and are directed to the required location.

Automated Material Handling

The idea of automated handling has had a lot of promise but little actual implementation over many years. The first focus of automated handling initiatives was on master carton level order selection systems. Automated high-rise storage and retrieval systems (ASRS) have recently come into focus. After a quick overview of automated handling ideas, each is covered individually.

Potential of Automation

Automation is appealing because it eliminates the need for labor-intensive mechanized handling systems by replacing it with capital-intensive equipment. An automated system not only uses less direct labor, but system runs more quickly and precisely. Its drawbacks include the substantial financial investment needed and the intricate nature of its creation and implementation. The majority of automated systems to date have been made specifically for each application. Automated systems do not fall within the six criteria previously listed for choosing mechanized handling methods.

Example: An automated system's handling capabilities depends heavily on the storage equipment, which may account for up to 50% of the overall outlay. In an application involving automated handling, the deadweight to payload ratio is mostly irrelevant. Computers are necessary for automated systems even though they are a significant component of all handling systems. The

automatic selection equipment is programmed by the computer, which also connects the warehouse to the rest of the logistical system. Automated handling is significantly different in the warehouse control system. The price of minicomputers was one barrier to the fast development of automated systems. Microprocessor advances have removed this obstacle.

CONCLUSION

Successful logistics operations depend on packaging and material handling because they improve customer happiness, the effectiveness of the supply chain, and cost effectiveness. Designing packaging that is effective means taking environmental considerations into mind as well as elements like branding, product protection, and ease of handling. Reducing waste and the environmental effect of packaging is made possible through the use of innovative and sustainable materials. Streamlining procedures, using automation technology, and guaranteeing product safety are all components of material handling optimization. Automation solutions like robots and intelligent conveyors are integrated into material handling activities to increase efficiency and accuracy. Businesses may enhance consumer experiences, gain a competitive advantage in the market, and contribute to a more sustainable future by adopting these practices and staying on top of new trends.

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A BRIEF INTRODUCTION OF SUPPLY CHAIN DESIGN

Mr. Venkatesh Ashokababu*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-ashokababu@presidencyuniversity.in

ABSTRACT:

In order to produce, distribute, and deliver products and services, a network of organizations, activities, and resources must be strategically planned and configured. This process is known as supply chain design. In today's changing corporate climate, effective supply chain design is essential for increasing operational effectiveness, cutting costs, increasing customer satisfaction, and obtaining a competitive edge. The main ideas and factors involved in supply chain design are summarized in this chapter.Demand forecasting, inventory control, logistics of transportation, information technology integration, and risk management are important aspects of supply chain architecture.

KEYWORDS: *Businesses, Costs, Chain Management, Design, Supply Chain.*

INTRODUCTION

The way businesses function now and in the 1980s has undergone a significant transformation. Prior until now, huge multinational corporations tended to concentrate their efforts on creating more efficient production procedures, complete quality controls, and new offices in key areas as a method of expanding their customer base. Their in-house staff or a number of local third-party logistics firms typically handled their logistical needs. But as the new global economy has taken hold, formerly closed or protected international markets have started to emerge, often with better regional trade infrastructures. As the number of mid-sized, high-tech companies grows, economies are starting to prosper. Successful multinational corporations' senior management has started to wonder if it is necessary to reproduce every aspect of their organization in every market. In order to lower the cost of entry into international markets, multinational corporations are increasingly concentrating on manufacturing and marketing while outsourcing warehousing, distribution, and other logistics services to knowledgeable third-party logistics providers (3PLs). Global supply chain expansion by businesses increases logistical challenges and makes finding solutions more difficult [1], [2].

Supply Chain Design

Customers' needs vary greatly from one market area to another and are different for various items. Therefore, a single comprehensive supply chain strategy cannot serve everyone with everything. Most businesses need to combine the two strategies in some way when constructing their supply chains. Multi-product businesses and businesses with a focus on consumers are particularly affected by this. They generally have to deal with the issue of not being free to choose a single competing approach. Within the same business unit, the rivalry encourages them to seek cost leadership for one product line and a focus strategy for another. For the same business unit, various supply chain procedures are necessary.This is probably going to be a significant limitation

when designing a supply chain that has the best strategic fit, and it's possible that we won't be able to reap the rewards of strong strategic fit, such as cost savings, increased efficiency, greater responsiveness, and the transfer of knowledge and skills. The approach and model for creating the supply chain should be cross-functional as one way to address this challenge. Additionally, in order to achieve accurate estimations of the supply chain performance, the design process and supply chain model need inputs (estimates, actual values, and empirical values based on experience) from the marketing, engineering, finance, manufacturing, and supply chain teams. Both problems may be resolved by treating supply chain design as a cross-functional issue. Without a real-world example, it may be difficult to understand the concepts of "strategic fit" and how they apply to the design of supply chains. Therefore, let's use a simple example to test out the ideas. Example: Connaught Place's Style and Grace has requested you to create a supply chain. A store selling men's clothing is called Style and Grace. It offers some of the most recognizable brands' clothing and ready-to-wear for guys. Additionally, it includes a tailoring division that creates clients' bespoke suits and other items. The business serves high- and high-middle-income demographics. You must ascertain its approach to competition. Additionally, you must consider where and why you would position the demand on the implied uncertainty spectrum. You must list your concerns for constructing the supply chain based on them. High end and high middle class clients make up Style and Grace's clientele. Customers for ready-to-wear for men are often women, but customers for bespoke suits are typically males since they are necessary for measuring and fitting the suits[3], [4].

Customers that fit this socioeconomic profile would be more brand- and quality-conscious and less price-sensitive. As workers, they would also be well aware of the value of their time, particularly males. They will value excellent service, particularly if it is tailored to them specifically. Connaught Place is home to Style and Grace. In addition to being a significant retail district, Delhi's commercial hub is located here. Its geographic characteristics provide it a definite competitive edge. For brief measurements or fittings, a client might leave his office without any difficulty. In this business, the supply chain is made up of manufacturers and distributors of branded goods, some of whom are well-known on the market. The established businesses often provide retailers a 30- to 60-day credit period for product that has been delivered. Unestablished suppliers of branded goods may offer their items on a "consignment" basis, meaning that the manufacturer will only be paid when the product is sold and will take back any unsold stock[5], [6].

These stores often employ a small number of expert tailors who collect the clients' measurements and supervise the fitting for the bespoke items. Typically, freelance tailors who are affiliated with the company sew the garments. When you examine Style and Grace's product line, it becomes evident that there are two separate supply chains, one for branded premade items and the other for custom-made items manufactured to order. There is a lot of demand uncertainty for branded goods. You don't know what the buyer will purchase. The transaction will be lost if the consumer can't locate the product in his size, style, brand, or color. We need a flexible supply network for the branded items in order to prevent stock-out scenarios. The demand is assured in the case of items that are manufactured to order since the consumer must first place an order before production can begin. For these items, we need an effective supply chain so that we can deliver the product to the consumer at the appropriate time and with the proper quality[7], [8].

Two diverse supply chains must be coordinated as part of the overall plan. An illustration of two opposing supply networks is shown in the functional spectrum aspect.An effective tactic would be

to harness the predictable demand for custom items to balance the erratic demand for branded shirts and accessories.For instance, if a consumer walks in for a suit, we may cross-sell him the complementary belt, shirt, and tie. While the tailors are measuring or fitting the client, they could advertise their catalogues. Men tend to be less concerned with prices than women, which is another thing to keep in mind. The brand-named item's supply chain has to be agile enough to deliver the goods on the scheduled delivery date. Therefore, the idea of cross-functional teams would be beneficial for Style and Grace. The two supply chains must strategically fit together for the concept to work. To operate in unison, Style and Grace must complement each other's functional strategies in order to gain a competitive edge. We must first comprehend the supply chain capabilities and demand unpredictability in order to successfully implement the supply chain strategy. The three flows must be streamlined such that they are effective enough to shorten the cycle's completion time.

Style & Grace has to work together with its suppliers for the ready-made items. These connections must be driven by consideration of costs. Customer service must be very individualized and helpful. It becomes critical to maintain consumer relationships properly. Style and Grace will be able to benefit from the more profitable bargains given by the less well-known companies and get better loan terms from the more well-known brands if they are successful in building strong client loyalty. All consumer data must be gathered and updated on a regular basis. This is particularly crucial since the demand pattern of its clients could be distinct.

DISCUSSION

A corporation may gain a lot by managing demand uncertainty in an economical way, from cheaper supply chain costs to higher levels of customer service. More significantly, Style and Grace may be able to use this as a significant competitive distinction. The demand flow strategy determines the item order, the ratio of sizes that must be ordered, the minimum base quantities, and the establishment of reorder points. The connection with the suppliers, as well as the efficiency of processing and delivery, are critical for the customized items. The suppliers and Style and Grace will need to continue working together or through an agreement. It becomes crucial to handle suppliers properly. It must assist its suppliers in gaining the capacity to produce high-quality goods. Speed must also be a priority. The suit should be supplied within a week, and the fitting process shouldn't take more than three days. Service excellence is crucial. If there are any errors, the item must be repaired right away and delivered to the customer's location within 24 hours[9], [10].

This illustration highlights the idea of constructing a supply chain, the problems that arise, and the idea of strategic fit. Separate supply chain procedures within the same business unit are a concern that is also addressed. The degree to which the actions of businesses operating in collaboration complement one another in a manner that results in competitive advantage is determined by strategic fit. When there are mismatches between strategy and demand uncertainty and this needs to be corrected, a number of generic techniques, including integrated supply chains, lead-time compression, waste elimination, inventory and capacity buffers, process flexibility, level-scheduling, and process redesign, can be used. Always keep in mind that a supply chain with a plan that is connected with the firm's competitive strategy has an effective supply chain design.

1. Global Strategic Positioning

Global supply chain management is becoming a significant concern for many firms as a result of

rising globalization and offshore sourcing. The fundamental drivers of the movement, much as in conventional supply chain management, are lower procurement prices and lower risks associated with buying operations. Global supply chain management encompasses a company's global interests and suppliers rather than just a local or national perspective, which is the key distinction. Global supply chain management often encompasses a wide range of nations, thus it also frequently introduces a wide range of new challenges that must be properly addressed. The total expenses are one that businesses must take into account. Even while local labor costs may be much cheaper, businesses must also consider the price of space, taxes, and other expenditures associated with doing business abroad. Companies also need to take the currency rate into account. It goes without saying that businesses must do thorough research and give each of these various factors careful thought as part of their global supply management strategy. Another significant problem that has to be addressed when dealing with global supply chain management is time. Both the productivity of the company's personnel working abroad and the prolonged shipping durations may have an impact on the lead time, but in any case, these times must be taken into account in the overall procurement strategy. There may be more elements at play here as well. As an example, the weather conditions in different parts of the globe sometimes differ substantially from one another and may have a significant effect on transportation and production. Additionally, additional delays caused by government bureaucracy and customs clearance times must be anticipated and included into the overall timeline.

A company trying to manage its worldwide supply chain must think about a number of other important challenges in addition to these. The business must first decide on its overall outsourcing strategy. Businesses may want to keep certain components of the supply chain local for a variety of reasons. However, when other nations develop technologically, these factors become less significant. For instance, several regions of India are now hubs for high-tech outsourcing services that may have previously only been carried out internally due to need. In addition to being performed for businesses by highly skilled foreign employees, they are also completed at a fraction of the cost of what would be charged in the United States or any other Western nation. Supplier selection is an additional concern that has to be addressed in a global supply chain management plan. Comparing bids from a variety of international vendors might be much more challenging than comparing vendor bids from inside the home country of the organization. One of the first considerations that firms must make is how to make these judgments, and it should be a decision that is firmly grounded in research. Too often, businesses choose the lowest price without carefully weighing all the other factors, especially those involving time and money.

Additionally, businesses need to decide how many suppliers to utilize. Less inventory may be simpler to maintain, but it might also cause issues if one vendor is unable to fulfill as promised or if that vendor attempts to use its purchasing power to negotiate a lower price. Finally, businesses who decide to outsource their production may also need to take into account several other factors. For businesses, tough logistical issues might arise when determining the quantity of required plants as well as their locations. But looking at these problems in terms of the global supply chain is often helpful. For instance, it could make sense to situate the manufacturing facility that would make use of those supplies in or near Bangalore if a company utilizes a lot of suppliers in the area of Bangalore, India. This should result in lower total shipping and tariff costs in addition to decreased personnel costs. Consequently, the business would make money.

2. The Global Supply Chain Management Factors

The majority of businesses understand that they must adapt to shortened product lifecycles, elevated consumer demands, variable inventory levels, and shifting prices. However, few businesses are aware of how that approach will affect their supply chain or the changes they will need to make to get from being just efficient to being really responsive.The fast-moving consumer goods, electronics, and petroleum sectors offered insights into the difficulties of planning and managing a supply chain in the fast-paced climate of today. Executives from several companies worldwide are debating the difficulties and how they have evolved over time. The majority of executives working internationally and regionally agreed with the overall change and are persuaded of its nature, significance, and repercussions even though they often did not structure their choice criteria in the same style.

Globalization has had a major impact on the change and its consequences for modern logistics and supply chains. The ranking or significance of the variables influencing supply chain design has changed. The following are the main deciding elements for global supply chain management:

i. **Demand Location:** This is the location of the market and the shipping profile (relative volume, size, and features). If all else were equal, businesses would want to place their production and/or distribution facilities close to the consumer markets. Global businesses are heavily motivated to move supply chain operations to Asia, India, South America, and Eastern Europe since those countries' economies are developing at double-digit rates in terms of demand.

ii. **Labor Cost:** The relative cost of production and distribution processes like manufacturing and handling is referred to as this. This aspect is what motivates many businesses to relocate their manufacturing to low-cost nations like China, India, and Eastern Europe. Direct labor rate, benefits, and allocated overhead costs are all included in labor cost.

iii. **Material Cost:** This phrase describes the overall price of the raw materials and processing, including both direct and indirect costs. The material's precise purchase price, taxes, and packing are all included in the direct cost. The transactional and risk-related expenses, such as security, obsolescence, and possible intellectual property threats, make up the material indirect cost.

iv. **Transportation costs:** These expenses include the cost of the cargo needed to get raw materials, transport them between manufacturing sites and distribution centers, and finally distribute them to end users.

Tax structures and tax rates have always been taken into account when designing projects, especially when choosing between competing locations within a given local geography. These tax breaks have typically been provided via exemptions from or vacations from real estate taxes. Although these tax breaks have been utilized to entice businesses to certain towns within a region, it was uncommon for them to have such a significant impact. But in recent years, tax exemptions have been expanded to include breaks from income, duty, and value-added payment periods. As a consequence, local and federal tax policies often have a significant impact on where production and extra value-added locations are located. For instance, Ireland's use of lower value added tax rates on the production of medicines and electronics has significantly helped the Emerald Isle attract business and employment.

Similar tax benefits have been introduced in Singapore for commodities that have value-added operations carried out there. Everything from physical production procedures to inventory risk management might be considered value-added activities. Major Chinese towns are using a similar approach to attract businesses or industries to their industrial parks, and other nations like

Vietnam and Cambodia are copying their success. Even in the United States, there is growing interest in "Free Trade Zones" or "Tax Free Zones" as a tool to attract employment. The emphasis placed on supply chain design has changed. While proximity to market demand remains the primary consideration ("Location, Location, Location"), the next four elements are listed in the following order of importance (most to least important): tax policy, transportation costs, manufacturing costs, and raw material costs. The variance caused by tax policy often outweighs the variations caused by manufacturing or labor costs.

