

# INTERNATIONAL LOGISTICS AND SUPPLY CHAIN MANAGEMENT

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# LECTURE OBJECTIVES

Understanding about the complexity of:

- International logistics and security;
- Supply chain management and the Internet;
- International packaging issues;
- International storage issues; and
- International transportation issues.

# INTERNATIONAL LOGISTICS

- International logistics is the design and management of a system that controls the forward and reverse flow of materials, services, and information into, through, and out of the international corporation.
- The first phase is the material management and the second phase is the physical distribution
- Major concepts:
  - The system concept- components working together for a whole
  - The total cost concept- ultimately cost minimization is a must
  - The trade-off concept- finally it recognizes the linkages and makes the system efficient and effective e.g. locating warehouse

# INTERNATIONAL STORAGE ISSUES

- Warehousing internationally
- Managing many distribution centers
- Carrying and ordering costs
- Maintaining storage qualities/facilities
- Getting benefits of special trade zones

# INTERNATIONAL PACKAGING ISSUES

- Getting the merchandise safe, maintainable, presentable, usable, and consumable
- Maintaining product identity and labelling from the place of product origin to the place of consumption/use
- Managing for loading, transporting, unloading, storing, and installing

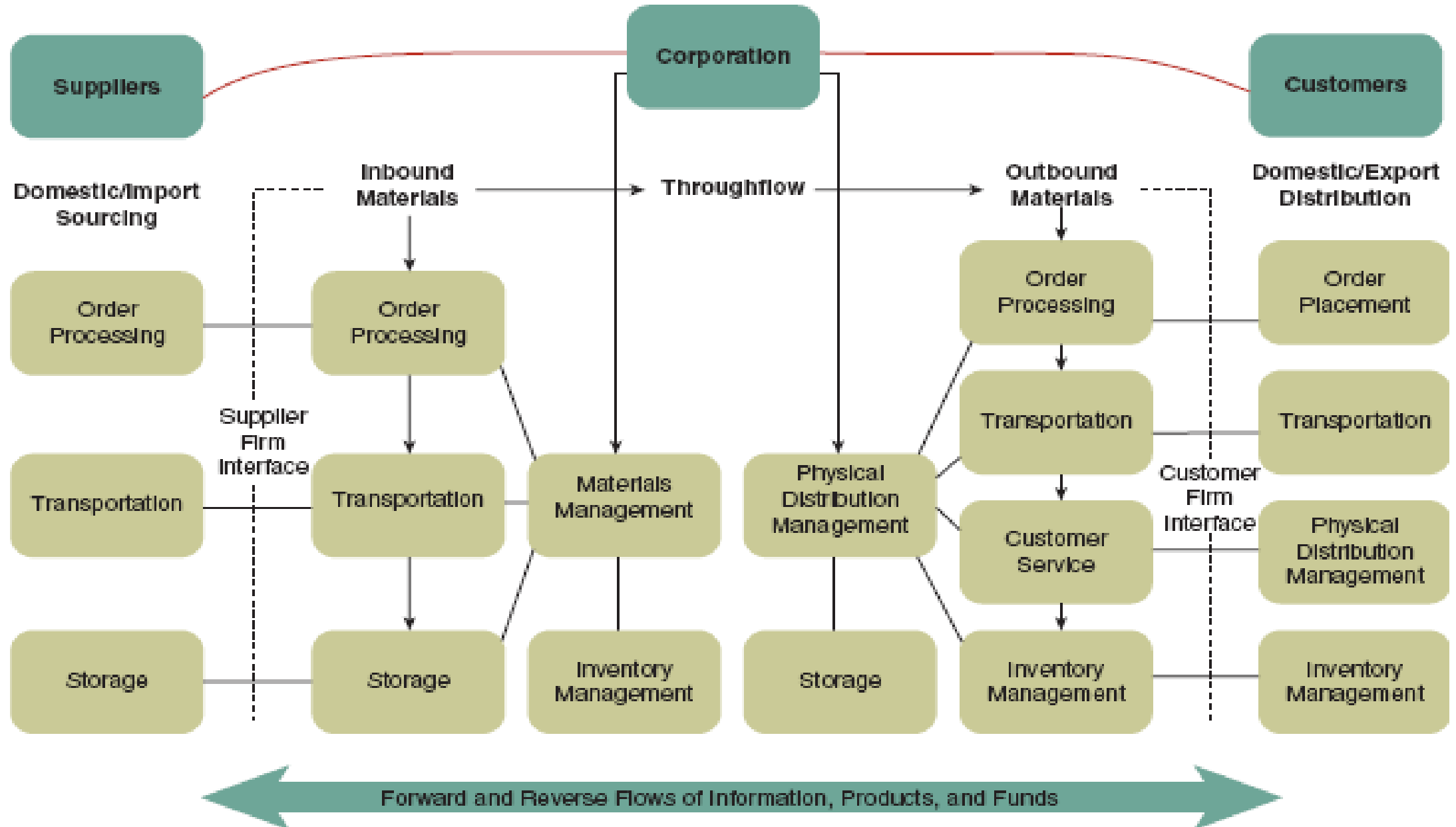
# INTERNATIONAL TRANSPORTATION ISSUES

- How and when merchandise will be received
- **Components of transportation:**
  - Infrastructure (the firm's logistics, transport networks)
  - Availability of modes (land, sea, air)
  - Choice of modes among the given alternatives (transit time, cost of transportation, predictability)
  - Transport documentation (airway bill, bill of lading, custom/export/import transit declaration, commercial invoice, letter of credit, insurance policy)

# INTERNATIONAL SUPPLY CHAIN MANAGEMENT

- Supply chain is the connection of a firm's supply side and demand side in which a series of value-adding activities connect the suppliers-firm-buyers/consumers
- Supply chain management is based on the three concepts of logistics management:
  - The system concept
  - The total cost concept
  - The trade-off concept

# INTERNATIONAL SUPPLY CHAIN: AN EXAMPLE (adopted from Czinkota et.al.)



# INTERNATIONAL SUPPLY CHAIN AND THE INTERNET

- Instrumentality of the Internet in finding information
- Possibility of global comparisons among suppliers and buyers
- Facilities for locating the cargo/consignments
- Benefits of e-commerce from order receiving to demand fulfilling
- Networking facilities within and outside the supply chain actors
- Many more opportunities and challenges e.g. time, cost, labor, and performance

# INTERNATIONAL SUPPLY CHAIN AND LOGISTICS SECURITY

- Emerging security concerns (hardware)
  - Terrorism
  - Wars and embargos
  - Social unrests
  - Robbery, stealing, plundering, etc.
- Emerging security concerns (software)
  - Plagiarism
  - Copy of design
  - Software malfunctioning e.g. viruses
  - Spying and hacking

# ASSIGNMENT AND EXERCISE

Make an overview on the following in consideration of the merchandise of your home country:

- International logistics and security;
- Supply chain management and the Internet;
- International storage issues; and
- International packaging issues.

## SELECTED READING

Chapter 16: Czinkota, M. R., Ronkainen, I. A., & Moffett, M. H. (2011). *International Business*. Hoboken, NJ: John Wiley & Sons.