

EVALUATING COMMERCIAL PERFORMANCE IN AN OIL PRODUCTS DISTRIBUTION FIRM

Vlad Florea, Dina Luț

***Abstract:** The present article investigates the main strategies of oil products distribution. Thus, we identify: the satisfaction of demand, the promptitude of the distribution system and the power to negotiate on the distribution circuit.*

***Keywords:** evaluation, strategy, distribution, oil products, average margin*

Introduction

The present article starts from the idea that we suppose the sales agent of oil products has identified some strategic variants of distribution and that they want to find out which of these is the best. Thus, they must evaluate each variant based on some criteria: demand, negotiation, performance, promptitude and competitiveness.

The degree of demand satisfaction represents the rapport between satisfied demand and the potential of the market. This indicator must be analyzed from the point of view of the volume and the structure of the potential demand of the market, along with the volume, structure and quality of the offer¹, taking into account the following factors: product dispersion, client dispersion, geographical dispersion.

The promptitude of the distribution system reflects the capacity of the logistic system to ensure delivery necessities which are unpredictable as far as the time is concerned, with little costs, due to market demand. It is given by the response to unforeseen solicitations for delivery due to: duration of response, response costs.

1 BĂILEȘTEANU, Gh. Diagnostic, Risc și Eficiență în Afaceri, Ed. Mirton, Timișoara, 1998, p. 52-55

The number of days' supplies zero on stock (Ns0). It is an indicator which expresses the correctness of finished product stock dimensions. It can be determined for each category of finished product stock. It is studied from the point of view of effects and nature of supplementary costs or income reduction which are registered due to late delivery.

The power of negotiation on the distribution circuit reflects the economic and financial power of the company and the way it manifests at the level of negotiating with providers and beneficiaries. At the level of logistics interface/ marketing, the power to negotiate can be reflected following the next indicators: average margin (mv), total margin, average payment deadline. In order to appreciate the power of negotiation, the level of these indicators is compared with the level of average similar indicators or those registered by competition.

Competence and selection of intermediaries reflects abilities, responsibilities and the modality of manifesting that is achieving targets, by intermediaries in the distribution channels, the modality they fulfill logistic and marketing activities established in the contractual relations that were previously established. The criterion may have qualitative and quantitative expressions, depending on the nature of objectives that we established for each intermediary.

Evaluating informational performance

Equipment of the logistics system is a qualitative criterion, as it is for most criteria of evaluating informational performances of logistic system. It represents the degree of I.T. technology of the logistic system as far as the hardware and software requirements, the technical and technological levels are concerned.

The degree of development of application represents the technical level and the software performances to monitor physical, script and accounting operations of the logistic and control activities.

The degree to integrate and interface applications is a criterion to evaluate the informatics system of the logistic activity which is related to the applications of monitoring logistic operations and applications that interact with logistics. The relationships between applications are analyzed from the point of view of existence, relevance, efficiency, efficacy of information and data that integrates them.

The degree of standardization of communication interfaces, applications, procedures and platforms represents the compatibility of applications procedures and support platforms from 2 points of view:

internal, used in the points of logistic activity and those interact with these activities, inside the company; the external ones are connected to the electronic data exchanges.

The decisional assistance of the informational system reflects the modality in which the informational system allows the logistics management to use data and information that is necessary in an optimal quantity, quality and structure to be able to support the decision-making process. It is appreciated according to capacity to gather information, the modality to transfer post-factum or real data; capacity to transmit and work with information; the degree of data filtering.

Assistance in managerial functions refers to the quality and technical level of assistance applications regarding the activity of forecast/ planning, coordination, organization/ design and control.

Final considerations on the scope of performance criteria and logistic activities

In order to facilitate the analysis of the degree of satisfaction of evaluation criteria of management performance in the logistics and distribution system and to better focus on activities that lead to satisfying criteria of evaluation we considered that a table is a better approach. This approach will also allow a focus on the vulnerabilities of the logistic system on the level of system component and the activities developed, as an intermediary stage to elaborate on logistics and distribution strategies which form the basis of restructuring/ redesigning the actual system.