Supply chain managers must first comprehend the numerous facets of municipal, state, and federal tax policies and how they could affect supply chain design. For supply chain design, it is important to take into account the usage of incentives for property, income, value added, and corporation taxes as well as their proportional influence on a range of supply chain activities. A variety of problems for logistics and supply chain management are introduced when tax policy is used as a major consideration in supply chain architecture. These include the dynamics of tax policy, infrastructural issues, and the integration of actions. Concerns about the infrastructure around logistics and transportation that enable supply chain operations are referred to as infrastructure. For instance, the transportation infrastructure was originally unable to manage the competency necessary, despite the fact that both Ireland and China employed tax incentives to entice supply chain value added operations to their nations. While the Chinese infrastructure will take some time to catch up to the current level of activity, the Irish infrastructure is starting to catch up. Supply chain and logistics managers should be able to explain the effects of these infrastructure issues to the planners who are assessing the design approach.

The term "tax policy dynamics" refers to the specifics that such tax incentives could change fast, necessitating a need to modify the supply chain architecture. In particular, choices based on tax incentives tend to be long-term, yet these advantages may alter politically or expire after a certain period of time. When distinct value-added activities are carried out at different sites along the supply chain, this is referred to as activity integration. The tax incentive, for instance, may spur manufacturing, other businesses with value addition, or inventory risk. By having a Singaporean entity buy goods from a global production operation at the usual production cost and then resell them to markets around the world, some businesses, for instance, manage global or regional inventory from Singapore, resulting in the profits being generated in a tax-preferred environment. Although a company's capacity to manage the placement of worldwide earnings has limitations, such techniques may have a big influence.

Third, logistics and supply chain managers need to get a thorough grasp of and awareness of the dynamics and interconnections between tax incentives and transportation costs since these factors are playing an increasingly critical role in supply chain design. What are the unique effects of value-added taxation, property taxes, and income taxes on certain supply chain activities? Similar to how capacity bottlenecks, lane imbalances, and mode changes brought on by increased global activity may modify transportation costs, a redesign of the supply chain network may be needed. To meet these issues, supply chain academics and management education must enhance the dynamics of transportation costs and include the effects of tax policy. These are subjects about which few supply chain managers today have considerable expertise. A thorough grasp of the relative effects of transportation and tax incentives, as well as their dynamics depending on policy, fuel volatility, congestion, and capacity, is necessary for those engaged in supply chain planning. It is crucial that logistics and supply chain managers start to build this expertise in order to properly assess, contrast, and explain the relative trade-offs.

3. Global Supply Chain Integration

Markets, industrial capacity, logistics networks, and material suppliers are connecting the world's economies more and more. It is only logical that this interconnection manifests itself through regional partnerships that take advantage of scale economies and close proximity to one another. North America, Europe, and the Pacific Rim make up the three main developing areas of the world. Most likely, Eastern Europe will unite with Western Europe, and South America will eventually connect with North America. The final outcome involving the nations of the former Soviet Union and those in Africa is unclear, despite the fact that there is a lot of conjecture. Regional alliances go through four phases of integration as they develop. The development status of each area is reviewed and these phases are introduced in this part.

i. Stages of Regional Integration

Free trade agreements, customs unions, shared markets, and economic union are the four phases of economic integration. A free trade agreement, which is the first step, removes trade barriers between nations in an area. A free trade agreement is specifically defined as one in which each participant anticipates profit from specialization in the production of goods and services in which it has comparative advantages and from importing goods and services from other members of the group in which it has comparative disadvantages. As a result, member nations should engage in trade to provide people with more affordable access to a wider range of commodities. A free trade agreement might increase or decrease regional commerce. Such agreements may also limit a company's access to markets or manufacturers outside of their own country. The second step, a customs union, provides a unified external tariff structure toward other regions and non-member nations while abolishing tariffs amongst member countries. Member nations must cede some influence over their economic policies to the organization under this and the next two phases. A customs union has the benefit of preventing any of the union's members from taking advantage of other countries to acquire a tariff advantage.

The same tariff strategy as the customs union characterizes the next stage of integration, the single market. Additionally, a single market enables the free movement of people, products, and money between member nations in accordance with market demands for labor and capital. The fourth and most advanced stage of development is the economic union since it calls for the harmonization of economic policies that go beyond a shared market. The member nations of an economic union have uniform fiscal and monetary policies. An economic union implies that all goods and production factors can move freely according to market conditions and that no significant fluctuations in monetary exchange and interest rates will occur, although common currency and harmonized tax structures are not a requirement.

ii. Integration Status

This section provides an overview of the present conditions in each significant worldwide area and lists both existing and prospective trade laws. Additionally, it addresses how each trade act would affect logistics as well as the methods businesses have used to adapt to and benefit from regional changes.

4. CS Security

To maintain both our country's security and economic development, it is crucial to secure the global supply chain. This crucial system produces the products that sustain our way of life and the

domestic important infrastructures that we depend on. The items that are delivered through the global supply chain system are needed by other countries across the globe as well, making it a true global asset that all stakeholders must work together to improve. The global supply chain is dynamic, expanding in size and complexity, and susceptible to a variety of risks and dangers including natural catastrophes, accidents, or even deliberate assaults, as many recent instances have shown. It is essential to have a consistent strategy that includes the variety of stakeholders that have roles and duties in the supply chain.The Strategy, which focuses on the global network of maritime, postal, and transportation assets and infrastructures (including communications and information infrastructures), represents a significant advance. It outlines our goals to the stakeholders we wish to work with moving ahead and offers strategic direction to departments and agencies within the US government.

i. The Strategy

The Strategy identifies two objectives. The first is to encourage the quick recovery from disruptions and efficient and secure transportation of products. The second is to support a global supply chain system that can resist changing risks and dangers. Two broad ideas outlined in the Strategy will serve as our guiding principles as we seek to accomplish our objectives. In the beginning, we'll seek to coordinate and unite activities throughout the US government and with other important stakeholders. Second, we'll keep up with and improve our risk management initiatives. In addition, the Strategy lists a number of key areas on which we will concentrate our current implementation efforts. We welcome innovative and astute suggestions on how to enhance programs and initiatives connected to these themes or other areas of interest.

5. Global Purchasing

Companies choose their suppliers via sourcing, which also helps them decide how many to engage with and what kinds of contracts to get into. This often involves choosing criteria for supplier pre-qualification, analysis, and assessment. A successful supply chain is developed via sourcing. The growth and expansion of the world economy have been fueled by the usage of global sourcing. Including global suppliers in the selection process for big contracts enhance competition and drive down prices. The development of this kind of infrastructure enables businesses to establish satellite offices all over the globe. Manufacturing, skilled services, and contact centers are the three key sectors that this method works best in. The cost of living in various nations and currency translation result in global variations in manufacturing prices. In developing countries, labor and material costs are cheaper than in North America. This variation results in considerable wage and benefit expense reductions.

Global sourcing is increasingly used for skilled services including buying, engineering, information technology specialists, and consultants. These professionals are able to provide their companies high-quality services due to their degree of competence and knowledge. Many businesses are setting up their professional services divisions outside of North America because of the cheaper cost of living in other countries. In India and other nations where English is the predominant language, the number of telephone contact centers has increased dramatically. These facilities' labor, material, and construction costs are much lower than those in North America. Additionally, there is a sizable pool of prospective workers who are drawn to these job prospects. Global sourcing offers advantages and disadvantages. A bigger pool of prospective personnel and consumers as well as cheaper labor expenses are advantages of sourcing for the company. The advantages for the workers include a greater salary, better working conditions, and the acquisition

of transferrable skills. The dangers include greater expenses brought on by linguistic and cultural difficulties.

Company travel and local management challenges rise as international company activities diversify. For top management jobs, the majority of businesses choose to move qualified personnel to international locations. They also only hire local managers at the supervisory levels. Decisions about sourcing must take logistics and transportation into account. Any business contemplating sourcing from abroad must set up a network of staging and storage facilities there. Contracts with shipping and transportation firms raise the price of international sourcing for production facilities.

CONCLUSION

To guarantee a smooth and successful flow of products and services, supply chain design is a sophisticated and varied process that calls for thorough analysis, planning, and optimization. Companies may optimize operations, save costs, and more precisely satisfy client expectations by carefully arranging their network of suppliers, manufacturers, distributors, and retailers. In the competitive business environment, effective supply chain design helps firms to adjust to changing market circumstances, enhance responsiveness, and ultimately achieve sustainable development. Utilizing data analytics and adopting cutting-edge technology may improve supply chain design skills further, allowing businesses to seize new possibilities and provide consumers with better value.

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OVERVIEW ON ENTERPRISE FACILITY NETWORK

Dr. Bipasha Maity*

*Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-bipasha@presidencyuniversity.in

ABSTRACT:

The corporate facility network is crucial in assisting contemporary enterprises' connection and communication requirements. This network architecture enables the smooth movement of data, audio, and video across the organization and connects multiple sites, including office buildings, warehouses, and manufacturing plants. In this chapter, we examine the essential elements and factors to be taken into account while developing and administering a corporate facility network. We talk about the difficulties that companies have in keeping a dependable and secure network infrastructure, and we provide best practices and solutions for guaranteeing optimum performance. Enterprises may improve their operational effectiveness, collaboration tools, and general company productivity by realizing the value of the facility network and putting the right technologies in place.

KEYWORDS: *Cost, Inventory, Market, Network, Transportation, Warehouse.*

INTRODUCTION

When requested to take part in a logistical system reengineering, managers often face a novel and difficult project. Managers trying to utilize past experience to direct the production and integration of new logistical competences might anticipate significant discontinuity due to the fast pace of change in practically every aspect of logistical operations. As a result, the planning team's ability to quantify the variables at play and organize them into a plausible action plan might determine success or failure. An essential first step in envisioning an integrated strategy is to have a thorough knowledge of the theoretical ideas that support logistical integration. Prior units highlighted the lowest total cost operations while simultaneously keeping flexibility as the core of logistics strategy. The secret to delivering first-rate basic customer service while keeping enough operational capacity to meet and exceed important customer expectations is flexibility. An organization must attain a high degree of logistical process integration in order to benefit from flexibility. Two operational levels need integration. First, a network of facilities supporting the needs of market distribution, production, and procurement must combine the operational domains of logistics. If a company wants to obtain a competitive edge via logistical expertise, such network integration is crucial. Second, integration has to facilitate connections across the supply chain and go beyond a single company. The approach presented in this lesson will help managers implement such integration[1], [2].

Network for Business Facilities

Prior to the development of affordable, reliable land transportation, the majority of global trade was dependent on shipping. Around port cities during the time, there was a concentration of

commerce. Transporting things overland was expensive and cumbersome.A personalized clothes order from anywhere in the continental United States may take more than nine months to complete. Even though there was a need for quick and effective transportation, the United States did not see a revolution in transportation technology until the steam locomotive was created in 1829. The nation's transportation infrastructure is now a well-developed network of roadway, pipeline, rail, water, and air services. Each mode of transportation offers a unique service for usage in a logistical system. This accessibility to affordable transportation offers the chance to build a network of customer-serving facilities that is better from a competitive standpoint. Since the German economist Joachim von Thunen's publication of The Isolated State in the middle of the 19th century, the significance of location network analysis has been acknowledged. Von Thunen believed that the cost of land and the cost of moving goods from the farm to the market were the main factors influencing economic progress. The expense of transportation and a product's capacity to fetch a sufficient price to cover all costs and provide a viable business were seen as directly influencing the value of land. Von Thunen's fundamental tenet was that the distance from the major selling market reduces the value of a particular product at the growing area[3], [4].

Alfred Weber expanded the application of location theory from an agricultural to an industrial society, following von Thunen. In Weber's hypothetical system, there were many consumption points dispersed across a large region and connected by linear weight-distance transportation costs. A system for categorizing important resources as either localized or ubiquitous was devised by Weber. Materials that were universally accessible were those. Mineral resources that could only be found in a few places made up local raw materials. Using his findings as a foundation, Weber created a material index. This was the weight of the final product divided by the weight of the locally sourced raw material. Based on the material index, a locational weight was given to different kinds of industry. Using these two metrics, Weber made a generalization that when the production process resulted in weight growth or loss, companies would site their facilities close to the point of raw material deposit and at the point of consumption, respectively. Finally, if the production process did not result in weight increase or loss, businesses would choose plant sites at a convenient midpoint[5], [6].

i. Spectrum of Location Decisions

Transportation has the capacity to connect geographically separated production, warehouse, and market sites into a cohesive system in terms of logistical planning. All places where raw materials, work-in-progress, or completed inventory are handled or kept are considered logistical system facilities. All retail establishments, completed products warehouses, production facilities, and material storage warehouses are therefore sites of the logistical network. As a result, choosing specific sites and the overall locational network constitute crucial competitive and financial logistical choices. The complete implementation of a manufacturing facility site might take many years. The decision by General Motors to construct a new Cadillac assembly facility in Lansing, Michigan, took more than five years to come to fruition[7], [8].However, certain warehouse configurations are sufficiently adaptable to be utilized only at certain seasons of the year. A specialized choice, the choice of retail sites is determined by market and competitive factors. The discussion that follows focuses on where the warehouse is. The site choices affecting warehouse networks are the ones that logistics managers consider the most often overall.

ii. Local Presence: An Obsolete Paradigm

It has long been accepted wisdom in business that a company needs physical presence in local markets in order to be successful. Unreliable transportation services seriously questioned a company's capacity to guarantee delivery in a timely and reliable way throughout North America's economic growth. Customers believed that continuous delivery would be difficult, if not impossible, unless a provider kept inventories in local market regions. This perception often referred to as the local presence paradigm led to the development of logistical plans for the deployment of inventories in advance. Manufacturers sometimes ran 20 or more distribution warehouses to serve the United States' mainland as late as the early 1960s. Some businesses even went as far as to establish full-line inventory warehouses close to all of their main sales offices. It is hard to modify a tradition when it is an integral aspect of a winning strategy. However, during the last several decades, re-examination has been prompted by inventory costs and risks connected to local presence [9], [10].

Arrival times are now trustworthy and predictable because to the significantly enhanced dependability of transportation services. The amount of time needed to discover and express client needs has decreased due to rapid advancements in information technology. Transportation trucks may now be tracked technologically, giving precise delivery information. Delivery the next day from a warehouse site 800 to 1000 miles distant is typical. The utilization of fewer distribution warehouses, as opposed to more ones, to serve clients within a region is encouraged by transportation, information technology, and inventory economics.

DISCUSSION

A warehouse is an essential part of the supply chain because it makes it easier to store, handle, and distribute items. A warehouse must adhere to specific standards in order to be efficient and successful and to suit the demands of the company and the sector it serves. The main factors and crucial specifications for the best warehousing facility are outlined in this introduction.

1) **Location:** A warehouse's success is greatly influenced by its location. It should be positioned strategically to save transportation expenses and guarantee easy access to suppliers, clients, and transit networks. Location close to busy roads, ports, and airports may greatly simplify logistical processes.

2) **Space and layout:** To accommodate the amount of merchandise and the equipment needed for effective warehouse operations, there must be enough room. To maximize storage capacity, improve material flow, and support the execution of multiple activities including receiving, storing, picking, packing, and shipping, the layout should be properly designed.

3) **Storage Systems:** To optimize space utilization and simplify inventory management, the appropriate storage systems must be chosen. Pallet racking, shelving, mezzanine floors, and automated storage and retrieval systems (AS/RS) are common systems used by warehouses depending on their unique requirements, inventory characteristics, and handling tools.

