

# Container Corporation Of India Professional Knowledge Digest

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## Logistics

Logistics is generally the detailed organization 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.

**Inbound Logistics:** the receiving and warehousing of raw materials, and their distribution to manufacturing as they are required. **Operations:** the processes of transforming inputs into finished products and services.

**Outbound Logistics:** the warehousing and distribution of finished goods.

## Logistics management

Logistics management is a supply chain management component that is used to meet customer demands through the planning, control and implementation of the effective movement and storage of related information, goods and services from origin to destination.

Logistics management helps companies reduce expenses and enhance customer service.

The logistics management process begins with raw material accumulation to the final stage of delivering goods to the destination.

By adhering to customer needs and industry standards, logistics management facilitates process strategy, planning and implementation.

Logistics management involves numerous elements, including:

- Selecting appropriate vendors with the ability to provide transportation facilities
- Choosing the most effective routes for transportation
- Discovering the most competent delivery method
- Using software and IT resources to proficiently handle related processes

In logistics management, unwise decisions create multiple issues. For example,

- Deliveries that fail or are delayed lead to buyer dissatisfaction.
- Damage of goods, due to careless transportation, is another potential issue.
- Poor logistics planning gradually increases expenses, and issues may arise from the implementation of ineffective logistics software.

Most of these problems occur due to improper decisions related to outsourcing, such as selecting the wrong vendor or carrying out delivery tasks without sufficient resources.

To resolve these issues, organizations should implement best logistic management practices.

- Companies should focus on collaboration rather than competition.
- Good collaboration among transportation providers, buyers and vendors helps reduce expenses.
- Also, an efficient and safe transportation provider is vital to business success.

## Supply Chain Management (SCM)

Supply chain management (SCM) is the management of the flow of goods and services. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption.

Supply chain management (SCM) is the management and oversight of a product from its origin until it is consumed.

SCM involves the flow of materials, finances and information. This includes product design, planning, execution, monitoring and control. The goal of this process is to reduce inventory, increase transaction speed and improve work flow with profit in mind.

Software application tools and modules enhance and ensure SCM efficiency.

Outsourcing has magnified SCM complexity because the supply chain now includes more organizational roles.

Managing this complexity requires strict adherence to the following activities:

- Strategic: Ensures efficient product movement and communication.
- Tactical: Determines transportation, production, scheduling and research processes.
- Operational: Determines the rate of production material, supply consumption and flow of finished goods.

Supply chain management often involves the use of supply chain software applications, which has virtually revolutionized the old system.

Supply chain management flows can be divided into three main flows:

- The product flow
- The information flow
- The finances flow

The product flow includes the movement of goods from a supplier to a customer, as well as any customer returns or service needs. The information flow involves transmitting orders and updating the status of delivery. The financial flow consists of credit terms, payment schedules, and consignment and title ownership arrangements.

There are two main types of SCM software: planning applications and execution applications. Planning applications use advanced algorithms to determine the best way to fill an order. Execution applications track the physical status of goods, the management of materials, and financial information involving all parties.

# Container Corporation Of India Professional Knowledge Digest

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Some SCM applications are based on open data models that support the sharing of data both inside and outside the enterprise (this is called the extended enterprise, and includes key suppliers, manufacturers, and end customers of a specific company). This shared data may reside in diverse database systems, or data warehouses, at several different sites and companies.

## Transportation management system (TMS)

A transportation management system (TMS) is software that facilitate interactions between an organization's order management system (OMS) and its warehouse management system (WMS) or distribution center (DC).

TMS products serve as the logistics management hub in a collaborative network of shippers, carriers and customers. Common TMS software modules include route planning and optimization, load optimization, execution, freight audit and payment, yard management, advanced shipping, order visibility and carrier management.

The business value of a fully deployed TMS should achieve the following goals:

- Reduce costs through better route planning, load optimization, carrier mix and mode selection.
- Improve accountability with visibility into the transportation chain.
- Provide greater flexibility to make changes in delivery plans.
- Complete key supply chain execution requirements.

These systems have been offered with different types of licensing arrangements:

- On-premises licensing (traditional purchased license)
- Hosted licensing (remote, SaaS, Cloud)
- On-premises hosted licensing (a blend of 1 and 2)

Transportation management systems manage four key processes of transportation management:

1. **Planning and decision making** – TMS will define the most efficient transport schemes according to given parameters, which have a lower or higher importance according to the user policy: transport cost, shorter lead-time, fewer stops possible to ensure quality, flows regrouping coefficient, etc.
2. **Transportation Execution** – TMS will allow for the execution of the transportation plan such as carrier rate acceptance, carrier dispatching, EDI etc..
3. **Transport follow-up** – TMS will allow following any physical or administrative operation regarding transportation: traceability of transport event by event (shipping from A, arrival at B, customs clearance, etc.), editing of reception, custom clearance, invoicing and booking documents, sending of transport alerts (delay, accident, non-forecast stops...)
4. **Measurement** – TMS have or need to have a logistics key performance indicator (KPI) reporting function for transport.

