# LOGISTICS CHAIN MANAGEMENT PROCESS – PARTICIPANTS AND THEIR ROLE

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***Abstract:*** *Globalization has become an undeniable part of commerce over the last few decades, as large companies have grown first to source labor and parts from developing regions, and then start selling in those same areas as they grew. Supply chains have had to keep in step, passing through numerous countries to get the goods most efficiently and cost effectively, and growing more complex as a result. And, on the other hand, the supply chain grows more fragmented to deliver to a many countries for consumption. For the largest companies, managing a supply chain can require dedicated teams in every area the chain touches.*
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## Introduction

Any successful business leader will acknowledge the crucial importance of effectively organized logistics. They understand that implementing seamless logistics is a key element in keeping pace with customer demands and outperforming competitors.

Supply chains are complex and sensitive as they depend on ever-changing customer demands. A supply chain can not ensure high value if it is not effectively organized transport. For this reason, logistics is one of the most crucial factors in the quality of any supply chain.

Providing value to customers does not only refer to quality or quantity. It also refers to availability. As better logistics makes your products more available to a growing group of people, wise business leaders consider it a very important tool in creating value for customers.

Logistics creates and increases the value of businesses by improving merchandise and ensuring the availability of products. In order to provide more value, businesses either work on improving their own logistic activities or rely on professionals.

Satisfied customers are the most valuable asset for any business. They are the main drive for supply chains in each of the three phases:

manufacturing, marketing and logistics. For this reason, it is a priority for every business owner to clearly understand customer needs, preferences and demands, and then work relentlessly to meet them.

The logistics chain, defined as the path of goods and information from a creator to an end user, enables any business to turn product into sales. Involving either tangible or intangible goods or services, it is the entire path which results in revenue for a company. Due to this fact, a firm must make sure to maintain a logistics chain which efficiently moves important materials from one place to another.

Essential to the logistics chain management process is an understanding of the plan, materials, and employees needed to bring logistics from beginning to end. This must be a part of all the employees of a company: from the CEO, to an accountant, mailroom staff, marketing specialist and even the IT security specialist. Each of these players must understand the plan, their place in it, and the single goal of any logistics chain: turning materials into products that eventually are sold to a customer.[1]

**Research methodology, data, results and conclusions.**

Process components of the logistics chain

There is a basic model for the logistics management practice. Each supply chain has its own set of market requirements, and yet these issues are essentially the same for each case. The internal efficiency of organizations in a supply chain is represented by a high return on assets and an attractive return on investment, as well as new ways of reducing operating expenses and selling expenses.

Companies need to make individual or collective decisions about their actions in 5 sectors:

1. Production - What products do you want on the market? How much to produce?

This activity includes the creation of production programs that take into account the bussines capacities, the equivalence of the useful workload, the quality control and the maintenance of the equipment.

2. Stock - What level of stock is to be provided for each stage of the supply chain?

What stock level to be provided for each of the raw materials, semi-finished products and finished products. The main purpose of the stock is to behave as a buffer against uncertainty in the supply chain. However, holding in stock involves high costs, which leads to determining the optimum stock level.

3. Location - Where should the facilities for production and storage be located? What are the most cost-effective locations for production and warehousing?

Do these facilities exist or need to be built? Once these decisions are made, the possible ways for a product to flow from delivery to the final consumer can be determined.

4. Transport - How should products be moved from one location to another? Air and truck transport are fast but cost-intensive. Water and rail transport are cheaper, but last longer and involve a certain degree of uncertainty. When is it preferable to use each mode of transport?
5. Information - What amount of information should be collected and how much information should be shared? The accuracy and timeliness of information is the basis for better coordination and an improved decision-making process on what products to produce and how much, at the location of the stocks and the most appropriate mode of transport.

A synthetic presentation of supply chain processes is proposed by Lambert and Cooper (2000):

| Supply Chain Processes | PROCESS DESCRIPTION |
|---|---|
| *The customers relationship management* | • In customer relationship management, key customers are identified, commitments are set where the expected performance level is specified for products and services. Also, the customer service team is working with customers to further detect and remove sources of demand variability. |
| *Customer Service Management* | • A single source of customer information is provided in this process. A contact point for tracking product / service engagements is set up. |
| *Demand management* | • Key points and key customers data are used to reduce the uncertainty factor and provide efficient flows along the supply chain |
| *Order fulfillment* | • Integration of the company's production, distribution and transport plans is done to ensure that the order is honored in a timely and correct manner. |
| *Manufacturing flow management* | • • Ideally, commands are processed on a just-in-time basis, where delivery times lead production priorities. |

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| | Moreover, the manufacturing process must be flexible enough to respond quickly to market changes. |
| *Supply* | • Long-term strategic alliances with supply groups are used in connection with fast-forward communication mechanisms (eg the Internet) |
| *Development and marketing of the product* | • Customer relationship management is coordinated with this process to identify the articulated and near-cracked customer needs. Supply is also involved in this process for the selection of materials and suppliers.<br>• Coordination with manufacturing flow management is required to develop production technology and integrate into the best flow of supply chain for the product / market combination. |
| *Returns* | • The return process allows you to identify opportunities to improve productivity |

The amount of these decisions will lead to the definition of capabilities and supply chain effectiveness. The way a company operates on the market depends to a large extent on the effectiveness of its supply chain. If the company's strategy is geared towards serving the global market and the competition is at the price level, then it is preferable to optimize the supply chain to reduce spending. If, however, the company's strategy is geared towards servicing a market segment and competition is at the level of customer service and convenience, then it is preferable for the supply chain to be optimized in the sense of responsibility.