4) **Material Handling Equipment:** Forklifts, pallet jacks, conveyors, and automated guided vehicles (AGVs) are a few examples of the material handling equipment that is necessary for an effective warehouse. To maximize operating efficiency and reduce human labor, equipment should be chosen in accordance with the warehouse structure, storage systems, and the kinds of items being handled.

5) **Security and safety:** Maintaining a secure workplace is essential for warehouse operations. Ample fire prevention and protection systems, emergency exits, appropriate lighting, and clear signs should all be present. In addition, security precautions including security cameras, access control systems, and inventory monitoring technology assist stop product theft, damage, and illegal access.

6) **Technology and Automation:** To improve operational accuracy and efficiency, warehouses are using technology and automation more and more. Barcode scanning, RFID tracking, inventory management software, and warehouse management systems (WMS) are often used to improve inventory control, order fulfillment, and real-time monitoring of warehouse activity.

7) **Environmental considerations:** Warehouses are working to reduce their environmental effect in light of rising sustainability concerns. Reduce the warehouse's carbon footprint and operational expenses by putting in place energy-efficient lighting, heating, and cooling systems, recycling initiatives, and transportation route optimization.

8) **Compliance with Regulations:** Warehouses are required to abide by regional, governmental, and industry-specific rules and regulations. This includes any relevant import/export rules, safety legislation, labor laws, and product storage specifications (such as temperature-controlled storage for perishable items).

Businesses may create effective and well-organized facilities that enable simplified logistics, precise inventory management, and prompt order fulfillment by carefully examining these warehouse criteria. A competitive edge in the market, considerable cost savings, and greater customer satisfaction may all be attained by making upfront investments in the proper infrastructure, technology, and procedures.

Warehouse Requirements

In a logistical system, warehouses are built to reduce overall costs or enhance customer service. In some circumstances, the advantages of reduced costs and better service may be obtained concurrently. Warehouses provide value to the operations they help. Warehouses are needed for manufacturing in order to store, organize, and sequence supplies and components. Supply facing warehouses are structures used for receiving goods and components. Additionally, merchandise is organized, combined, and stored in warehouses for consolidated shipping to higher-level clients in the supply chain. Demand-facing warehouses are a common term used to describe storage facilities designed to facilitate market distribution. Requirements for demand-facing warehouses are intimately tied to marketing and production plans. Warehouses often specialize in providing either supply facing services or demand facing services due to the particular materials handling and inventory process needs. In contrast to warehouses devoted to marketing distribution, which are often strategically positioned across the geographic market region served, warehouses committed to assisting production are typically placed near to the plants they support. The utilization of warehouses has been fundamentally altered by the integration of information technology, e-procurement fulfillment, and response-based business strategies. For facilities used for purchasing, production, or market distribution, the economic case for and intended functionality of a warehouse may be quite different.

1. Procurement Drivers

Utilizing warehouses to aid with material and component purchases at the lowest overall cost is the main focus of procurement drivers. The combination of the purchase price, quantity discount, payment terms, and logistics performance is necessary to obtain the lowest delivered cost, as sophisticated buying executives have long understood. Most businesses have cut down on the number of suppliers they deal with in an attempt to foster and encourage better working relationships. The idea is to cultivate a small number of connections with suppliers who can be functionally included into a company's supply chain. Life cycle factors have risen to prominence in purchasing choices as a means of enhancing overall operational efficiency. Working with fewer suppliers has a certain relationship dynamic that is founded on the cradle-to-grave concept. The partnership is set up to concentrate on every stage of the life cycle, from new product creation through the recycling and disposal of waste materials and unsold inventories. Different procurement strategies that have a direct influence on the design and operation of supply chain storage are the cause of such a life cycle emphasis. More and more purchases are being made without include value-added services in the pricing. Functional absorption and spin-off between manufacturers and their suppliers are made easier by such debundling. Additionally, there is a tendency toward more response-based business strategies, which is redefining standards for supplier cooperation and involvement in the value-added process. New structural connections, such tier one suppliers and lead facilitators, are the outcome.

Finally, seasonality of certain supplies, potential for cost-saving purchases, and the need to quickly handle production surges all continue to make some material storage an intelligent business move. As a consequence, supply facing warehouses' function is always evolving. Traditionally, raw materials and component components were stored in warehouses. These facilities now give materials' sequencing and sorting as they go into manufacture more importance. The decoupling of services from the cost of materials has made it easier for many firms to outsource their warehousing needs. Lead suppliers or integrated logistics service providers are increasingly providing the warehouse services needed to support production most effectively. By removing redundant handling and storage of identical inventory at various sites within the material supply network, the objective is to simplify the flow of materials and components.

2. Manufacturing Drivers

The completed product is combined in warehouses that help with production before being sent to customers. Consolidation is an alternative to individual order shipping. A manufacturing demand-facing warehouse's capacity to provide clients with a whole range of products on a single invoice at truckload shipping prices is one of its main advantages. In fact, a manufacturer may be chosen as a preferred supplier primarily due to its capacity to supply such consolidation. The networks utilized by companies like General Mills, Johnson & Johnson, Kraft, Kimberly-Clark, and Nabisco Foods are prime examples of demand-facing warehouses. At Johnson & Johnson, warehouses are employed as consolidators for a range of various business units to serve the healthcare and consumer business sectors. Customers may thus access whole product assortments from several business units on a single invoice for delivery in a single transportation vehicle. Kimberly-Clark manufactures a broad range of unique items on particular production lines at specialized facilities.

Products like Kleenex®, Scott Tissue®, and Huggies® disposable diapers are produced in large

quantities to take advantage of economies of scale before being temporarily positioned in demand-facing warehouses. The warehouse assembles truckloads of various merchandise for individual customers. At Nabisco, individual bakeries are next to branch warehouses. Each branch maintains inventories of all key items to enable full-service shipments to clients. The particular production strategy being used is the main determinant of the warehousing needed to support manufacturing. The degree of demand experienced by warehousing may be directly connected to the support needs of each of the three fundamental manufacturing strategies make to plan (MTP), manufacture to order (MTO), and assemble to order (ATO). In general, MTO manufacturing methods need assistance for supply-facing warehousing, but little to no demand-facing storage is needed. In contrast, MTP production techniques that concentrate resources to maximize manufacturing economies of scale need a lot of demand-facing storage space.

3. Market Distribution Drivers

Market support warehouses provide value by giving wholesalers and retailers a variety of goods. By increasing consolidation and the distance traveled from production facilities, a warehouse strategically positioned near its customers aims to reduce the cost of incoming transportation. This is followed by a relatively short outbound movement to the customers' ultimate destination. The targeted service speed, average order size, and local delivery cost per unit determine how large a geographic region is supplied from a support warehouse. Many market distribution warehouses are run by outside logistics service companies as public or contracted facilities. Regardless of who runs the warehouse, its purpose is to provide consumers inventory selection and replenishment. If a warehouse provides a means of achieving a cost advantage or competitive service, it is justifiable.

i. Rapid Replenishment

Market distribution warehouses have historically offered shops a variety of goods from different manufacturers and suppliers. Typically, a retail business doesn't have enough demand to place bulk orders for products from wholesalers or manufacturers. A wholesaler that carries a wide range of goods from several manufacturers is where a normal retail replenishment order is made. Market support warehouses are typical in the mass-market goods and food sectors. Geographically speaking, the contemporary food distribution warehouse is often situated close to the retail establishments it serves. Due to the near proximity of this central warehouse, consolidated product assortments can quickly restock store stocks. On a daily basis, large retail outlets could deliver many truckloads from the warehouse. The least expensive option to quickly refresh an assortment of merchandise to either an end consumer or a retailer is to locate the warehouse inside the market serviced.

ii. Market-Based ATO

The strategy for deploying inventory is closely tied to the architecture of a market distribution warehouse network. Forward inventory deployment in anticipation of future market demands led to the creation of market distribution warehouses. According to this supposition, a manufacturing company using a distribution network like this relies to some extent on anticipatory inventory deployment to counterbalance reaction times for client demands. According to the previous discussion, enterprises that manufacture according to plan and those that participate in decentralized assembly to order often deploy inventories forward after producing. Common or undifferentiated parts are placed in warehouse inventories in ATO scenarios in preparation of

executing specialized manufacture or assembly at the warehouse upon receipt of client orders. As opposed to centralized production facilities, a rising number of ATO activities are carried out in warehouses that are strategically located in the market. Assembly near important markets enables delay advantages while avoiding the high cost and time associated with long-distance direct transport.

1. Warehouse Justification

When their location between suppliers, manufacturers, and consumers results in a service or cost benefit, warehouses are justified in a logistical system. Lower overall costs or quicker to-destination service are two ways that developing a warehouse network may provide businesses a competitive edge. Utilizing the warehouse to accomplish freight consolidation leads in a cost benefit from the perspective of transportation economics. However, inventory is often needed for freight consolidation to enable the assembly of bespoke orders. Alternately, crossdock sortation or flow-through facilities that operate without pre-established inventories might be used to accomplish assortment or consolidation. With such constant mobility, warehouses are essentially transformed from inventory storage to mixing operations. Naturally, in certain commercial scenarios, combining inventory storage with continuous flow-through to efficiently and affordably serve clients will make sense. The primary logistics system design issues from an integrated management standpoint are: How many and what kind of warehouses should a business establish? Where are they supposed to be? What services ought they to offer? What supplies should they have on hand? And who exactly should they serve as a customer?

The traditional logistics network design difficulty is represented by the series of linked questions. Network design starts with marketing strategy for manufacturing companies and moves on to production and procurement planning. The framework in retail and wholesale businesses ranges from buying to market distribution techniques.The process of evaluating and presenting justifications or arguments for the construction or development of a warehouse facility inside an organization is known as warehouse justification. It entails assessing the advantages, disadvantages, and risks of purchasing a warehouse and deciding if it is consistent with the strategic goals and objectives of the company.

The following essential components are often a part of the justification process:

i. **Need Assessment:** The firm determines the necessity for a warehouse facility based on elements including rising client demand, market growth, restricted storage space, or ineffective inventory management. To decide if a warehouse is required, the operational needs of the present and future are thoroughly examined.

ii. **Cost-Benefit Analysis:** A thorough analysis of the expenses and advantages related to starting or growing a warehouse is carried out. This takes into account expenditures such as those related to the purchase or construction of buildings, tools, personnel, utilities, maintenance, and continuous operating costs. The advantages might include better inventory management, quicker order fulfillment, cheaper transportation, better customer service, and more effective operations.

iii. **Return on Investment (ROI) Calculation:** By assessing the return on investment, the financial feasibility of the warehousing investment is determined. Identifying anticipated cost reductions, income creation, or other financial advantages from the warehouse facility is required for this. The ROI analysis helps in determining if the investment will generate enough returns to balance the initial outlay and recurring expenses.

iv. **Risk Assessment:** The dangers and difficulties that might arise from starting or growing a warehouse are recognized and assessed. This involves taking into account elements including market turbulence, legal compliance, supply chain interruptions, and technological hazards. To mitigate these risks and lessen their effect on warehouse operations, mitigation techniques and contingency plans are devised.

v. **Alignment with Strategic Goals:** Choosing to invest in a warehouse should be done in accordance with the organization's overall strategic goals and objectives. The warehouse justification process evaluates the facility's ability to support important business initiatives including enhancing customer happiness, extending the market, boosting supply chain efficiency, or cutting lead times. It guarantees that the warehouse investment will support the company's long-term expansion and prosperity.

Organizations may make choices about the construction or expansion of warehouse facilities by going through the warehouse justification process. This makes it easier to guarantee that the investment meets business demands, yields a positive return on investment, and advances the organization's broader strategic goals.

CONCLUSION

The corporate facility network, which enables seamless connection and communication across diverse facilities, acts as the backbone of contemporary enterprises. Understanding the essential elements and factors involved in establishing and maintaining such a network architecture is critical for enterprises. Organizations may assure continuous data flow, phone communication, and video streaming by placing a high priority on dependability and security. This encourages productive employee cooperation and boosts operational effectiveness. To accommodate future development and technological improvements, scalability is also crucial. Enterprises may improve the operation of their facility network and gain a competitive edge by putting the right strategies and best practices in place. Organizations must keep up with the most recent networking technologies and trends as technology develops in order to satisfy the ever-increasing demands of the digital age.

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FORMULATION OF LOGISTICAL STRATEGY

Ms. Leena George*

*Assistant Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-leenageorge@presidencyuniversity.in

ABSTRACT:

By maintaining the smooth flow of products and services, logistical planning is essential to the success of companies. The primary elements of an effective logistical plan will be examined in this study along with how they affect overall company performance. Supply chain management, transportation, inventory management, and information systems are just a few of the topics covered. This chapter highlights best practices and offers suggestions for creating and executing an efficient logistical strategy via the research of case studies and industry examples.To pinpoint problem areas and make the required changes to the plan, it is essential to continuously monitor and evaluate performance indicators including on-time delivery, inventory turnover, and cost effectiveness. Companies may remain ahead in the more complicated and cutthroat global business environment by embracing innovation, digitization, and a culture of continual development.

KEYWORDS: *Cost, Customer Service, Inventory, Logistical, Warehouse.*

INTRODUCTION

Total Cost Integration

The optimal network of warehouse facilities for a company is determined by economic factors like transportation and inventory. In order to determine the network of facilities with the lowest overall cost, this discussion discusses cost trade-offs linked to transportation and inventory [1], [2].

1. Transportation Economics

Two fundamental ideas sum up the secret to establishing cheap transportation. The first rule, often known as the quantity principle, is that each cargo should not exceed the legal maximum that the engaged carrier may lawfully convey using the equipment in question. The second, often known as the tapering principle, states that lengthy distances should be traveled by big cargoes wherever feasible. Both of these ideas work to distribute the fixed transportation costs across as many pounds and kilometers as they can. Tasks Consolidated transportation savings may make it appropriate to build a single warehouse or to do so across a network of warehouses [3], [4].

2. Cost-based Warehouse Justification

Transportation consolidation is the fundamental economic tenet that supports the construction of a warehouse. Manufacturers often distribute their goods throughout a broad geographic market. The potential cost savings of centralized shipping may give financial rationale for opening a warehouse if client orders are typically modest.For the sake of illustration, let's say the typical

shipment size for a manufacturer is 500 pounds and the corresponding freight charge to a client is $7.28 per hundred weight. The transportation cost for each direct shipment from the production facility to the market would be $36.40. For shipments 20,000 pounds or more, the amount or volume shipping fee is $2.40 per hundred weight. Last but not least, local delivery inside the market area is $1.35 per 100 pounds. Under these circumstances, the price of goods distributed locally and delivered through quantity rates would be $3.75 for every 100 pounds, or $18.75 for every 500-pound cargo. The entire cost of distributing to the market utilizing a warehouse would be cheaper if a warehouse could be created, supplied with merchandise, and run for less than $17.65 each 500-pound cargo ($36.40 - $18.75), or $3.53 per hundred weight. The construction of a warehouse has the possibility of lowering overall logistics costs given certain economic links[4], [5].