# Container Corporation Of India Professional Knowledge Digest

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Various functions of a TMS include but not limited to:

- Planning and optimizing of terrestrial transport rounds
- Inbound and outbound transportation mode and transportation provider selection
- Management of motor carrier, rail, air and maritime transport
- Real time transportation tracking
- Service quality control in the form of KPI's (see below)
- Vehicle Load and Route optimization
- Transport costs and scheme simulation
- Shipment batching of orders

## Marketing

"Marketing is getting the right product or service in the right quantity, to the right place, at the right time and making a profit in the process". Marketing is about identifying and understanding your customer and giving them what they want. It's not just about advertising and promoting your business.

## Marketing management

Marketing management is the organizational discipline which focuses on the practical application of marketing orientation, techniques and methods inside enterprises and organizations and on the management of a firm's marketing resources and activities.

According to Philip Kotler, "Marketing management is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target markets for the purpose of achieving organisational objectives.

It relies heavily on designing the organisations offering in terms of the target markets needs and desires and using effective pricing, communication and distribution to inform, motivate and service the market." Marketing management is concerned with the chalking out of a definite programme, after careful analysis and forecasting of the market situations and the ultimate execution of these plans to achieve the objectives of the organisation.

Further, their sales plans to a greater extent rest upon the requirements and motives of the consumers in the market. To achieve this objective, the organisation has to pay heed to the right pricing, effective advertising and sales promotion, distribution and stimulating the consumers through the best services.

To sum up, marketing management may be defined as the process of management of marketing programmes for accomplishing organisational goals and objectives. It involves planning, implementation and control of marketing programmes or campaigns.

## Importance of Marketing Management

Marketing management has gained importance to meet increasing competition and the need for improved methods of distribution to reduce cost and to increase profits. Marketing management today is the most important function in a commercial and business enterprise.

# Container Corporation Of India Professional Knowledge Digest

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The following are the other factors showing importance of the marketing management:

- (i) Introduction of new products in the market.
- (ii) Increasing the production of existing products.
- (iii) Reducing cost of sales and distribution.
- (iv) Export market.

## Operations management

Operations management refers to the administration of business practices to create the highest level of efficiency possible within an organization. Operations management is concerned with converting materials and labor into goods and services as efficiently as possible to maximize the profit of an organization.

Operations management is chiefly concerned with planning, organizing and supervising in the contexts of production, manufacturing or the provision of services. As such, it is delivery-focused, ensuring that an organization successfully turns inputs to outputs in an efficient manner. The inputs themselves could represent anything from materials, equipment and technology to human resources such as staff or workers.

Examples of the types of duties or specialist positions this encompasses are procurement (acquiring goods or services from external sources), managing relations with those involved in processes, and improving a company's sustainability with regard to its use of resources.

## Operations management

Although productivity benefited considerably from technological inventions and division of labour, the problem of systematic measurement of performances and the calculation of these by the use of formulas remained somewhat unexplored until Frederick Taylor, whose early work focused on developing what he called a "differential piece-rate system" and a series of experiments, measurements and formulas dealing with cutting metals and manual labor. The differential piece-rate system consisted in offering two different pay rates for doing a job: a higher rate for workers with high productivity (efficiency) and who produced high quality goods (effectiveness) and a lower rate for those who fail to achieve the standard. One of the problems Taylor believed could be solved with this system, was the problem of soldiering: faster workers reducing their production rate to that of the slowest worker. In 1911 Taylor published his "The Principles of Scientific Management", in which he characterized scientific management (also known as Taylorism) as:

- The development of a true science;
- The scientific selection of the worker;
- The scientific education and development of the worker;
- Intimate friendly cooperation between the management and the workers.

# Container Corporation Of India Professional Knowledge Digest

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## International business

International business comprises all commercial transactions (private and governmental, sales, investments, logistics, and transportation) that take place between two or more regions, countries and nations beyond their political boundaries.

The exchange of goods and services among individuals and businesses in multiple countries.

A specific entity, such as a multinational corporation or international business company that engages in business among multiple countries.

### Types of operations

Exports and imports of merchandise:

- Service exports and imports
- Merchandise exports: goods exported, not including services.
- Merchandise imports: The import goods are the ones brought into a country.
- Service exports and imports are no product purchasing. It only about services. Services exports and imports can be divided into three most important categories
- "Tourism and transportation, service performance, asset use".
- Exports and Imports of products, goods or services are usually a country's most important international economic transactions.

### Physical and social factors

- Geographical influences: There are many different geographical factors that affect international business. In fact, the geographical size, the climatic challenges happening lately, the natural resources available on a specific territory, the population distribution in a country, etc. are some of the influences that have an effect on the international trade.
- Social factors: Political policies: political disputes, particularly, that result in the military confrontation can disrupt trade and investment.
- Legal policies: domestic and international laws play a big role in determining how a company can operate overseas.
- Behavioural factors: in a foreign environment, the related disciplines such as anthropology, psychology, and sociology are helpful for managers to get a better understanding of values, attitudes and beliefs.
- Economic forces: economics explains country differences in costs, currency values and market size.