Participants in the Supply Chain

In a simplistic form, a supply chain is made up of a company and its suppliers and customers. Extensive supply chains include three other types of participants. First there is the supplier provider or the first supplier at the beginning of the extended supply chain. Then there is the customer's customer or last customer at the end of the supply chain. Finally, there is an entire category of companies providing logistics, finance, marketing and technology services to the information of other companies in the supply chain.

In each supply chain there is a combination of companies that perform different functions. They are manufacturing, distribution, wholesaling, retailing, but also companies or individuals who are customers or final customers of the product. In support of these companies, others will come to provide different types of services.

**Producers**

Producers or manufacturers are those organizations that make the product. These include both raw material companies and finished products companies. The first category includes mining and mining and timber industries. This can also include livestock farms as well as fish companies. Undertakings manufacturing finished products use raw materials or sub-assemblies made by other manufacturers.

Manufacturers can make non-material goods such as music, entertainment, software or design.

In many cases, manufacturers of industrial, industrial products move to areas where the labor hand is cheaper. Manufacturers in North America, Europe, and Asia are mainly producers of goods and services.

**Distributors**

Distributors are those companies that take stock of products from manufacturers and then deliver them to customers. Distributors are also known as wholesalers. Typically, they sell to other economic agents produced in larger quantities than would normally be the consumer. Distributors protect manufacturers from the impact of fluctuations on product demand by storing goods and through customer search and service. For customers, distributors fulfill the "Time and Space" function, delivering products in place and at the time the customer desires.

A distributor is typically an organization that acquires the ownership of the stock of products that it has bought from the producers and which it sells to its customers. In addition to promotion and sales, the distributor also has other tasks such as inventory management, storage operations, transportation, as well as support and post-sales service for customers.

A distributor is also the company that only transports the products from the manufacturer to the customer but does not take ownership of them. This type of distribution fulfills the functions of product promotion and sales. In both cases, as customers' needs evolve and as the range of products available, the distributor is the agent that continually pursues customer needs and tries to find a correspondent among the available products.

**Retailers**

Retailers store the products they sell in smaller quantities to the general public. They also closely follow the preferences and requirements of the clients. It often uses price combinations, product selection, services, and availability as the main source of attraction for customers. Rebate sales shops attract customers through established prices and extensive product selection. Professionally specialized stores offer a unique line of high-quality products and services. Fast food restaurants have low prices and the convenience of the purchase process as sources of attraction.

**Customers**

Customers or consumers are the ones who buy and use the product. A company can buy a product in order to use it to manufacture another product and then sell it to other customers; or the customer can be the ultimate consumer of the product they buy for the purpose of consuming it.

**Service providers**

These are companies or societies that provide services to manufacturers, distributors, retailers and customers. Service providers have specialized in certain activities in the supply chain. In this way, they are able to perform services more efficiently and at a better price than the producers, distributors, retailers could have made on their own.

In each supply chain are suppliers of storage and transport services. They are known as logistics providers.

Another category of service providers for the logistics chain is financial service providers that offer loans for loan, perform credit analyzes, collect taxes based on past bills. This category includes banks, creditworthiness assessment companies, and tax collection agencies.

Other service providers carry out market studies, promotional activities, while others deliver product design, reengineering, legal and consultancy services. There are also providers of information technology and data collection services. All these services are integrated to a greater or lesser extent in the operations at the supply chain.

Supply Chains include participants belonging to one or more of these categories. Over time supply chain needs have remained relatively stable. What has changed is the mix (variety) of participants and the role of each in the supply chain.

In some supply chains, only a few service providers meet because the other participants perform such services themselves. In other supply chains, however, highly efficient suppliers of highly specialized services have developed and other participants prefer to turn to external service providers instead of self-service.

## Conclusions

Creating efficient processes for supply chain management is essential to the success of overall manufacturing operations. When every process must feed seamlessly into the next, top manufacturers count on platforms to amplify their efforts and transform raw materials into affordable, quality goods.

Such a solution is offered by that helps businesses and teams work better. Whether for supply chain project scheduling and execution, production calendars and communication, or compliance visibility and tracking,

The platforms helps ensure efficient and effective workflows. Improve supply chain visibility with real-time data, increase accuracy with an always-up-to-date picture of projects and strategic initiatives, and accelerate overall production. Reduce inventory and eliminate disruptions to flow, and better facilitate communication with vendors and suppliers.

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