Within a certain market region, WL is where the warehouse is located, and PL is where the production is located. The vertical line at point PL marked P represents the handling and shipping expenses incurred in preparing a 20,000-pound truckload cargo (A) and a 500-pound less-than-truckload shipment (C). The slope of line AB indicates the truckload freight rate, which is considered for this example to be linear with distance, from the factory to WL, the warehouse. The cost of running the warehouse and keeping inventory is shown by the vertical line with the letter WC at point WL. The delivery costs from the warehouse to clients in the market region Ma to Ma' are shown on the lines with the letter D. The LTL rate from the plant to consumers situated between the plant and the border Ma' is represented by the slope of line CD. The shaded region denotes the areas where shipping a 500-pound client order through a consolidation warehouse would be less expensive overall than doing so directly from the production facility. Whether clients situated precisely at points Ma and Ma' were served by the production facility or the warehouse would not matter from a cost viewpoint [6], [7].

3. Inventory Economics

A logistics system's inventory level and geographic network are intimately related. The performance cycle serves as the planning basis for inventory deployment. Although transportation, which offers spatial closure, is a component of the performance cycle, time is the main factor in inventory economics. A logistics system's ability to deliver inventory in advance may speed up service response times. Such deployment also increases the total number of systems in use, which raises the cost and risk[8], [9].

4. Service-based Warehouse Justification

A company that engages in nationwide distribution may find that using warehouses is an essential component of its logistics plan. Base, transportation, and safety stock make up the inventory associated with a warehouse network. The typical inventory commitment over the whole logistical network is:

$$\bar{I} = \sum_{i=1}^{n} \frac{Q_s}{2} + SS_i,$$

where $\bar{I}$ = Average inventory in the total network;

n = Number of performance cycles in the network;

Q_s = Order quantity for a given performance cycle identified by the appropriate subscript; and

SS_s = safety stock, for a given performance cycle identified by the appropriate subscript.

A logistics system's performance cycles expand when more warehouses are added. The increased complexity is directly related to the network-wide inventory need.

i. **Base Inventory:** Adding inventory has little effect on base stock. The production and transportation lot sizes in a logistical system establish the base stock level, and these lot sizes are independent of the number of warehouses. The replenishment EOQ and resulting base stock are calculated using the maintenance and ordering cost combined, with volume transportation rates and purchasing discounts taken into account. Base stock is established in just-in-time procurement scenarios based on the discrete order quantity necessary to support the anticipated production run or assembly. In any case, the number of warehouses a logistics system includes in determining base stock is irrelevant[10].

ii. **Transit Stock:** Transit stock is merchandise that is locked inside of moving vehicles. This inventory is accessible to promise while it is in motion, but it cannot be physically accessed. When anything is "available to promise," it may be committed to consumers by using the order management system's reservation or inventory mortgaging functionality. It is expected that current cycles will see a decrease in transit inventory when new performance cycles are introduced to a logistical network. This decrease happens as a result of fewer overall network transit days.

iii. **Safety Stock Inventory:** To mitigate against the unpredictability of sales and performance cycles, safety stock is added to base and transit stock. Time is a factor in uncertainty's two facets. Customer demand that surpasses anticipated sales during the replenishment period is the source of sales uncertainty. Uncertainty in the performance cycle is concerned with variations in the number of days needed to completely refill a warehouse's inventory. The addition of warehouses is anticipated to enhance average system inventory from the perspective of safety stock. Safety stock serves as a buffer against unforeseen stockouts during inventory replenishment. Therefore, if the total network uncertainty rises as a result of additional warehouses, safety stock must as well.

DISCUSSION

Total Cost Network

With each new warehouse, the total cost of average inventory commitment rises. The lowest total cost network for the whole system consists of 6 sites. A single warehouse would be where inventory costs would be the lowest.

1. Trade-off Connections

The system's lowest overall cost point is not where transportation or inventory costs are the lowest. This is the distinguishing feature of an integrated logistical analysis.

It might be challenging to pinpoint and calculate every element of the overall logistical cost in reality. For logistics network analysis to be operationalized, certain assumptions must be made.

2. Critical Assumptions and Limitations

A single cargo of average size serves as the transportation need. It is probable that none of these simplifications will hold true in real operations. First off, designing a logistics network is not primarily an issue of short-term planning. When choosing a building, the planning horizon spans many years and must account for a variety of various yearly sales estimates. Second, actual order and shipping quantities will differ greatly from the average.To meet customer service demands, a realistic planning strategy must take into account a variety of shipment sizes backed by diverse logistical techniques. In practice, other forms of transportation are used as needed to increase delivery speed. Inventory and transportation cost trade-offs are substantial. The required degree of inventory availability is closely correlated with the cost of inventory as a function of the number of warehouses. The entire inventory need is just base and transit stock if there is no safety stock kept in the system. The system's overall least cost would be at or close to the point of lowest transportation cost if there were no safety stocks. As a result, the trade-off analysis depends on assumptions about the intended inventory availability and fill rate, which both have a big influence on the least overall cost design option.

The linkages between various customer service levels and related costs must be assessed before the logistics plan is finalized. Although measuring income presents significant challenges, comparing the performance of marginal services and associated costs provides a technique to roughly approach the design of an ideal logistics system. The general process entails identifying a least total cost network, assessing the threshold service availability and capability associated with the least total cost system design, conducting sensitivity analysis in relation to incremental service and cost directly associated with revenue generation, and finally finalizing the plan.

Developing a Logistical Plan

1. Cost Minimization

Similar to how a physical representation of a location shows the elevations, depressions, and land surface contours, an economic map may show differences in logistical costs. Large urban regions are often where labor and critical services reach their highest costs. However, due to the concentration of demand, the advantages of inventory consolidation and reduced transportation costs are sometimes mitigated in urban regions. A logistics system network with the lowest fixed and variable costs is sought after by a strategy of least overall cost. Cost-to-cost trade-offs are the only consideration in a system's design that aims for the lowest overall cost. Safety stock regulations and the physical closeness of warehouses to consumers determine the quality of customer service that is connected with a least cost logistical architecture. The threshold service level is the general level of customer service connected to any specific least total cost system design.

2. Threshold Service

It is required to start network reengineering with rules on desired inventory availability and capabilities in order to set a threshold service level. It is customary practice to base warehouse operations on typical order fulfillment times at existing facilities, transportation delivery times on the capabilities of least expensive transportation options, and customer service capabilities on the

current order input and processing system. Given these presumptions, assessing possible service enhancement begins with an evaluation of current performance. For customer service availability analysis, a generally acceptable fill rate is often used as the starting point. The current industry standard is often utilized as a first estimate.

For instance, if the safety stock availability objective were set at a performance of 97.75 percent for the total likelihood of demand and lead time uncertainty, it would be expected that 98 out of 100 requested products would be supplied in accordance with specification. Each client is given a shipping destination based on the original assumptions and the place with the lowest overall cost. The goods supplied at each warehouse and the level of customer-requested consolidation will determine the service regions for each facility in multiproduct scenarios. The size and structure of the service region for each particular facility will vary because to the major geographic differences in cost.

3. Service Sensitivity Analysis

Sensitivity analysis is based on the threshold service that results from the logistical design with the lowest overall cost. A network's fundamental service capabilities may be altered by changing the number of warehouses, one or more performance cycles to speed up or ensure consistency of operations, and/or the safety stock policy.

i. Locational Modification

The logistics system's warehouse layout determines the services that can be provided while maintaining the performance cycle and safety stock policy. Assume a key indicator is the percentage of demand satisfied within a certain time frame to show the link between the number of warehouses and consequent service time. The purpose of incremental service is fading, to start. 42 percent of all consumers had 24-hour service at the first five warehouse sites. There must be a total of 14 warehouses in order to increase the 24-hour service from 42 to 84 percent. Furthermore, higher levels of service are attained considerably more quickly for longer performance intervals than for shorter ones. Four warehouse sites, for instance, function at 85% of capacity over the 96-hour performance cycle. Only 9% of the 96-hour performance was improved by going from 4 to 14 total sites. In comparison, given a 24-hour performance cycle, a total of 14 warehouses cannot reach 85%.

Finally, when more locations are added to the logistical network, the overall cost rises sharply. As a consequence, although the incremental service provided by more sites declines, the incremental cost related to each additional location rises, meaning that the incremental service payoff for each additional facility is decreased. The effect of adding or removing warehouses on inventory is often questioned of logistics managers. The portfolio effect refers to this link between uncertainty and the quantity of inventory needed. The square root rule may be used to calculate the portfolio impact. According to Maister's original square root formula, the ratio of the number of sites in the newly constructed network divided by the number of current locations should be used to determine how much safety stock would rise as a consequence of adding a warehouse.

ii. Performance Cycle Modification

By changing a certain facet of the performance cycle, it is possible to alter the speed and consistency of service for a certain market or consumer. Electronic ordering and premium transportation are two methods that may be utilized to enhance service. Therefore, proximity to a

warehouse and the quantity of warehouses do not always translate into quick or reliable delivery. Variable costs often rise when service is increased by choosing a quicker performance cycle configuration. In contrast, service development via the addition of warehouses implies a high level of fixed cost and may reduce the flexibility of the system as a whole. Regarding the cost/service improvement ratio possible via performance cycle change, no generalizations can be made. Large shipments are strongly encouraged by the conventional premium to lowest cost transportation relationship. Therefore, it is reasonable to assume that the economics of logistics will favor using a warehouse or consolidation point to serve a market region if order volume is significant. Using a premium mode of transportation will raise overall costs. Adjustments from the logistical system with the lowest overall cost may often be justified if the enhanced service generates more money.

iii. Safety Stock Modification

Increased or decreased safety stock stored at one or more warehouses is a direct means to alter service. The average inventory cost curve will go higher as a result of a system-wide increase in safety stock. Each warehouse will keep more safety stock in order to boost customer service availability. The safety stockpiles needed to accomplish each equal increment of availability grow at an increasing rate as availability rises.

4. Finishing the Plan

The trap of being excessively optimistic in terms of customer service obligations is one that management often slips into. Customers may have unreasonable expectations, which may be followed by unpredictable performance. Such overcommitting is caused, in part, by an ignorance of the overall costs involved in maintaining high, defect-free service. The evaluation of the cost of additional service in terms of producing compensating income is the last stage in developing a plan. To provide an example, let's say the system is set up to handle 90 percent of clients with 95 percent of the inventory available within 60 hours of order receipt. Additionally, suppose that the existing logistical system is leveraging a network of five warehouses to achieve these goals at the lowest overall cost. Marketing, on the other hand, is dissatisfied and thinks service capacity should be enhanced to the point where 90% of all clients have 97% of inventory availability supplied within 24 hours. The cost of this strategic commitment has to be estimated by logistical management.

i. Maximum Assistance

Rarely is a maximal service approach put into practice. The focus of system design switches from cost to availability and delivery performance in order to give the best possible service. The most service areas that can be developed are those with the lowest development costs. The capacity to make the needed delivery determines the boundaries of each facility's service region. Time-oriented service zones will be erratic due to transport-route arrangements, much as cost-oriented service areas. There will be a significant cost difference between a least cost and a maximum service system to serve the same clients. It may take between 30 and 40 warehouses and the utilization of very reliable transportation to service the whole U.S. market overnight. Using premium transportation might help cut down on the number of warehouses.

ii. Maximum Gain

When designing their logistical systems, the majority of businesses aim to maximize profit. The

service area of each warehouse should ideally be established by creating a minimum profit contribution for clients who are spread out over the facility. Because warehouses are often situated close to busy marketplaces, the more away a consumer is from the center of the service region, the more expensive logistics will typically be. In addition to distance, this cost increase is brought on by the reduced consumer density outside of the warehouse service region. Further expansions of the service zone become unprofitable on a total-cost-delivered basis once the cost of servicing periphery clients results in minimal permissible profit margins.

If a consumer had better service, it's feasible that they would buy more of the whole range of goods that a company sells. According to theory, more services should be offered until marginally produced income and marginal expenses are equal. There would be no need for further service at this equilibrium point. Increasing the number of warehouses may or may not result in more service. An additional delivery method that uses direct or dual distribution may be the most effective at delivering the required service. The theoretical stance of profit maximization is simpler to declare than to test.

iii. Maximum Competitive Advantage

Seeking maximal competitive advantage could be the best course of action to direct the design of a logistics system in certain circumstances. Despite the fact that there are several methods to alter systems to achieve a competitive edge, two are described here to highlight strategic issues. Improving service to safeguard important clients from competing intrusions is a frequent adjustment in least cost design. How major consumers' expectations are being met must be a concern for management. Care must be taken to ensure that the most lucrative customers are receiving the finest service available if the current service policy can only provide 42 percent of the customers with 24-hour delivery at a 95 percent inventory availability.

An economically justifiable high-cost warehouse is another way to employ design change to take advantage of competitive circumstances. Smaller or specialized enterprises are particularly affected by this predicament. Large companies tend to have stiff pricing practices as a result of these rigidities. Such rigidities are reinforced by antitrust regulation. As a consequence, huge businesses that sell in wide geographic areas sometimes ignore the special cost and demand circumstances in niche markets or find it very difficult to modify their marketing and logistical strategies to take advantage of such rare possibilities. Smaller businesses might benefit from this inflexibility by investing heavily in their logistical capabilities in order to appeal to the specialized market niche.

iv. Minimal Asset Deployment

A final logistical plan could be driven by a desire to reduce the amount of resources devoted to the logistics system. A company that wants to have as much flexibility as possible may employ variable cost logistical elements like public warehouses and transportation that is available for rent. This approach could lead to greater overall logistical expenses than might be achieved by committing assets in order to achieve economies of scale. However, risk would be lower and the strategy's total flexibility would grow. It takes a precise dedication to customer service to integrate logistical strategy to support overall company operations. Total least cost and its related threshold service provide the perfect framework for conducting cost/service sensitivity analysis from the perspective of building a logistical system.

CONCLUSION

Firms looking to streamline their processes and improve overall company performance must have a well-designed logistical plan. The relevance of supply chain management, transportation, inventory management, and information systems as crucial elements of a successful logistical plan has been underlined in this research. Companies may increase efficiency, save expenses, improve customer satisfaction, gain a competitive edge in the market, and do all of this by integrating these factors and coordinating them with organizational objectives. Best practices in logistical planning have been revealed via the research of case studies and industry examples. It is evident that companies may gain a major competitive advantage in the market by prioritizing cooperation and integration across the supply chain, implementing effective transportation networks, optimizing inventory levels, and using cutting-edge technology for real-time tracking and information exchange. Additionally, in the fast-paced business climate of today, flexibility and adaptability are essential for allowing businesses to efficiently react to shifting client needs, disruptions, and new trends. It is crucial to remember that each organization's logistical plan has to be customized for its unique demands and industry standards.

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A BRIEF INTRODUCTION OF PLANNING METHODOLOGY

Dr. Kadambat Kumar*

*Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-krishnakumark@presidencyuniversity.in

ABSTRACT:

An organized strategy known as planning methodology is used to develop strategies, establish objectives, and allocate resources in order to accomplish desired results. It includes a number of methods and concepts that help people and organizations plan their activities, make wise choices, and deal with uncertainty. This chapter gives a general review of planning technique, emphasizing its essential elements, procedures, and advantages. It examines several planning methodologies and instruments used often in a variety of industries, including project management, company planning, and urban development. Additionally, it explores the difficulties in planning and offers solutions to make planning procedures more efficient. Individuals and organizations may increase their capacity to accomplish goals and adapt to changing surroundings by comprehending and using excellent planning procedures.

KEYWORDS: *Data, Logistics, Management, Planning.*

INTRODUCTION

As markets, rivals, suppliers, and technological advancements evolve, so does the logistics environment. A systematic planning and design technique is needed to efficiently analyze options in order to establish and concentrate the company strategy to fit this changing environment. The overall approach described in this course comprises an overview of the logistics planning tools[1], [2].

