**DIPLOMA IN PROCUREMENT AND SUPPLY CHAIN ASSIGNMENTS 3**

1. **Define logistics. What are the advantages and disadvantages of logistics to an organization?**

Logistics refer to the overall process of managing how resources are acquired, stored, and transported to their destination. (Will Kenton,2019)

**Advantages of logistics**

Creates value in an organization by making sure products more available other than maintaining quality and quantity making available of products that are in demand will help to create value.

Helps in reducing costs as well as improving efficiency by establishing partnerships with other businesses.

Logistics helps an organization deliver products at the right place and timely though most of the times timelines might be ideally realized due to natural causes or government policies.

A reliable logistics can help build and maintain a positive image of an organization to the public and hence increased sales and confident to many customers.

**Disadvantages of logistics**

Sometimes it might pose hardships to organizations in getting dedicated staffs to manage logistics functions.

Sometimes when organizations are not able to choose the right partner in outsourcing might bring about stretched delivery times, poor quality and improper categorization of responsibilities.

1. **Why should an organization use Just in Time? Give its advantages and Dis disadvantages**.

Just in time is an inventory management system, used to manage the stock that is kept in storage. It involves receiving goods from suppliers as and when they are required, rather than carrying a large inventory at once. The main purpose of using this inventory system is to minimize the amount or quantity of materials the company holds at any one time.

Advantages of using this system are as follows:

**Less space needed**: With a faster turnaround of stock, you don’t need as much warehouse or storage space to store goods. This reduces the amount of storage an organization needs to rent or buy, thus helping in freeing or rather using up funds for other business processes.

**Waste reduction**: A faster turnaround of stock prevents goods becoming damaged or obsolete while sitting in storage, reducing waste. This again saves money by preventing unnecessary stock, hence reducing the need to replace old stock.

**Smaller investments**: just in time inventory management is beneficial/ideal for smaller companies that do not have enough funds available to purchase huge amounts of stock at once. Its very helpful in ordering stock as and when it is needed thus maintaining a healthy flow of cash within an organization.

**Disadvantages of just in time system**

**Risk of running out of stock**: By not carrying much stock, it is imperative you have the correct procedures in place to ensure stock can become readily available, and quickly. JIT means that you become extremely reliant on the consistency of your supply chain. What if your supplier struggles with your requirements, or goes out of business? Can you get the products quickly from somewhere else?

**Lack of control over time frame**: Having to rely on the timeliness of suppliers for each order puts the business at risk of delaying customers’ receipt of goods. If the business fails to meet customers’ expectations, customers could take their business elsewhere, which would have a huge impact on the business if this occurs often.

**More planning required**: With JIT inventory management, it is imperative that companies understand their market trends and variances in close detail. Therefore, one would need to factor that into planning for inventory levels, ensuring suppliers are able to meet different volume requirements at different times. (Patricia Barlow Post Date: 28th August 2015)

1. **Can supply chain management be used as a competitive advantage by an organization?**

**Give 5 reasons well explained.**

Organizations should to be encouraged to establish strategies that are relevant to the satisfaction of their customers through making priorities that must be adhered to by their suppliers to gain a competitive edge in the market trends.

Krajewski, Ritzman, and Malhotra (2013), suggested the following strategies as a means of gaining competitive advantage that can be used by an organization to remain relevant in the dynamic market trends.

**Cost strategy:** Focuses on delivering a product or service to the customer at the lowest possible cost without sacrificing quality. Walmart has been the low-cost leader in retail by operating an efficient supply chain.

**Time strategy:** This strategy can be in terms of speed of delivery, response time, or even product development time. Dell has been a prime example of a manufacturer that has excelled at response time by assembling, testing, and shipping computers in as little as a few days. FedEx is known for fast, on-time deliveries of small packages.

**Quality strategy:** Consistent, high-quality goods or services require a reliable, safe supply chain to deliver on this promise. If Sony had an inferior supply chain with high damage levels, it wouldn’t matter to the customer that their electronics are of the highest quality.

**Flexibility strategy:** Can come in various forms such as volume, variety, and customization. Many of today’s e-commerce businesses, such as Amazon, offer a great deal of flexibility in many of these categories.

1. **What are inventories? How important are they to an organization?**

Inventories consist of raw material, work-in-process and finished goods which are held by a business in ordinary course of business, either for sale or for using them in the process of producing goods and services. (Irfanullah Jan and last modified on Mar 18, 2019)

There are various reasons companies maintain their desired inventories levels as follows:

* To meet an anticipated increase in demand
* To protect against unanticipated increases in demand
* To take advantage of price breaks for ordering raw materials in bulk
* To prevent the idling of a whole factory if one part of the process breaks down
* To keep a steady stream of material flowing to retailers rather than making a single shipment of goods to retailers.
* Inventory can also be used as [collateral](https://investinganswers.com/node/1034) to obtain financing in some cases.

1. **Why is planning essential in logistics and supply chain management?**

Effective planning is of most important for any business in the logistics, transport and supply chain industries. It helps companies in boosting their efficiency and productivity, as well as helping in reducing operational expenses.

The key objective of logistics is to provide customer satisfaction by having the correct product in the correct place at the correct time. Competition worldwide is increasing. Creating customer satisfaction is important to most companies.

Helps in maintaining order in operations: an organized company provides employees with much safer environment thus enabling them to become more productive.

Improves efficiency: good planning in logistics and supply chain management makes it easier for an organization to store and order materials properly. It also makes it easier for you to locate each item. Therefore, you get to speed up transactions and improve business productivity.

Provides financial benefits to the company: Effective logistics planning and management will ultimately [secure shipping transactions against lost or wasted products](https://smallbusiness.chron.com/strategic-logistics-plan-examples-18183.html). For example, one may be spending money on materials or storage that are not needed, hence the need to Implement a planning system to keep track of all your materials to save on business costs and at the same time, boost your revenue.

**References:**

Logistics definition: Will Kenton,2019

Essence of planning in logistics and supply chain management; Christopher, M. (2011) Logistics & Supply Chain Management, 4th Edition, Pearson, Great Britain)

Definition of inventory as borrowed from; Irfanullah Jan and last modified on Mar 18, 2019)

Krajewski, Ritzman, and Malhotra (2013)

Disadvantages of just in time; (Patricia Barlow Post Date: 28th August 2015)