

# Galgotias University



**PBL Report**

**Topic**

## **Factors Affecting LSCM**

**BBA Logistics and supply chain management 6<sup>th</sup> Semester**

Submitted by:- Akshat chawla

Admission No. :- 18SLAM1010025

Submitted to:- Prof. Ashok Kumar Sharma

BBA LSCM 6<sup>th</sup> Semester

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# Certificate

This is to certify that Akshat Chawla (18SLAM1010025), final year student of BBA Logistics and supply chain management of Galgotias University has made his PBL report on the topic “Factors Affecting LSCM” under the guidance of Prof. Ashok Kumar Sharma (H.O.D Logistics and supply chain management) in October 2020.

# Declaration

I hereby declare that the work done on the PBL report made on the topic of “Factors affecting LSCM ”is solely done by me. No part of it is taken from any other source and is my original work.

# Acknowledgement

I would like to express my special thanks of gratitude to Prof. Ashok Kumar Sharma as well as Prof. Avdhesh Kumar Yadav who gave me the golden opportunity to do this wonderful project on the topic “Factor affecting LSCM” which also helped me growing my knowledge and I came to know about so many new things.

I am really thankful to them.

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Thanks again to all who helped me.

# Abstract

This Project report is about the factors that affect the Logistics and supply chain management. It has been made with the view to know more about the factors on which someone has to keep a note before taking the decision in the supply chain. In this report all the importance is also covered to get a wide knowledge about the topic.

# Introduction

The supply chain is the overall total concept of the flow of goods at the same time. Logistics is just one part of it. Now since the world is getting interconnected and it is becoming faster. The factors that are affecting the supply chain and logistics are also getting higher. Today customer want a high speed delivery that can help them get their goods within no time. Customer satisfaction has become a very important part in this field. With the introduction of e-commerce it has become more crucial to maintain a good supply chain. Thus now we would see the factors that are affecting the logistics and supply chain management.

# Define Logistics



Logistics is generally the detailed organisation and implementation of a complex operation. In a general business sense, logistics is the management of the flow of things between the point of origin and the point of consumption in order to meet requirements of customers or corporations. The resources managed in logistics can include physical items such as food, materials, animals, equipment, and liquids; as well as intangible items, such as time and information. The logistics of physical items usually involves the integration of



information flow, materials handling, production, packaging, inventory, transportation, warehousing, and often security.

Logistics management is the part of supply chain management that plans, implements, and controls the efficient, effective forward, and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customer's requirements. The complexity of logistics can be modelled, analysed, visualised, and optimised by dedicated simulation software. The minimisation of the use of resources is a common motivation in all logistics fields. A professional working in the field of logistics management is called a logistician.

## 7 Rs of logistics

1. Right Product
2. Right Quantity
3. Right Condition
4. Right Place
5. Right Time
6. Right Customer
7. Right Price

# Important for Effective Logistics Management & Network Optimisation

## 1. Proper Planning

The first step to accomplishing a task is planning. Now, planning encapsulates various factors. It involves procuring the goods, storage facilities, and delivery of products to the exact location.

Apart from these, the other parameters are – time, transportation, and the costs. A supply chain operative should be able to devise the flow chart for the whole operation. The purpose of planning is to attain maximum work in the least possible time. At the same time, the planning should aim at maximising the profits.

## 2. Adopt Automation

In the age of automation, technology plays a major role in increasing the efficiency of an organisation. Automation has a vital role in the business process optimisation. There is valuable software that can be deployed in the logistics process.

- The goods that are dispatched from the supplier
- Procurement of the goods at the warehouse, and lastly,
- Delivery of the goods at the destination

### 3. Value Relations

The team is an essential aspect of an organisation that is responsible for the growth. Whether it's the delivery guy or the warehouse manager, everyone should be perfect in their respective field of work. For this, you need to invest in proper training of the employees. Regular training workshops keep the employees updated with the latest trends in the logistics industry.

### 4. Warehouse Management

Effective logistics management is incomplete without proper warehouse management. Warehouse operations are considerably dependent on the type of goods. Moreover, maximise the storage capacity of the warehouse. Usage of vertical storage columns is recommended. Effective implementation of the software for sequencing the products is necessary because there should be no delay while locating the product when the order is placed.

## 5. Efficient Transportation

Transportation department can be analysed to decrease the expenses of the logistics firm and at the same time, it can be revamped for faster delivery of the products. Following factors should be considered for efficient transportation:

- Determining the best delivery route. A logistics firm should opt for the shortest yet safest route. This is beneficial for saving money as well as time.
- Cost-effective packaging that ensures low investment and safety of goods as well. Optimise the packaging so that it occupies less volume and it does not increase the weight of the package.

## 6. Measure and Improve

Logistics network optimisation is incomplete without integrating measurement, analysis, and feedbacks. When you deploy new strategies in the system, you need to measure the output. This is important as it intimates the success or failure of the strategy. Measurement tools and software should be integrated that easily determines and classifies the information as per the requirement. Your future planning is heavily dependent on the measured information.

# Define Supply Chain



Supply chain management (SCM) is the oversight of materials, information and finances as they move in a process from supplier to manufacturer to wholesaler to retailer and then to the consumer. The three main flows of the supply chain are the product flow, the information flow and the finances flow. These occur across three main stages: strategy, planning and operation. SCM involves coordinating and integrating these flows both within and among companies.