Planning Techniques

Markets, desires, pricing, and service requirements for a corporation may change quickly, even in well-established sectors, in reaction to consumer and rival competitor behavior. Firms often ask themselves questions in reaction to these developments, like:

(1) How many distribution warehouses should be utilized, and where should they be situated?

(2) For each warehouse, what are the inventory/service trade-offs?

(3) How should cars be routed and what kinds of transportation equipment should be employed?

(4) Is it appropriate to invest in a new materials handling technology?

These kind of queries are often described as complicated and data-intensive. The variety of potential solutions and the sheer number of variables determining the overall cost account for the complexity. The need for a lot of data to assess logistical options accounts for the data-intensiveness. Typical information studies must take into account operational technologies, economic factors, and potential service alternatives. Effective analytical tools and a systematic

approach are needed for these studies. Just as no one ideal logistical system is appropriate for all businesses, there are many different approaches that may be used to find and assess various logistics methods. However, there is a common procedure that may be used in the majority of logistics design and analysis scenarios [3], [4].The generalized process flow is shown in Figure 1. Three steps make up the process: issue identification and planning; data gathering and analysis; and suggestion and execution.

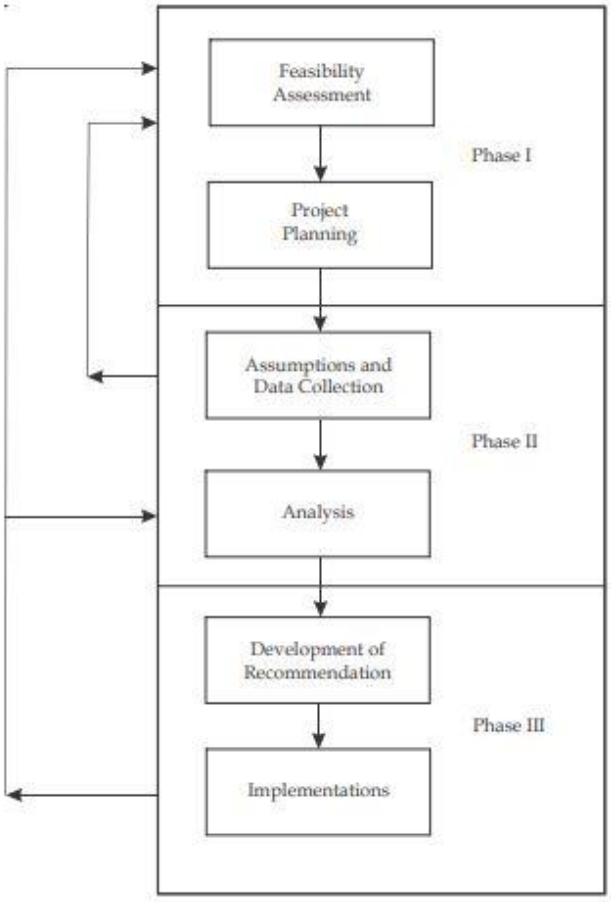

Figure 1: Research Process [goseeko].

DISCUSSION

Phase I: Planning and problem definition

The project's overall structure is laid out in phase I of the logistics system design and planning process. All that follows requires a comprehensive and well-documented issue description and strategy [5], [6].

1. Feasibility Analysis

A thorough analysis of the present logistics condition must precede any logistics design or planning. The goal is to comprehend the present system's environment, process, and performance characteristics and decide whether or not improvements may be required. Feasibility evaluation, the procedure for assessing the need for change, includes the tasks of situational analysis, developing supporting argumentation, and cost/benefit calculation.

2. Situational Analysis

The collection of performance indicators and traits that characterize the present logistics environment is known as a situational analysis. To identify improvement potential and prospects, a typical appraisal calls for an internal review, a market assessment, a competitive evaluation, and a technological assessment.In order to have a thorough grasp of the current logistical procedures, an internal assessment is required.It includes descriptions of previous performance, data accessibility, plans, operations, and tactical rules and procedures. Both the overall logistics process and each logistics function are often included in the evaluation.A thorough self-appraisal for an internal assessment evaluates all significant resources, including personnel, tools, infrastructure, connections, and data. The internal review should, in particular, concentrate on a thorough assessment of the capabilities and shortcomings of the current system. Each component of the logistics system should be thoroughly assessed in light of its stated goals and potential to achieve those goals.An example would be if the marketing department's targeted customer service goals are consistently provided and measured by the logistics management information system. Do the needs for production are effectively supported by the material management process? Does the present network of distribution centers successfully serve the goals of providing excellent customer service? Finally, how do the capabilities and metrics for logistics performance compare across business divisions and locations? The self-appraisal necessary for the internal analysis is based on these and several more questions. The thorough assessment makes an effort to pinpoint any possibilities that might inspire or support the redesign or improvement of the logistics system[7], [8].

The recommended structure is not the only method, but it does emphasize the need for the evaluation to take into account the procedures, choices, and crucial metrics for each significant logistical operation. Physical and information fluxes along the value chain are the main focus of process concerns. Value chain management rationale and criteria are the main decision-making factors. Key performance indicators and the company's capacity to measure them are the main topics of measurement concerns. The breadth of the study determines the individual review's substance. The availability of the needed information is rare. The internal review's goal is not the thorough data gathering, but rather a diagnostic examination of the present logistical practices and procedures and a check to see whether data is readily available. The internal evaluation is primarily focused on finding areas where there is a strong chance for improvement. The analysis of trends and customer service requirements is part of the external assessment. The goal of the market evaluation is to record and formally express client impressions and wishes for modifications to the company's logistical capabilities. Selective consumer interviews or in-depth customer surveys may be a part of the evaluation[9], [10].

The external connections with suppliers, clients, and consumers should be the main emphasis of the evaluation. The evaluation should take corporate and competitor capabilities, developments in needs and processes, and other factors into account. The use and capabilities of important logistics technologies, such as transportation, storage, material handling, packaging, and information processing, are the subject of technology evaluation. The evaluation takes into account both the firm's present technological capabilities and its ability to use emerging technology. For instance, may the performance of logistics be improved by using modern materials handling skills provided by outside suppliers? What part do cutting-edge communication, decision-making, and information technology play in directing flexible

logistical capabilities? What benefits for the capabilities of logistics systems may satellite and scanning communications technologies provide? Technology improvements that can effectively trade off with other logistical resources like transportation or inventory are what the technology evaluation seeks to find.

3. Supporting Logic Development

The creation of a supporting rationale to include the results of the internal review, external assessment, and technological research is the second step of the feasibility assessment process. Developing supporting argumentation is sometimes the most challenging step in the strategic planning process. The situational analysis's goal is to provide senior management the greatest knowledge possible of the advantages and disadvantages of current logistical capabilities in light of both the present and the future environment. Supporting logic development adds three things to this thorough evaluation. It must first decide if there are enough potential for logistical improvement to warrant in-depth investigation and evaluation. In a way, the construction of the underlying logic necessitates a critical evaluation of prospective prospects and a decision on whether more research is necessary. The logistics concepts of inventory aggregation and tapering are used by supporting logic development to assess the viability of undertaking in-depth analysis as well as its possible advantages. Even while finishing the management planning process does not obligate a company to implementation or even ensure a new logistics system design, it is important to clearly identify the possible advantages of change when creating the supporting reasoning.

Second, supporting logic development dispels perceptual biases by conducting a thorough factual analysis to analyze present practices and processes critically. A basis for determining the requirement for strategic adjustment is provided by areas with improvement potential and those where operations are adequate. Explanation: It may be clear that excess inventory is a severe issue with great room for cost savings and service enhancement. The assessment process typically reveals that there are more positive than negative features of the current system, but the focus should be on how to make it better. Following analysis may concentrate on streamlining inventory levels without significant danger of sub-optimization if supporting reasoning confirms the present number and location of distribution centers. The outputs of this assessment process include the prioritization of planning and evaluation concerns across short- and long-term planning timeframes into main and secondary categories.

Third, a clear declaration of prospective redesign options should be included in the process of building supporting rationale. The statement should include the following information: (1) a characterization of existing practices and systems; (2) a list of the most probable system design options based on best practices in the industry and those of competitors; and (3) recommendations for novel methods based on new theories and technology. Alternatives must be viable while also challenging accepted methods. It is increasingly crucial to develop a variety of possibilities for consideration the less regularly re-evaluations of present practices and designs are undertaken. An evaluation of a distribution network or entire logistics management system, for instance, should take a larger variety of possibilities into account if it is conducted every five years as opposed to every two.

It is very beneficial at this stage of the planning and design process to create flow diagrams and/or outlines that highlight the key ideas related to each possibility. The images offer a thorough overview of the possibilities, establish potential for flexible logistics techniques,

andclearly describe the value-added and information flow needs. It might be challenging to depict certain complex or segmented logistics procedures in a single flow diagram. Example: Although they serve as the foundation for design possibilities, regional variances, product-mix changes, and variable shipping rules are difficult to illustrate. When segmented methods are suggested, it is simpler to present each choice separately. The manager in charge of assessing the logistical strategy must provide a logical argument and explanation of prospective advantages in order to implement a proposed approach.

4. Cost-benefit analysis

The logistical analysis and implementation of the proposals' potential advantages are estimated in the last feasibility assessment job, the cost/benefit estimate. Benefits have to be divided into categories such as service enhancements, cost savings, and cost avoidance. Given that an optimal logistics plan can incorporate any combination of all three advantages at once, the categories are not mutually exclusive. Results that increase capacity, quality, or availability of services are included. Improved client loyalty results in a potential rise in new business. Benefits of cost reduction may be seen in two ways. First, advantages might emerge from a one-time decrease in the amount of money or management resources needed to run the logistics system. For instance, reorganizing logistics may make it possible to sell distribution centers, equipment for managing products, or gadgets for information technology. If ongoing expenditures are avoided and cash is made available for alternative development, reductions in capital invested in inventory and other distribution-related assets may greatly improve a firm's profitability. Second, out-of-pocket or variable expenditures are one way to reduce costs. By enabling more efficient processing and operations, new technologies for materials handling and information processing often lower variable cost. Reduced participation in programs and operations that experience cost rises results from cost avoidance. For instance, a financial study of the effects of future wage and labor availability is used to at least partly justify numerous improvements to materials handling and information technology. Any cost-prevention reasoning is always reliant on an estimate of future circumstances and is therefore susceptible to some mistake. These preventive measures are nonetheless crucial to take into account, even if a redesign of the logistics system may not be authorized fully on the basis of cost prevention due to this uncertainty.

There are no established guidelines for identifying whether a planning issue has sufficient cost/benefit potential to warrant a thorough effort. To ensure the sustainability of present and future logistics activities, some kind of evaluation should ideally be carried out continuously at predetermined intervals. The choice to engage in in-depth planning will ultimately be based on the persuasiveness of the supporting rationale, the plausibility of the expected benefits, and if the estimated benefits provide a sufficient return on investment to sustain organizational and operational change. These possible advantages must be weighed against the process's out-of-pocket expenses. Immediate improvement possibilities are often a consequence of a feasibility evaluation, even if they are not usually a project aim in planning and design. Immediate enhancements that improve logistics performance often result in revenue or cost reductions great enough to support the rest of an analysis. A steering committee should assess each opportunity as the project team finds it to ascertain the return and implementation needs.

5. Project Management

The second Phase I task is project planning. Given the complexity of the logistics system,

every attempt to identify and assess strategic or tactical options must be well prepared in order to create a solid foundation for change. Statements of goals, statements of restrictions, measurement standards, analytical techniques, and a project work plan are the five particular components that make up project planning.

Phase II: Data Gathering and Analysis

Phase II focuses on data gathering and analysis once the feasibility evaluation and project design have been finished. Activities like defining hypotheses, gathering evidence, and evaluating options fall under this category.

1. Data Collection and Assumptions

By (1) defining analysis approaches and techniques, (2) defining and reviewing assumptions, (3) identifying data sources, (4) collecting data, and (5) collecting validation data, this activity builds on the feasibility assessment and project plan to develop detailed planning assumptions and identify data collection requirements.

1. Defining Analysis Approaches and Techniques

The choice of the proper analytical strategy and the learning of the required analytical skills are early tasks, albeit they are not always the first. Although there are many possibilities, the analytical, simulation, and optimization approaches are the most popular ones. The analytical method assesses each logistical option using conventional numerical techniques, such as those accessible via spreadsheets. The use of analytical tools for distribution applications has expanded as a result of spreadsheet availability and functionality. An analogy with a lab for evaluating supply chain alternatives is a simulation technique. Simulation is often employed, especially when there is a lot of ambiguity. The testing environment may be numerical, such as a computer model of a materials handling environment that exhibits product flow on a computer screen, or physical, such as a model materials handling system that physically demonstrates product flow in a scaled-down setting.

Simulation is one of the most economical methods for assessing options for dynamic logistics given current software. Example: The flows, activity levels, and performance traits may all be modeled using a computer-based simulation. Graphical representations of system attributes may also be used in many simulations. The trade-off between the performance of the supply chain and the inventory allocation method may be shown using a supply chain dynamic simulation, for instance.

2. Defining and Reviewing Assumptions

The scenario analysis, project goals, restrictions, and measurement standards serve as the foundation for the formulation and revision of assumptions. The assumptions outline the essential operational traits, variables, and economics of the existing and potential systems for planning purposes. Although the structure may vary depending on the project, there are three main categories of assumptions: (1) business assumptions, (2) management assumptions, and (3) analysis assumptions. The features of the whole business environment are defined by business assumptions, which also include pertinent market, customer, and product trends as well as competitor activities. The presumptions outline the general context in which a backup logistics strategy must function. In most cases, business assumptions are unchangeable by the company.

The physical and economic parameters of the existing or alternative logistics environment are defined by management assumptions, which are often modifiable by the company. A specification of alternate distribution facilities, means of transportation, logistics procedures, and fixed and variable costs are examples of typical management assumptions. The limits and limitations that must be considered to match the issue to the analysis approach are defined by the analysis assumptions. These presumptions typically relate to the scope of the issue, the level of investigation, and the approach to solving it.

3. Identifying Data Sources

In actuality, a feasibility analysis comes first before the data collecting method. In addition, the analytical approach must be developed or suited using a pretty exact specification of data. To support the analysis, however, specific data must be gathered and structured at this stage of the planning process. Sensitivity analysis may be used to determine data gathering needs when data collection is highly challenging or when the required degree of accuracy is unclear. Example: Transportation expenses calculated using distance-based regressions might be used to complete an initial study. If research shows that the optimum solution is highly dependent on the real freight prices, more work should be put into obtaining more exact transport rates from carrier bids. The number and kind of modes used, modal selection criteria, rates and transit times, and shipping laws and regulations are all examples of necessary transportation data. If the study includes private transportation, the private fleet must provide the necessary data. The previous discussion provides some insight on the information required to assess different logistical options. The main argument for delaying the formal data collecting procedure after the choice of analysis approach is to enable data collection to adhere to the requirements of the chosen analysis technique. In other words, the design solution is only as good as the facts upon which it is built. Market data is important for assessing potential future scenarios for the majority of logistics analysis applications. In most cases, management can forecast expected sales for next planning horizons.