Performance criteria and logistic operations and activities

NO.	CRITERIA OF PERFORMANCE OF LOGISTIC SYSTEM	ACTIVITIES, PROCESSES, LOGISTIC OPERATIONS										
		Planning the necessary supplies	Dimensioning stocks	Administration	Storage	Transportation	Packaging	Division	Manipulation	Service post-sales	Processing orders	Processing documents and information
0	1	2	3	4	5	6	7	8	9	10	11	12
	The degree of demand satisfaction of the production system	X	X	X	X	X			X		X	X
	The average degree of loading capacities	X	X	X	X			X			X	X
	The degree of mechanization of operations				X	X	X	X	X			
	The degree of automation of operations				X	X	X	X	X		X	X
	The logistics transfer coefficient	X	X	X	X	X	X	X	X	X	X	X
	The number of days of stock zero supply	X	X	X							X	X
	Promptitude of logistics system	X	X	X	X	X	X	X	X	X	X	X
	Standardization of logistics system		X	X	X	X	X	X	X	X	X	X
	Flexibility of logistics system	X	X	X	X	X	X	X	X	X	X	X
	Maintenance of logistics system	X	X	X	X	X	X	X	X	X	X	X
	Reliability of logistics system	X	X	X	X	X	X	X	X	X	X	X
	Costs of logistics activity 1000 UM turnover	X	X	X	X	X	X	X	X	X	X	X
	Reservation towards profitability of logistics activity	X	X	X	X	X	X	X	X	X	X	X
	The costs of a zero stock day	X	X	X	X	X	X	X	X	X	X	X
	Cost of response to unforeseen requirements about stocks	X	X	X	X	X	X	X	X	X	X	X
	Costs of maintaining the logistic system	X	X	X	X	X	X	X	X	X	X	X

0	1	2	3	4	5	6	7	8	9	10	11	12
	Speed of stock rotation		X	X	X	X			X		X	X
	Rotational speed claims		X	X							X	X
	Speed of debt rotation	X	X	X	X	X					X	X
	Cost of designing/restructuring the logistic system	X	X	X	X	X	X	X	X	X	X	X
	Growth effect brought about by the implementation/restructuring of logistic system	X	X	X	X	X	X	X	X	X	X	X
	Internal rate of profitability of investment	X	X	X	X	X	X	X	X	X	X	X
	Net value of restructuring investments	X	X	X	X	X	X	X	X	X	X	X
	Duration of return on investment	X	X	X	X	X	X	X	X	X	X	X
	Degree of demand satisfaction	X	X	X	X	X	X	X	X	X	X	X
	Promptitude of distribution system	X	X	X	X	X	X	X	X	X	X	X
	Number of days of zero supply stock	X	X	X	X	X					X	X
	Power of negotiation on the distribution circuit	X	X	X							X	X
	Competence and selectivity of intermediaries	X	X	X	X	X	X	X	X	X	X	X
	Equipping logistic informational system	X	X	X	X				X		X	X
	Degree of development of applications	X	X	X	X				X		X	X
	Degree of integration and interfaces of applications	X	X	X	X	X		X	X		X	X
	Degree of standardization of communication, application, procedures and platforms Interfaces	X	X	X	X	X	X	X	X		X	X
	Decisional support of the informational system	X	X	X	X	X		X	X	X	X	X
	Assistance in performing managerial functions	X	X	X		X		X		X	X	X

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NOTE ON THE AUTHORS

Florea Vlad is Associate prof. at the Faculty of Management in Tourism and Commerce Timișoara, „Dimitrie Cantemir” Christian University. He holds a PhD. In Management with the thesis Management in the Logistics and Distribution of Oil Products. He is the author of numerous books and articles on management, the latest one being Management strategic, metode de elaborare, Eurostampa, 2010

Dina Maria Luț is Associate Professor in Management and Human Resource Management, at "Dimitrie Cantemir" Christian University in Timisoara. She holds a PhD in Management since 2008. Her research interests focus on the areas of management in the context of knowledge-based economy, management and leadership within Romanian organizations