# Importance of Supply Chain

## 1. Boost Customer Service

- Customers expect the correct product assortment and quantity to be delivered.
- Customers expect products to be available at the right location. (i.e., customer satisfaction diminishes if an auto repair shop does not have the necessary parts in stock and can't fix your car for an extra day or two).
- Right Delivery Time – Customers expect products to be delivered on time (i.e., customer satisfaction diminishes if pizza delivery is two hours late or Christmas presents are delivered on December 26).

## 2. Reduce Operating Costs

- **Decreases Purchasing Cost** – Retailers depend on supply chains to quickly deliver expensive products to avoid holding costly inventories in stores any longer than necessary. For example, electronics stores require fast delivery of 60" flat-panel plasma HDTV's to avoid high inventory costs.
- **Decreases Production Cost** – Manufacturers depend on supply chains to reliably deliver materials to assembly plants to avoid material shortages that would shutdown production. For example, an unexpected parts shipment delay that causes an auto assembly plant shutdown can cost \$20,000 per minute and millions of dollars per day in lost wages.

### 3. Improve Financial Position

- **Increases Profit Leverage** – Firms value supply chain managers because they help control and reduce supply chain costs. This can result in dramatic increases in firm profits. For instance, U.S. consumers eat 2.7 billion packages of cereal annually, so decreasing U.S. cereal supply chain costs just one cent per cereal box would result in \$13 million dollars saved industry-wide as 13 billion boxes of cereal flowed through the improved supply chain over a five year period.
- **Decreases Fixed Assets** – Firms value supply chain managers because they decrease the use of large fixed assets such as plants, warehouses and transportation vehicles in the supply chain. If supply chain experts can redesign the network to properly serve U.S. customers from six warehouses rather than ten, the firm will avoid building four very expensive buildings.

# Difference Between Logistics and Supply Chain

- The basic difference between Logistics and Supply Chain Management is that Logistics management is the process of integration and maintenance (flow and storage) of goods in an organisation whereas Supply Chain Management is the coordination and management (movement) of supply chains of an organisation.
- Another difference between Logistics and Supply Chain Management is that the objective of Logistics Management is customer satisfaction while Supply Chain Management emphasises more on competitive advantage.
- Earlier to deliver any goods or services to its final customers only Logistics Management was applied whereas Supply Chain Management is an evolved and modern concept of the same.



- Another difference between Logistics Management and Supply Chain Management is that Logistics Management involves only one organisation whereas multiple organisations (coordination and collaboration of parties like suppliers, intermediaries, distributors and customers) are involved with Supply Chain Management.
- Another most important difference between Logistics Management and Supply Chain Management is that Logistics Management is a small part of Supply Chain Management whereas Supply Chain Management is a new and modern concept.
- The difference between SCM and Logistics is that Supply Chain Management (SCM) involves the planning, implementation and effective storage of goods and services between the point of origin and point of consumption to meet customer requirements. Whereas Logistics Management's main objective is to deliver the right product at the right time with all other attributes in place.

- Another difference between SCM and Logistics is that Supply Chain Management (SCM) is a series of interconnected activities related to the movement of raw materials to finished goods until it reaches the end-user. Whereas Logistics Management involves activities like warehousing, proper packaging, order fulfilment, stock control and stock management.
- Another difference between SCM and Logistics is that Supply Chain Management is a broader term which refers to the connection with the suppliers to the ultimate consumer. Whereas Logistics Management is associated with only maintenance and storage of goods.
- Logistics is a very old term whereas Supply Chain has evolved as a new concept. Supply Chain Management is an addition over Logistics Management where both complement each other for effective distribution of goods and services.

# Factors affecting logistics and supply chain

## 1. Customer Perspective

The ideal situation for any retailer or manufacturer is to have just enough inventory on hand to sell or to keep production lines running smoothly. These customers wish to hold as little stock as possible without running out.

Since most clients require several different items, each sold or used at a different pace, forecasting the product mix becomes an integral part of their equation. Additional variables, such as sales promotions at the retailer or seasonal inventory build by the manufacturer, can make forecasting difficult.

## 2. Distributor Perspective

The perfect circumstance for distribution management is to have all fully loaded trucks operating on regularly scheduled routes 100% of the time with a 100% safety record.

Since customer sales ebb and flow in real life, achieving this ideal objective is difficult. In some circumstances, temperature control and other special handling can further complicate the issue.

### 3. Communication

Running out of product or component parts is the customer's worst nightmare. Distribution management must ensure the proper flow of information, forecasting, and accurate, safe, and timely deliveries are provided.

### 4. Planning & Measuring: Creating a Culture

The first step in preparation is to develop a customer-focused mission and company culture that blends the importance of customer satisfaction with the realities of business profitability.

### 5. Training & Commitment

Training employees to execute the needs of a distribution company is more than explaining and showing "how" to perform a function. Underlying successful performance is a result of individuals understanding "why" a job needs to be done right and the potential ramifications of poor performance to the company's future.

# Conclusion

**We can conclude from the discussion that the overall Logistics and supply chain is dependent on the factors, that are:**

- 1. Production**
- 2. Product**
- 3. Market**
- 4. Trade**
- 5. Storage**
- 6. Transportation**
- 7. Politics**
- 8. Organisation**

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