Getting market-by-market forecasts is tough. Using demographic estimates that have a strong correlation with sales is one way to address the issue. Assume, for instance, that population growth and sales or consumption are significantly correlated. It is conceivable to forecast future demand levels and, thus, identify the logistical needs of the future using such a connection and government demographic estimates. Various government organizations and institutions frequently issue a range of estimates relating to demographic variables. There are several sources of zip codes that provide information that is helpful for logistical planning. As a result, there is an easy access to a decent data bank of environmental information. The designs and flows of competing logistical systems should be documented in order to learn more about the capabilities and tactics of the opposition. Most of the time, this data is easily accessible via public sources, yearly reports, and executive-level employees' general knowledge. The fundamental goal of gathering such information is to create competitive benchmarks that contrast operational, distribution, and customer service capabilities.

4. Collecting Data

The process of gathering data may start after alternate data sources have been found. The procedure entails gathering the necessary data and converting it into the right forms for the analysis tool. Errors are probable since this is often a laborious and time-consuming operation. Data collection mistakes and omitting information that does not accurately reflect key aspects

of logistics activity, including client pickup volume, are examples of potential mistakes. In order to help uncover mistakes that might lower analysis accuracy and to decide any required improvements to attain acceptable accuracy, the data gathering process should be well recorded.

5. Collecting Validation Data

Base case or validation data must also be gathered in addition to data to support different analyses in order to ensure that the outcomes are true reflections of reality. When evaluating distribution procedures and operational settings, the particular challenge is whether the selected analytical methodology properly replicates previous outcomes. If at all practicable, comparisons should center on previous activity (such as sales and volume) and expenditure levels, both globally and per facility. Increasing managerial credibility with reference to the analytical process is the goal of validation. Management will have little faith in the alternative analysis if the procedure does not provide reliable outcomes. Investigations into the reasons why analytical findings could not correctly represent the past must be a part of data gathering operations.Example: It could be hard to precisely recreate the past due to modifications to distribution center operating procedures or a one-time occurrence, like a strike. When such circumstances arise, the validation data collecting process should include an evaluation of the anticipated effect of such modifications in order to allow for the proper deliberation.

Phase III: Recommendations and Implementation

Phase III operationalizes planning and design initiatives by formulating implementation strategies and detailed management suggestions.

1. Develop Recommendations

Results of alternative and sensitivity analyses are examined to provide suggestions for management proposals. Four steps are included in this review process: (1) identifying the best alternative, (2) evaluating costs and benefits, (3) developing a risk appraisal, and (4) developing a presentation

i. Identifying the best alternative

The top solutions to take into consideration for implementation should be determined by the alternatives and sensitivity studies. However, several options often provide outcomes that are identical or similar. To choose the top two or three choices, performance qualities and circumstances for each alternative must be compared. The option that achieves desired service goals at the lowest overall cost will often be considered the best, even if the term "best" may be interpreted in a variety of ways.

ii. Evaluating costs and benefits

Service enhancement, cost containment, and cost avoidance were mentioned as possible advantages of strategic planning before. It was said that these advantages are not mutually exclusive and that a wise plan may achieve all advantages at once. A comparison of current cost and service capabilities with anticipated circumstances must be made for each option when assessing the potential of a given logistics plan. The best cost/benefit analysis contrasts the options for a baseline period and then forecasts comparable operations across a planned horizon. Therefore, benefits may be forecast based on both one-time savings from system restructuring and

ongoing operational economies.

iii. Developing a risk appraisal

An assessment of the risk involved serves as a second sort of reasoning required to support strategic planning suggestions. The likelihood that the planning environment will conform to the assumptions is taken into account during risk assessment. It also takes into account the risks associated with system transition. Sensitivity assessments may be used to measure the risk associated with adopting a certain alternative. The effect of each choice on system performance may be calculated by changing the assumptions. To demonstrate, the system performance for various demand and cost assumptions may be determined via sensitivity analysis. Management might decide that there is no risk associated with modest inaccuracies in the demand environment if the chosen option is still the best even if demand grows or lowers by 20%. If planning assumptions don't come true, the outcome of a risk assessment offers a financial estimate of the downside risk.

It is possible to quantify the risk associated with system transition. A logistics strategic plan's implementation might take many years to complete. Typically, a timeline for implementation is created to direct system switchover. A number of contingency plans might be tried to see how they could affect the situation in order to assess the risk of unplanned delays.Uncertainty related to demand, performance cycle, cost, and competitive activities are typical drivers of external risk. Concerns about labor and productivity, changes in business strategy, and adjustments to resource accessibility are typical drivers of internal risk. To provide management guidance and reason, these factors must be evaluated statistically and subjectively.

iv. Developing a Presentation

The last stage involves creating a management presentation that identifies, explains, and defends recommended improvements. The presentation and related report must specify certain operational and strategic changes, provide a qualitative justification for why such a change is necessary, and then quantitatively explain the changes in terms of improved service, reduced costs, better asset utilization, and increased productivity. The presentation should make considerable use of graphs, maps, and flowcharts to show how logistics operating procedures, traffic patterns, and distribution networks have changed.

2. Implementation

The last process activity is the actual plan or design execution. Since putting the plan or design into action is the only way to reap the benefits of the planning process, an effective implementation strategy is essential. There are four major steps that must be completed before real implementation can begin: designing the implementation plan, scheduling implementation, establishing acceptance criteria, and carrying out the plan.

CONCLUSION

Planning technique is a crucial step in helping people and organizations reach their objectives and adapt to changing conditions. Planning approaches provide a foundation for success by using an organized process that involves setting goals, creating strategies, allocating resources, and making educated choices. Different planning methods and instruments, such SWOT analysis, Gantt charts, and scenario planning, provide insightful information and support efficient decision-making. Planning must, however, take into account uncertainties and the requirement for

flexibility. Overcoming these difficulties calls for flexibility, ongoing observation, and the capacity to modify plans as conditions change. Individuals and organizations may negotiate challenges, grasp opportunities, and accomplish goals in a world that is always changing by putting effective planning approaches into practice.

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SUPPLY CHAIN ANALYSIS METHODS AND TECHNIQUES

Mrs. Salma Syeda*

*Assistant Professor,
Masters In Business Administration,
Presidency University, Bangalore, INDIA
Email Id-syeda.s@presidencyuniversity.in

ABSTRACT:

The efficacy and efficiency of supply chain activities are greatly enhanced by supply chain analysis. The movement of resources, information, and items through the supply chain network is analyzed and optimized using a variety of approaches and techniques. The merits and weaknesses of the various supply chain analysis methodologies and approaches are highlighted in this study. The objective is to help practitioners and academics choose the best strategy for their unique supply chain environment.Furthermore, supply chain analysis is becoming more and more possible because to technological developments like the incorporation of artificial intelligence and machine learning, which allow for more precise forecasts and real-time decision-making.

KEYWORDS: *Costs, Distribution, Inventory, Logistics, Supply Chain, Transportation.*

INTRODUCTION

Regular, thorough study of supply chain tactics and strategies is necessary for high-performance logistics. To respond to rate changes and maintain the balance of freight flows, regular freight lane analysis is required. Tactical inventory analyses, also known as supply chain planning, are used to evaluate supply chain alternatives such as sourcing, plant location, warehouse location, and market service areas. Location analysis, which is now frequently used in conjunction with supply chain planning, is becoming more and more crucial to perform in order to perform the strategic evaluation of supply chain alternatives and to optimize flows. Tactical transportation analysis helps with truck routing and scheduling whereas dynamic simulation is used to analyze the dynamics of multiple-stage inventories, such as those between suppliers, manufacturers, and distribution centers. The sections that follow discuss the particular problems, other analytical methods, and typical data needs for each of these decision-types[1], [2].

1. Freight Lane Analysis

Transportation movements on certain freight corridors are the subject of one frequent logistics study. An origin and destination pair's shipping activity is referred to as a freight route. The study might be completed between very particular facilities or on a more general geographical basis. The balance of volume between origin and destination sites is the subject of freight route analysis. Movements should be balanced, or about equal, in both directions to optimum vehicle use. Triangular freight routes convey mixtures of raw materials and completed goods between suppliers, producers, and consumers in an effort to coordinate movement between three places.

The amount of traffic and the number of shipments or journeys between sites are both included in freight channel analysis. Finding imbalances that provide chances for increased logistics efficiency is the goal. Management looks for volume that can be moved in the direction that isn't

being used enough once lanes are imbalanced. This might be achieved by changing carriers or modes, moving tonnage to or from a private fleet, boosting raw material backhaul, or forging a partnership with another shipper. On the other hand, traffic in the overused direction may be shifted to other carriers or shippers or supplied from a different source [3], [4].

2. Inventory analysis

The effectiveness and productivity of the inventory are the topic of the second frequent logistics ad-hoc study. The typical ABC method of inventory analysis takes into account relative product sales volume and inventory turnover. Example: A logistics manager may rapidly identify product groups that significantly affect volume and inventory levels by identifying the top 10 sales and inventory groupings in decreasing order. As is common knowledge, 20% of the goods often account for 80% of sales. It is also normal that just 20% of the volume corresponds to the inventory, which makes up 80% of it. The goods that make up each product category and these qualities are important to know when focusing inventory management efforts. For rigorous management efforts to lower inventory levels and enhance performance (such as turnover), items that show a high inventory commitment relative to sales might be chosen[5], [6].

3. Location Decisions

Logistics managers often struggle with the placement of plants and distribution centers. The importance of warehouses has been highlighted by improved manufacturing economies of scale and declining transportation costs. As a consequence of global sourcing and marketing concerns, location analysis has recently been expanded to incorporate logistics channel design. The significance of location analysis has grown significantly as a result of the complexity, design options, and associated logistics cost increases caused by worldwide operations. Location analysis usually takes into account raw material sources, manufacturing facilities, distribution hubs, and service providers. This practice is now known as supply chain design. The quantity and placement of warehouses are the main considerations in site selections, as the name suggests. The following are examples of common management queries:

1. How many warehouses should the company utilize, and where should they be situated?
2. From which market segments or clients should each warehouse provide service?
3. At each facility or warehouse, which product lines should be manufactured or stocked?
4. Which logistical routes need to be employed to get supplies and cater to global markets?
5. How should public and private storage facilities be utilized in combination?

More sophisticated logistics network issues need combinatorial analysis that incorporates the aforementioned topics, which adds to the complexity of the problem. Typical location analysis issues fall under the category of being very sophisticated and data-heavy. The number of possible plant, distribution center, market, and product possibilities adds complexity; the analysis's need for precise demand and transportation data adds data intensity. To cope with such complexity and data density efficiently and find the optimum options, sophisticated modelling and analytic approaches must be used. Mathematical programming and simulation are two main categories for the instruments used to facilitate location analysis [7], [8].

DISCUSSION

Mathematical Programming

One of the most popular tools for strategic and tactical logistics planning is mathematical programming, which is categorized as an optimization methodology. One of the most popular methods for location analysis is linear programming, which chooses the best supply chain layout out of a range of alternatives while taking certain restrictions into account. Historically, House and Karrenbauer offered the following definition of optimization that is pertinent to logistics: An optimization model produces the best system by taking into account the whole set of customer needs, the total set of producer production options, probable intermediate points, and transportation options. On the basis of aggregate flow, the model estimates the locations of the warehouses, the stocking points, the size of the warehouses, and the appropriate modes of transportation.

A number of requirements must be met in order to use linear programming to solve a problem. First, there has to be competition between two or more places or activities for scarce resources. A consumer must be able to receive shipments from at least two different places, for instance. Second, every relevant connection in the issue structure has to be deterministic and approximated linearly. Even if it is theoretically optimum, a solution from linear programming could not be appropriate for logistical planning if certain enabling criteria are not met. Although it is widely used for strategic logistics planning, linear programming is also utilized to solve operational issues like production assignment and inventory allocation. Distribution analysts have employed two distinct solution approaches for logistics analysis inside optimization.

Network optimization is one of the most often used types of linear programming for logistics issues. The distribution channel is seen by network optimization as a network with nodes to represent production, warehouses, and marketplaces, as well as arcs to represent transportation linkages. The management of items at nodes and their transportation across arcs both cost money. The network model's goal is to reduce overall production costs, as well as incoming and outgoing transportation costs, subject to capacity, supply, and demand restrictions.

Beyond the fundamental factors for all analytical methods, network optimization offers unique benefits and drawbacks that both increase and limit its use in logistics analysis. The main benefits of network models are quick response times and simple communication between professionals and non-specialists. They may also be used with monthly time increments rather than yearly ones, allowing for longitudinal or cross-temporal study of changes in inventory level. Fixed expenses may be included in network formulations to mimic facility ownership. The outcomes of a network model indicate the ideal group of material flows and distribution facilities for the logistics design issues as they were defined for the investigation[9], [10].

The magnitude of the issue that may be addressed and the presence of fixed cost components have historically been drawbacks of network optimization. For multistage distribution systems, such as those that include suppliers, manufacturing sites, distribution centers, wholesalers, and consumers, the problem size issue was of significant importance. While the magnitude of the issue remains a worry, improvements in hardware performance and solution methods have greatly enhanced network optimization capabilities.

The capacity to optimize both fixed and variable costs for production and distribution facilities is constrained by fixed costs. Through the use of network optimization and mixed-integer

programming, this issue has made substantial strides toward resolution. The second optimization approach effectively used to solve logistical issues is mixed-integer programming. The formulation has a great deal of flexibility, allowing it to take into account many of the peculiarities and complexity present in logistics applications. The main benefit of the mixed-integer format is the ability to incorporate both fixed costs and various degrees of variable costs in the study.

For instance, demand may be handled on a non-integer basis, enabling increases in system capacity in precise step sizes. In other words, when bigger distribution centers are used, mixed-integer programming enables solutions to appropriately represent rising fixed costs and economies of scale. The mixedinteger technique allows for a high level of realism to take into account limitations present in routine logistical operations. Problem size restrictions have always been optimization's main drawback. For a significant amount of time, issue size limits have been solved along with other advancements in mixed-integer programming by applying decomposition to the solution methods.

Multiple commodities may be included in the design of a logistics system thanks to decomposition. The majority of businesses sell a selection of goods that clients buy in different amounts and assortments. These goods are not interchangeable from the standpoint of customer service, even if they may be transported and kept together. The decomposition methodology offers a method for breaking down an issue involving many commodities into a number of problems involving only one commodity. Commodity assignment is accomplished by an iterative process in which expenses related to each commodity are examined for convergence until a minimal cost or ideal solution is identified. These optimization techniques provide useful resources for analysing location-related problems such facility placement, ideal product flow, and capacity allocation. While network systems are more computationally effective, mixed-integer approaches are often more flexible in their ability to handle operational subtleties. It is possible to evaluate scenarios when there are considerable facility capacity limits using either sort of linear programming optimization strategy.

Simulation

Static simulation is a second technique for location analysis. Almost every effort to reproduce a condition may be referred to as a simulation. Simulation was first described by Robert Shannon as "the process of designing a model of a real system and conducting experiments with this model for the purpose of understanding system behavior or of evaluating various strategies within the limits imposed by a criterion or set of criteria for the operation of the system." The product flows and associated costs of current or projected logistics channel networks are replicated using static modeling. The network consists of marketplaces, distribution hubs, and factories. Incoming freight, production, fixed and variable distribution center costs, outgoing customer freight, and inventory carrying costs are some of the primary expenditure components. Static simulation analyses product flow as if it all happened at once throughout the year. The way time-related events are handled is the main distinction between static and dynamic simulation in this sense. Static simulation makes no effort to take into account the dynamics across time periods, while dynamic simulation assesses system performance over time. Each operational period within the overall planning horizon is treated as a discrete interval in static simulation. The final findings indicate a performance assumption for each time period in the planning horizon. A 5-year plan, for instance, is created by simulating each year as a separate event.

