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IMSE 802 Supply Chain Decision Making

Case Study: *Distribution Logistics*

July 9th, 2018

**Description of the functional area**

In this case study entitled, *Distribution Logistics*, the key functional area was logistics. This study looked at the global glass industry and the distribution thereof. This functional area consisted of several components, the first being logistics of glass, the distribution center locations, and overall customer service level ratings.

**Overview of the study**

This study looked at the global glass industry and the distribution. The company, VASA, had four different types of glass: Float, Cathedral, Laminated, and Mirror. Garcés Castiella, CEO of Vidriería Argentina S.A. (VASA), decided to take his companies logistics strategy seriously for his company’s local customer network. Three basic alternatives were identified: transforming the two transportation companies that had traditionally provided the distribution service, replacing them with more sophisticated logistics suppliers, or taking total control of distribution to customers by developing a new option. With rising customer complaints and demands, VASA was forced with decisions to be made about how long their hold times were taking to get to their customers. VASA was responsible with satisfying all customer demands, order processing, delivery management, and transportation company choices. Meeting high service standards with deliveries was becoming increasingly difficult to achieve. Customers complained of late truck arrivals and failure to fulfill orders. Many longtime customers grumbled that VASA’s service was not as good as it used to be. They demanded that VASA maintain tighter control over order dispatch and compliance with agreed-upon delivery timetables. The study culminates with the CEO making the following statement, “I have to decide which logistical approach to pursue. One way or the other the commitment of the major supply chain players will be essential to maintain VASA’s leadership.”

**Three important points learned from the study**

Several key points were learned from this study, namely the sheer value these logistics and distribution systems add to an organizations workflow. Several important details learned were:

1. The importance of logistics and distribution systems.

Above all, the most important take-a-way was how much stress these systems get in light of organizations at large. If huge companies are willing to pay top dollar for to optimize for these systems, they must be providing some extreme utility to them.

1. How distribution costs with customer complained and demands, can bottleneck an organization.
2. The integrality of logistics and distribution with respect to the supply chain.

**Conclusion**

The supply chain is a very complicated process, with flows and channels that enable each layer. Without a fluid stream of logistics and distribution, this process that was intended to save a lot of many to producers and consumers alike, could be very complicated, overwhelming, and costlier than beneficial. Customer demands in junction with complaints can cause huge stresses on an organization such as VAST. Cost efficient logistics and distribution systems are needed to make these supply chains work. There is not a one size fits all for logistics and distribution systems, but there are some general standards. Without logistics and distribution systems, the transportation timeliness and profitability of the supply chain would be greatly reduced and could possibly be put to a standstill.