ASSIGNMENTS

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

* Definition of Logistics: Logistics is the process of strategically managing the procurement, movement and storage of materials, parts and finished inventory (and the related information flows) through the organization and its marketing channels in such a way that current and future profitability are maximized through the cost-effective fulfillment of orders*.*

**Advantages of Logistics to an Organization**

* Higher efficiency rate-enables the organization in planning to predict demand and act accordingly and adjust more dynamically to fluctuating economy wastages are eliminated too.
* Inventory Buffers-to minimize holding costs while providing enough flexibility to meet customer demands.
* Risk Mitigation-helps identify critical risk factors
* Optimal shipping/delivery options-this helps an organization to determine the best way to reduce cost and time.
* Stay on top of Demand-this helps the organization to predict demand for their products accordingly to accommodate fluctuating economies, respond to changes in demand.
* Minimizes delays which can lead to poor relations and lost businesses.
* Improved customer service, with technology it’s easier to put products on hands of consumers, you can track shipment, products and materials.
* Reduction in overhead costs -helps an organization to cut costs by providing knowledge and skills without affecting overall operations In a drastic manner or product quality and price of final product.
* **Disadvantages of Logistics to an Organization**
* Departmental disputes as it involves multiple departments like purchasing, manufacturing, e.t.c
* Lack of accountability caused by intervening multiple departments hence weak leadership.
* Delays mainly caused by continued globalization and complexities

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

[Just-In-Time](https://www.accountingtools.com/articles/2017/5/9/just-in-time) (JIT) keeps [inventory](https://www.accountingtools.com/articles/2017/5/13/inventory) levels low by only producing for specific customer orders. The result is a large reduction in the inventory investment and [scrap](https://www.accountingtools.com/articles/2017/5/16/scrap) costs, though a high level of coordination is required. This approach differs from the more common alternative of producing to a forecast of what customer orders might be. By using Just-In-Time concepts, there is a greatly reduced need for [raw materials](https://www.accountingtools.com/articles/2017/5/13/raw-materials-inventory) and [work-in-process](https://www.accountingtools.com/articles/2017/5/13/work-in-process-inventory), while [finished goods](https://www.accountingtools.com/articles/2017/9/20/finished-goods) inventories should be close to non-existent. The use of Just-In-Time inventory has the following advantages:

* There should be minimal amounts of inventory [obsolescence](https://www.accountingtools.com/articles/2017/5/9/obsolescence), since the high rate of [inventory turnover](https://www.accountingtools.com/articles/what-is-inventory-turnover.html) keeps any items from remaining in stock and becoming obsolete.
* Since production runs are very short, it is easier to halt production of one product type and switch to a different product to meet changes in customer demand.
* The very low inventory levels mean that inventory [holding costs](https://www.accountingtools.com/articles/2017/5/10/holding-costs) (such as warehouse space) are minimized.
* Cost efficiencies since less inventory is required.
* Less inventory can be damaged within the company, since it is not held long enough for storage-related accidents to arise. Also, having less inventory gives materials handlers more room to maneuver, so they are less likely to run into any inventory and cause damage.
* Production mistakes can be spotted more quickly and corrected, which results in fewer products being produced that contain defects.

Despite the magnitude of the preceding advantages, there are also some disadvantages associated with just-in-time inventory, which are:

* A supplier that does not deliver goods to the company exactly on time and in the correct amounts could seriously impact the production process.
* A natural disaster could interfere with the flow of goods to the company from suppliers, which could halt production almost at once.
* An investment should be made in information technology to link the computer systems of the company and its suppliers, so that they can coordinate the delivery of parts and materials.
* A company may not be able to immediately meet the requirements of a massive and unexpected order, since it has few or no stocks of finished goods.

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

Give 5 reasons well explained.

To accomplish this, an organization should establish competitive priorities that their supply chain must have to satisfy internal and external customers. They should then link the selected competitive priorities to their supply chain and logistics processes.

Krajewski, Ritzman, and Malhotra (2013) suggest breaking an organization’s competitive priorities into cost, quality, time, and flexibility capability groups:

* **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.

In many cases, an organization may focus on more than one of these strategies, and even when focusing on one, it doesn’t mean that they will offer subpar performance on the others (just not “best in class” perhaps).

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

Inventories are goods that are in various stages of being made ready for sale, including:

* Finished goods (that are available to be sold)
* Work-in-progress (meaning in the process of being made)
* Raw materials (to be used to produce more finished goods)

Inventory is generally the largest current asset – items expected to sell within the next year – a company has.

**How important are they to an organization?**

It is a current asset on an organization’s balance sheet. More important, it is a major part of your ongoing business operations. For manufacturers, inventory includes raw materials used to make and assemble products. For resellers, it includes products you acquire to resell to customers. In either case, you need inventory to earn revenue.

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

## a.Improves efficiency-Logistics planning also improves your

## company’s efficiency. On-site logistical planning makes it easier

## for you to store all materials properly. It also makes it easier for

## you to locate each item. Therefore, you get to speed up

## transactions and improve business productivity

b.Provides environmental benefits- A growing number of businesses are now

becoming fully conscious of the need to protect the environment. Therefore, many

are often looking for ways to diminish their impact on the environment. By

producing less waste due to excess materials, you can help reduce the waste sent

to landfills

## c.Less delay in construction- Since using an effective logistics planning and

## management system can help you keep track of all construction materials, there are

## lesser chances of delays. Bear in mind that a delay in any part of the job can

## influence the project’s completion. If there is a delay on panel installation, for

## instance, then the tasks of the other crew will be delayed as well.

d. Provides financial benefits- Effective logistics planning and management can

[secure your shipping transactions against lost or wasted products](https://smallbusiness.chron.com/strategic-logistics-plan-examples-18183.html). For example

, you may be spending money on materials or storage that you do not actually

need. Implement a system to keep track of all your materials to save on business

## costs and at the same time, boost your revenue

**e.**Reduces the need for labour**-** Any excess materials are needed to be handled by

some of your employees, who could be rather doing something else on the site. By

using an efficient management software system to track and organise all materials

on the site, you will only have to manage the right materials needed for the

project. This, in turn, helps your employees to become more productive by

## focusing on their other tasks

f. Helps maintain order- Logistics planning also helps maintain order on the site.

An organized site can provide your workers with a much safer work environment.

## It will also help them become more productive

g. Reduces time spent on tracking materials- There are specific freight management

software programs that you can use to improve your logistics. Using this type of

software can improve freight tracking. Thus, it will be easier for you to check the

materials that you need for construction. It also makes it easier for you to manage

your billing as well as subcontractor invoicing