Data Requirements for Location Analysis

Definitions of markets, goods, networks, consumer demand, transportation costs, and variable and fixed costs are the main location analysis data needs.

i. **Market Definition:** Demand must be categorized or allocated to a certain geographic region in order to conduct a location analysis. A logistics service area is the result of the merging of geographical regions. Such an area might be a nation or a large geographic area. Each customer's need is categorized into a certain market sector. The choice of a market definition approach is a crucial step in the system design process.There have been many different market definition frameworks created. The three types of structures that are most helpful for logistics modeling are the county, the standard metropolitan statistical area (SMSA), and the zip code. (Postal codes are the equivalent of zip codes on a global scale.) Since corporate records often include this information, the most typical structure employs zip or postal codes. Zip codes also provide access to a wealth of governmental and transit information. The most important considerations when choosing a market definition strategy have to do with how many regions are necessary to get reliable findings. More market information improves accuracy but also requires more analytical work. According to research, 200 markets provide a good balance between analytical effort and accuracy.

ii. **Product Definition:** Although specific product flows may be taken into account when doing a location analysis, doing so is often not essential. To make the study simpler, individual items—especially those with comparable manufacturing locations, distribution characteristics, and channel configurations—are pooled or aggregated. Standard supply chain analyses are carried out at the level of the product family.

iii. **Network Definition:** The network definition identifies the institutions, channel participants, and potential analysis sites. The combinations of suppliers, manufacturing sites, distribution hubs, wholesalers, and retailers that must be covered are the subject of specific concerns. The concept of a network also takes new distribution centers or potential channel members into account. While a more thorough definition lessens the possibility of sub-optimizing system performance, entire channel location analysis raises the complexity of the study.The trade-offs between growing analytical complexity and better potential for overall supply chain optimization must be considered by supply chain analysts.

iv. **Market Demand:** Market demand establishes the number of shipments to each region designated as a market. Supply chain analysis is specifically focused on the proportional product volume supplied to each market region. While the volume may refer to the quantity of units or cases transported to each market, the majority of location assessments are based on weight since moving weight has a significant impact on transportation costs. If significant changes are predicted, the market demand included in the research may also be based on past shipments or projected volume. Since shipment size has a big impact on transportation costs, the market demand needs to be profiled into various shipment sizes.

v. **Transportation Rates:** Inbound and outbound transportation rates are a crucial piece of information for location assessments. Rates must be offered for shipments between current and future market participants and members of distribution channels. Rates must also be created for every cargo size and every transportation connection between distribution centers and markets. Supply chain analysis often needs more than a million distinct rates.

vi. **Variable and Fixed Costs:** The variable and fixed costs related to running distribution facilities make up the last set of location analysis data needs. Costs associated with labor, energy, utilities, and materials are considered variables. Throughput is often a result of variable costs.

Included in fixed costs are those for buildings, machinery, and managerial supervision. Fixed costs are generally constant across the working span of a relevant distribution facility. Although variations in variable and fixed costs by location are normally not significant, they should be taken into account to assure analytical accuracy. The main variations are caused by regional variations in pay rates, energy costs, land prices, and taxes. Location analysis is emphasized heavily throughout the logistics planning process. Distribution networks were relatively stable in the past, so companies didn't need to perform logistics system analyses on a regular basis. However, today's supply chain networks need to be evaluated and improved upon more frequently due to the dynamics of alternative supply chain options, fluctuating cost levels, and the availability of third-party services. Businesses often conduct assessments on a yearly or even weekly basis.

Inventory

Determining the best inventory management parameters that fulfill specified service levels with the least amount of expenditure is the main goal of inventory analysis choices. For a particular facility and product combination, inventory parameters correspond to safety stock, reorder point, order quantity, and review cycles. This analysis may be created to adjust inventory parameters either daily or on a cyclical basis. Daily adjustments increase sensitivity to external changes like demand levels or performance cycle duration, but they can make inventory management systems uneasy. Numerous tiny shipments are often expedited then de-expedited as a result of system anxiety. Decisions are the main focus of inventory analysis. The next questions are more specific: (1) How many goods should be created throughout the following cycle of production? (2) Which distribution centers should keep track of each item's inventory (should slow-moving products be consolidated, for example)? (3) What should be considered when determining the order quantity for replenishment orders? (4) What is the choice about the safety stock that must be made when placing replenishment orders? Analytical and simulation approaches may be used to compare and choose amongst inventory management alternatives.

1. Analytic Inventory Techniques

The optimal inventory stocking parameters and the required service level are determined by functional relationships, which are used in analytical inventory techniques. In order to determine the best inventory parameters, the approach takes into account the service goals, demand characteristics, performance cycle characteristics, and logistics system features. From the standpoint of inventory management, service goals are often expressed in terms of case or order fill rates.

Demand characteristics include the average and standard deviation of the customer demand over a period of time; Performance cycle characteristics include the average and standard deviation of the replenishment performance cycles; and Logistics system characteristics include the number of distribution stages or echelons requiring inventory management decisions. The assumptions characterizing the logistics system features (stocking echelons) and the probability related demand and performance cycle characteristics constitute the foundation of the analytical inventory approach. The ideal inventory management parameters in terms of replenishment order

numbers and reorder points are determined by the probability relationships and service level goals. There are several instances of software programs that use analytical methods to establish the ideal inventory management criteria.

The benefit of analytical inventory approaches is the capability to immediately identify the ideal inventory characteristics given certain operational environment assumptions. On the other side, when assumptions are not satisfied, the accuracy of analytical inventory approaches is constrained.Assuming regularly distributed demand and performance cycles, most analytic inventory approaches; for instance, lose accuracy when the real demand or performance cycles vary from the normalcy assumption. Nevertheless, when seeking to identify the ideal inventory criteria, analytical inventory approaches are often an excellent place to start.

2. Simulation Inventory Techniques

The inventory simulation method develops a probabilistic and mathematical model of the real logistics working environment. The simulation strategy is comparable to setting up a testing environment in a lab for the operational procedures and logistics network. Similar to the analytical technique, simulation reverses the roles of the inventory parameters and service levels. Inventory parameters that need to be tested, including order amounts and reorder points, become the simulation inputs. These inputs specify the testing environment.

The service level and inventory performance characteristics of the testing environment are the main simulation outcomes. In essence, the simulation analyzes how well a certain circumstance performed. If the performance as reported falls short of the required goals, the inventory parameters must be adjusted, and a new environment must be simulated. Sometimes it is required to run many simulations to find the set of inventory parameters that produces the best results. The capacity of inventory simulation approaches to mimic a variety of logistics scenarios without the need for simplifying assumptions is its main advantage.

By adding traits and operational procedures, almost any logistics environment may be faithfully simulated. The main drawback of simulation approaches is their limited capacity to find and recognize ideal solutions. There are several instances of inventory simulations that contain search algorithms, but their capabilities and reach are limited. There are signs that the use of simulation is growing as businesses try to comprehend inventory dynamics in the logistics channel. Applications for inventory decision assistance are becoming more crucial due to the focus on simplifying inventory levels to decrease the logistics asset base. More advanced inventory analysis methods are now required due to the requirement for more precise inventory data. Software companies have reacted by creating independent and combined apps.

Transportation Decisions

In order to maximize vehicle and driver utilization and satisfy customer service requirements, transportation studies put a strong emphasis on the routing and scheduling of transportation equipment. Transportation choices may be classified as tactical or strategic. Long-term resource allocation, such as during periods of time that are prolonged, is addressed by strategic transportation choices. Strategic routing choices so establish permanent transit routes that might be utilized for weeks, months, or even years. The distribution of short-term resources, such as daily or weekly routes, is the subject of tactical transportation choices.

The goal of transportation analysis is to reduce the number of cars, hours, or kilometers combined

with product delivery. Examples of common questions in transportation analysis are: (1) how should deliveries be arranged to establish routes? (2) In order to best serve clients, what delivery order is recommended? (3) Certain routes need to be allocated to certain kinds of vehicles? (4) What kind of vehicle is suitable for serving various consumer types? And (5) how will consumers place constraints on delivery times? Each stop symbolizes a consumer location, such as a merchant, whereas the distribution center serves as the primary point of departure for all delivery trucks.

1. Transportation Analysis Techniques

For logistics design and planning, assessments of routing and scheduling have received much investigation.They are especially crucial for businesses engaged in partial load delivery tasks like package or beverage distribution. Heuristic methods, precise approaches, interactive approaches, and combination approaches are the main categories under which the techniques may be grouped. Heuristic algorithms create routes by successively adding and removing stops using rule-of-thumb clustering other savings strategies. Exact or optimum methods find the most efficient paths using mathematical (linear) programming. Even the fastest computers historically couldn't handle the computational complexity of optimization solution approaches, but recent breakthroughs in mathematical programming have improved their capabilities.

2.Transportation Analysis Data Requirements

Three different forms of data network, pickup or delivery demand, and operational characteristics are needed for transportation analysis. The network is the basis of any examination of a transportation system since it specifies every route that might be taken. In certain instances, delivery area street maps are used to design a network. The streets form linkages and each junction acts as a node. The network includes the connections between each node, the length of the roads, the travel duration, and any unique restrictions like weight restrictions or tolls. When there are limitations like rivers and mountains, a street-level network is exceedingly accurate and exact. The high cost of construction and upkeep is a street-level network's weakness.

The other method is mapping consumers into a grid and calculating potential connections between them using the straight-line distance. Coordinates in latitude and longitude are often utilized. A grid system is less precise and does not take into account restrictions as well as a street-level network, but it is less expensive to construct and operate. Demand data identifies the regular pickup and delivery needs of customers. Demand is defined in terms of the average number of periodic pick-ups or deliveries made by each client for strategic or long-term monitoring. After then, routes are built based on the typical demand, with capacity built in for times of very high demand.

Demand often refers to client orders scheduled for delivery during the planning period, such as daily, in tactical routing analysis. The routes may be accurately planned for delivery needs with no room for ambiguity thanks to tactical analysis. The number of vehicles, their capabilities, driver restrictions, and running expenses are all determined by operational parameters. Vehicle limits include weight and capacity limitations as well as unloading restrictions like dock needs. Time limitations for driving and unloading are two examples of driver restraints. Vehicle and driver-related fixed and variable costs are included in operating costs. The efficacy and accessibility of low-cost software has raised interest in transportation analysis for vehicle routing and scheduling. Tactical or strategic transportation analysis has been used by many businesses

engaged in daily transportation operations to cut transportation costs by 10 to 15 percent. Transportation analysis will be more crucial as consumers continue to want smaller purchases in order to schedule, route, and consolidate goods efficiently.

CONCLUSION

The performance of supply chain networks may be improved with the use of supply chain analysis methodologies and techniques, which can provide useful insights and tools. Employing these strategies enables businesses to pinpoint supply chain bottlenecks, streamline operations, and save expenses. For examining certain elements of the supply chain, several approaches, such as mathematical modeling, simulation, data analytics, and network optimization, provide various viewpoints and benefits. When choosing and using these strategies, practitioners and researchers must take into account both the features of their supply chain and the goals they want to accomplish. Overall, in today's complex and dynamic corporate world, efficient use of supply chain analysis tools and procedures may result in increased operational effectiveness, increased customer satisfaction, and competitive advantage.

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A BRIEF STUDY ON SUPPLY CHAIN LOGISTICS ADMINISTRATION

Dr. Nishant Labhane*

*Assistant Professor,
Masters In Business Administration (General Management),
Presidency University, Bangalore, INDIA
Email Id-nishantbhimrao@presidencyuniversity.in

ABSTRACT:

An essential component of controlling the transfer and storage of commodities from suppliers to consumers is supply chain logistics administration. It includes several different tasks, including distribution, warehousing, transportation, and inventory management. Administration of the supply chain logistics effectively enables the efficient flow of products, reduces costs, and improves customer satisfaction. This chapter gives a general review of the main elements and difficulties in supply chain logistics administration, goes over pertinent terminology, and concludes by emphasizing the value of effective supply chain logistics administration for enterprises.Gaining a competitive edge in today's worldwide economy requires embracing innovation and adjusting to changing market circumstances.

KEYWORDS: *Logistics, Management, Suppliers, Supply Chain.*

INTRODUCTION

The logistics function is crucial to any company's success in attaining its dual goals of providing superior customer service and cutting costs. A proactive role for sustained competitive advantage in a fast-paced corporate environment should be the goal of logistics strategy. The four components of the new competitive framework for the logistics function as a service are responsiveness, reliability, relationship, and rationalization. The fundamental idea behind the supply chain is that in order for one firm to effectively compete in a market with rising consumer demand, fierce rivalry, etc., it must look for partners who are prepared to share risks and gains. In order for it to be able to function better, it must engage in reciprocal collaborative activities and effort. Through the supply chain, businesses engage into inter-firm integrative and collaborative agreements. Through the links, the supply chain plays a strategic role in ensuring greater performance than would otherwise be achievable for businesses acting independently. This entails integrating a variety of businesses' operating procedures into a single, cohesive supply chain system. It enables any company to make up for whatever flaws or resource limitations that they may have. They may do this by collaborating with businesses that have complementary qualities. As a result, all businesses are able to deploy their resources to areas where they believe they can make the most difference. Relationship management encourages these kinds of procedures [1], [2].

Relationship Development Management

The top automaker in India, Maruti Udyog, is a pioneer in supplier relationship management. In 2005–2006, they had a revenue of $12,481 crores and a profit before taxes of $1,750 crores. In 2005–2006, Maruti sold 561,822 automobiles and gained a market share of more than 55%.For its

eleven key models, Maruti works with 7,100 components. Their Gurgaon factory is within a 100 mile radius of 70% of their total number of suppliers. They satisfy more than 80% of Maruti's needs in terms of value, which in 2005–06 were at a level of $7,150 crores. The key components are provided by 220 recognized suppliers for Maruti. By value, 86 percent of the purchases are made from the top 80 merchants. Only 14% of the remaining suppliers provide. With several of its suppliers, Maruti has also formed joint ventures. Only 34% of the 86 percent of components supplied by vendors are provided by joint ventures; the remaining 52 percent by value is provided by other suppliers. Strategic partners include these 80 suppliers. Only 20 to 30 of them are joint ventures with Maruti[3], [4].

Maruti has a variety of programs with important partners. Their focus is on the effectiveness and caliber of the vendors. Maruti plays a significant part in raising vendor productivity. They often arrange Junkai VA or pricing workshops with their suppliers. The Japanese term "junkai" essentially means "visiting." Three G refers to its three parts, which are Gemba, Gembutsu, and Genjitsu. Gemba is the Japanese word for looking around to observe what is going on. Gembutsu refers to inspecting the flawed item to identify the precise nature of the flaw. Genjitsu is having a brainstorming session to determine the circumstances under which this occurred. Typically, a Maruti team visits the supplier's shop floor alongside the supplier team, takes a look around, and makes notes. At the Maruti office, they have a brainstorming session after that. They come up with a number of ideas for efficiency, quality, and cost improvements after brainstorming. Maruti has established a separate organization named the Maruti Center for Excellence. This group regularly visits vendors to ask for upgrades. They create a spider chart after auditing their vendors' operations. 22 points make up the spider chart. These 22 criteria are used to assess each vendor. Vendors that score above 60% on the spider chart are guaranteed more business on the next new model. Every seller works really hard to exceed this standard.

They have also made a significant start on the second tier upgrade. They started their most recent project a year ago. As a consequence, the quality of the second tier vendor has also improved. 'Green initiatives' have also been launched. Every kind of packaging has been changed to be reusable. Recently, Maruti instituted a policy requiring all vehicles entering the company to have their pollution levels checked; if the levels are incorrect, the truck is turned back. This helps their suppliers recognize Maruti's concern for the environment. Making things more attractive, lighter, more manageable, and smaller is the focus of Maruti's Kaizen program. They regularly instruct their suppliers in this procedure and implement it in their own facility. It improves yield while reducing material use. They have begun a program to assist its suppliers in obtaining ISO 14000 certification, jointly with CII and USAID. Additionally, a program on ELV compliance has been launched. Although India does not now need this, the goal is that by the time India does, all of their suppliers will be well prepared to handle it. A vendor financing cost reduction scheme is also available. They approach banks to ensure that supplier loans may be refinanced at cheaper interest rates, etc. These measures have made Maruti more nimble and leaner[5], [6].

As you can see, it takes a lot of effort to succeed in supplier relationship management. It requires a lot of labor and effort. Jeopardy and drive must coexist in harmony. The outcomes, though, make it worthwhile. Maruti educated around 16 vendors in 2005–2006, and as a consequence, the company was able to save 1,580 man hours per day, or more than one crore rupees annually. Between 2001 and 2005, they were able to cut component prices on the Alto alone by 29%. All other connections in a supply chain are subject to the same rules that apply to supplier relationship management. SCM's relationship management strategy is essential. Long-lasting,

mutually reliant connections are formed. Its goal is to increase the effectiveness of interactions between organizations (such as buyers and sellers), take action to improve cooperation and communication, foster trust, and jointly develop the kinds of governance structures needed to boost supply chain efficiency. The supplier-buyer relationship's strategic function is this. It explains how such partnerships are managed. Additionally, it covers the rationale behind why businesses engage in supply chain collaboration with other businesses as well as how they divide profits and risks [7], [8].

DISCUSSION

Relationship Management

Tradition has stated that relationships are intangible. The relative importance of physical and intangible assets to businesses has been a topic of discussion for more than 50 years. Intangible assets are now widely regarded as having a significant role in the competitive landscape of today and having the potential to provide competitive advantage and above-average financial returns. When we discuss intangible assets, we mostly refer to two closely linked categories of intangible assets:

1) **Relational:** Relational market-based assets are products of a company's relationships with significant outside parties, such as distributors, merchants, end consumers, other strategic partners, neighborhood organizations, and even governmental bodies;
2) **Intellectual:** Market-based intellectual assets are the sorts of information a company knows about its environment, including current and future market circumstances, as well as the people and organizations that make up that environment, including rival businesses, clients, distribution routes, suppliers, and social and activist organizations.

Our conversation is restricted to the first. Relational assets develop as a result of the company's interactions with the entities that make up its external environment, or its stakeholders. It only becomes a benefit when a business leverages its social capital in an area where its stakeholders (customers and interested parties) are obviously engaged. As one of the effects of the internet has been to relocate the market and its value drivers into the wishes and goals of the stakeholders, relational assets have grown in importance to enterprises. Organizations are becoming more and more conscious of the need of relationship management as a source of competitive advantage. This crucial task has largely been transferred to the supply chain's domain. The supply chain is essentially an organization's customer-focused, value-maximizing function. It has also evolved in recent years into a tactical tool for competitive advantage. Relationship management may be the most challenging task that supply chain managers now have to do. By gaining the collaboration of other businesses, relationship management focuses on enhancing operations and supply chain performance. The issue of how to institutionalize trust between the customer and provider, particularly given that it is most prone to fail, lies at the heart of the problem[9], [10].

Over time, doing things together and in alignment fosters the development of trust. There shouldn't be any huge shocks. Unexpected events degrade relationships. It might be terrible for all other supply chain participants if this occurs in any one link of the supply chain. Failure is inexcusable given the enormous stakes. This is seen by the steadily growing number of businesses emphasizing relationship management. Organizations must manage their connections with their upstream suppliers, internal suppliers, and downstream customers in order to build an effective and profitable supply chain. In each of these partnerships, the buyer and the seller must see one

another as partners and do their best to support one another.Long-term commitment, combined effort to improve quality, and support for the supplier's managerial, technical, and capacity growth by the buyer, as well as vice versa, are all examples of partnerships that are oriented toward cooperation. It can be difficult to establish solid supply chain partnerships in India similar to those in Japan. However, it becomes even more crucial to concentrate on these interactions in such settings. All supply chain operations inside a company may be connected to one of three macro processes: the supplier, the customer, or the internal supply chain operations. This may then be converted into one of three different "focuses": customer, internal supply, or supplier.The supply chain relationship management procedures may be divided into the following categories according to their focus:

1) Customer Relationship Management (CRM) Focus

CRM is a tactic used to better understand consumer demands and behavior in order to forge closer connections with them. Many different types of information regarding customers, sales, marketing efficacy, response, market trends, order management, and contact center management may be combined using the CRM process. Its primary goals are to increase client demand and make ordering and order monitoring easier. Relationships in the supply chain are not only with external vendors. Personnel from internal suppliers are included in the relationships forming the supply chain. Relationships are also strengthened through systems and procedures like quality information, client order information, point-of-sale information, etc.

Personnel in many functional areas who join the supply chain network gather or create this kind of information and data. You should also include any supply chain activity that calls for input and comment from suppliers, customers, and other departments within the company. For instance, engineering and IT work together to determine and create the necessary technologies when choosing a process. Personnel and human resources determine the training courses and people skills required to make the system "work." Information on whether the process satisfies customers' demands is provided by marketing and customers. If the procedures have improved or not, finance may provide advice. By figuring out where to get the money, it may also be helpful when procedures demand a significant expenditure of resources.

2) Internal Supply Chain Management (ISCM) Focus

Within the corporation, there is a complicated network of ties that are crucial. Despite being limited to a single business unit, the ISCM procedures must handle these problems. Along with coordinating with various functional divisions, the efforts should focus on internal production and storage capacity planning, demand and supply forecasting, and internal order fulfillment. In order to remove internal barriers and promote corporate integration, ISCM focuses on the internal supply chain. The accomplishment of corporate and supply chain-wide goals and objectives is its duty. On whether the ISCM integration endeavor is successful or unsuccessful, organizational architecture has a significant impact. The term "organizational design" covers a wide range of organizational elements. These include authority, coordination and control mechanisms, labor division, and organizational structure. For corporate integration, adjustments and alterations are sometimes necessary.

Engineering/R&D, manufacturing, and sales/marketing functional groups are all important in creating, producing, and promoting goods in the most effective ways for the supply chain. This collaboration is preferred because it enhances the supply chain's capacity to successfully balance

supply and demand. However, a lot of businesses discover that there is very little inter-functional communication. For instance, while developing plans, marketing and production may use different predictions. For purchasing, processing, and logistics to be coordinated, the different firm divisions must work together. The goal of ISCM is internal development. By removing expenses from sourcing and logistics, the goal is to meet demand created by the CRM processes as quickly and inexpensively as feasible.

3) Supplier Relationship Management (SRM) Focus

The macro SRM process seeks to plan and manage sources of supply for numerous commodities and services. A complete strategy for managing a company's connections with suppliers is supplier relationship management. Its goal is to improve the efficiency and effectiveness of the procedures between a company and its suppliers. In some ways, this is comparable to customer relationship management (CRM), which simplifies and improves the interactions between a business and its clients. SRM highlights the requirement to integrate the whole supply chain while maintaining flexibility, opening its business infrastructure to outside technologies, networks, and knowledge, and allowing them to shed the parts of the supply chain that can be managed more effectively by partners. SRM procedures provide a shared language between a company and its suppliers, even when they use terminologies and business practices that are quite dissimilar. SRM procedures include evaluating and choosing suppliers, negotiating conditions of supply, communicating with suppliers about new products and orders, and integrating their knowledge.

The same client is the target audience for all three macro operations. However, the organizational structure of the company has a significant impact on how the systems are integrated. In many businesses, buying is in charge of the SRM, manufacturing is in charge of the ISCM macro process, and marketing is in charge of the CRM macro process. The cost of supply chain coordination and cooperation rises as the pace of market change does. To remain competitive, managing consumer needs pro-actively is essential. This necessitates supply chain flexibility while lowering transaction costs and hidden expenses. Example: Partners may shorten production cycle times by accelerating information exchange via electronic methods, and because inventory can be seen in real time, forecasting mistakes can be decreased. The goals of happy clients and reasonable expenses will be furthered by this.

Financial Performance

The primary indicator of how well the supply chain is configured might be the analysis of financial performance, which includes the production of profit and loss statements. In order to capture the specific financial drivers and account for the actual functioning of the supply chain, financial assessment should include both operational and dynamic factors. Significantly, the review would be of the whole performance rather not just a portion of it. Financial analysis that considers the effect on the profit and loss account has a far greater impact since it catches the entire effect rather than just the immediate local consequences. Because a significant number of the financial drivers inside a company must be captured, measuring financial effects may be challenging. Financial impact measurement at the enterprise level is rare, and the recorded examples of it occurring in the context of the supply chain are often at a higher level. In order to be useful for implementation across the supply chain and to evaluate the design's effectiveness, a thorough supply chain design methodology must have the right breadth and level of detail.

Despite the fact that there are a variety of supply chain indicators that may be used, financial

performance is the most effective since it provides a comprehensive, global perspective of the organization as opposed to a localized, selected one. In order to give evaluation across the domains of finances, customers, processes, and learning and development, balanced scorecards may be used. However, from a hierarchical standpoint, the finance is at the top as a consequence of market performance, which is supported by business processes and development and learning. Here, it is suggested that financial analysis should be used in addition to operational/business process metrics, which are essential. The financial viewpoint responds to the query, "How should we appear to our shareholders in order to succeed financially?" and is often associated with profitability. Some metrics include Economic Value Added (EVA), Return on Capital Employed (ROCE), and Return on Investment (ROI), among others.

1) Asset Utilization

The idea of asset utilization is connected to teamwork. Many transportation corporations have begun using online portals, community networks, and location-tracking technology to collect equipment asset information in response to rising financial, customer service, and environmental demands. Even if it is in its early phases, this search aims to link and manage their equipment networks more successfully. There is merit to this strategy, which several transportation corporations are increasingly putting into practice.

The application of this idea looks to be effective in the future. This might help control the supply and demand of equipment as a result of rising financial, customer service, and environmental demands. Equipment may be exchanged with any transportation provider, on demand, anywhere in the globe, resulting in an improvement in customer satisfaction and the efficient use of corporate resources. As this materializes, transport service providers will deliver higher-value end-to-end services, boost their consumer attractiveness, and reap the many economic advantages from increased asset utilization.

Social Performance

The Sattanes-Oxley Act (SOX) was enacted by the US Congress in 2002 as a result of multiple instances of financial mismanagement by large organizations. Despite the law's emphasis on financial reporting by firms to their shareholders, it became clear quickly after it was passed that it also had significant consequences for supply chain management and logistics, particularly in terms of how performance is assessed and reported.

2) Supply Chain Security

Supply chain security refers to initiatives to increase the security of the global cargo's transportation and logistics network. It blends conventional supply chain management methods with security demands brought on by risks like terrorism, piracy, and theft. Concerns regarding supply chain security overreach have been voiced by several observers.

Activities typical of supply chain security include:

1) Credentialing of Supply Chain Participants
2) Examining and confirming the cargo's contents before shipping
3) The target countries must be informed in advance of the contents.
4) Using locks and tamper-proof seals to protect goods while it is being transported

5) Examining the goods upon entrance

One of the main forces behind the expansion of the world economy is international commerce. The freight supply networks of today's globalized world are complex and include a wide range of stakeholders. Unfortunately, these supply networks are also open to abuse, including theft, pilferage, and, in the worst case, abuse by terrorists seeking to achieve their own objectives. Thus, prevention of such events is essential since the effects of a devastating assault on the global economic system cannot be tolerated. The supply chain has to be safeguarded to prevent such exploitations. Supply chain security can only be attained by considering supply networks as a whole, rather than isolating certain nodes and linkages.

A chain is only as strong as its weakest link, as the saying goes. Safeguarding the supply chain entails safeguarding each node and link in turn, establishing a chain of accountability that goes beyond the scope of each node and its linkages. Starting with the safe and secure packaging of the cargo, the supply chain must be secured. Additional security measures must be taken as the shipment progresses from the point of packing to the point of final deconsolidation to prevent or detect any tampering. Numerous nations and international organizations have created or are creating programs that include best practices and rules for assuring the security of the goods, procedures, and people involved in every supply chain movement. Examples of supply chain security programs include the following:

1) Customs-Trade Partnership against Terrorism (C-TPAT) of the United States
2) Program for Authorized Economic Operators (AEO) in the European Union
3) The Secure Exports Scheme of New Zealand
4) Framework for Securing and Facilitating Global Trade by the WCO
5) 28001 and ISO/PAS 28000

Operational Performance

In the internal and external exchanges of the company, supply chain management sees operational aspects like purchasing/supply organization as the integrating mechanism. Operations managers must, on the one hand, creatively address the needs of internal customers and, on the other, sustain lucrative working relationships with suppliers. The internal exchange function of buying highlights the interconnectedness of an organization's intake, throughput, and output. The supplier and buying organizations' external exchange connection is interactive in character. Both buyers and sellers engage in comparable activities in commercial marketplaces, including:

1. To create specifications that meet the needs,
2. Find equivalents,
3. Negotiate,
4. Make an effort to regulate transactions.

Buyers' buying tactics are influenced by the marketing efforts of suppliers, and vice versa. In an interactive buyer-seller relationship, buying is more than just buying, and selling is more than just marketing. Every purchasing action is a sale and a step in the value-creation process, according to systems theory and the complete quality perspective. Because they can supply technology, information, superior goods or services, suppliers have the opportunity to increase this value.

The following activities are often included in an organization's operational dimensions:

Do the fundamentals correctly: Doing the fundamentals well lowers the time spent intervening sometimes in daily operations. Additionally, it dissipates criticism of responsiveness and effectiveness. If the routine procedures go well, buying will have more time to adopt a more strategic strategy.

Use cross-functional short-term project teams: These short-term attempts may be successful in thawing out entrenched beliefs about how activity is conducted. Thinking about problems farther upstream, such as material specification, strategic make/buy analysis, etc., is encouraged by a cross-functional approach.

Develop the supporting organizational infrastructure: Create the organizational infrastructure that will support strategic operations. Organizational support for strategic operations typically focuses on five areas: leadership, organizational structure, talent development, performance measurement, and information systems. A corporate-wide buying leadership group is generally established as part of organizational reforms. To enable them to create a successful network, the organizational structure and decision-making processes are often changed. The organization's capabilities have also been upgraded, appropriate performance indicators have been established, and a center-led structure with frequent cross-functional project teams has been created.

CONCLUSION

Any firm engaged in the transfer of commodities must successfully manage its supply chain and logistics. To save costs and satisfy customers, it is crucial to manage inventory, transportation, storage, and distribution systems effectively. Businesses may streamline operations, cut lead times, decrease stock outs, and enhance supply chain performance by employing efficient supply chain logistics administration practices. To simplify the management of their supply chain operations, businesses must make investments in technology, data analytics, and cooperative partnerships with suppliers and partners. In order to fulfill changing client needs and maintain their competitive edge in the market, organizations should prioritize the growth and improvement of their supply chain logistics administration skills.

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