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Best Practices in Universal Logistics

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Abstract:
The sedentary business overview is marked by rapidly increasing levels of global sourcing; specifically from low-cost countries and continents. Although many companies across a variety of industries such as Manufacturing, etc. obtain cost savings merely through this sourcing approach, the benefits are generally offset by intricacies connected with the global logistics management. Nevertheless, total supply chain costs may be decreased by global sourcing strategy, typically, logistics and transportation costs have been rising as a percentage of the cost of goods sold. This has developed as a result of increasing fuel prices, the inherent costs of long distance outflow of goods and transportation capacity inequalities – both for domestic transportation in regions like the United Stated of America, and for International Sea and air freight from countries like China and India.

Key words*: Global Logistics, Best Logistics Practices, Five key practices, Managing Logistics*

Logistics in the act of a Strategic Business Function

Demand and Supply lead times generally have a high degree of instability, which can definitely lead to deficient on-time delivery performance throughout the process, as well as nonexistent products, components and merchandise. This variability related to lead times stems from many determinants. The global flow of products requires multiple tolerant which include various good carriers, customs and port authorities. And these tolerant increase the probability of astonishing events. Burgeoning import volumes, particularly from the Continent-Asia, combined with important security concerns, resulted in relentless port congestion in many countries like America, Europe and India. As companies conduct business in more countries (MNC's), and as countries continuously modify their regulatory and customs-clearance processes and measures, obvious delays occur during document processing and compliance assessment. Several leading companies are influencing several strategies and practices to respond to the complexity of global logistics management to reduce transportation costs and improve the level of services while still aiming on the "available everywhere" business model and strategies. As a result, logistics is becoming a more strategic business function in organizations where it has not traditionally been a core competency. Below are some key best practices for managing global logistics system:

1. Assess, Regulate and determine the right global logistics operating ideal model:

Companies bring about success in global logistics are assessing and determining the right logistics operating model, specifically, determining which logistics functions to outsource and which to keep for in-house activities. They are asking themselves; is it strategic to establish in-house competencies related to logistics network, logistics, sourcing & management, transportation volume planning, global consignment planning, visibility and freight

Management? Do companies outsource some logistics execution functions, such as executing pre-booking confirmation in ocean transportation, administering import/ export customs clearance & document compliance, and warehousing and storage? Moreover, global multi-divisional companies are establishing a shared-services organizational hierarchy to obtain, plan, execute, monitor and measure global freight movements and activities. Global logistics organizations are evolving into centralized business models to effectively manage and service the needs across various lines of business.

2. Building strategic relations with logistics service providers and get a calibration on performance parameters:

With given global transportation capacity issues and the need for logistics service providers to provide high quality and levels of service, many leading companies are elevating their relationships with the service providers to a more strategic level beyond the traditional model. Several programs are being developed to follow more collaborative rate negotiation and bidding actions; provide forward visibility into logistics capacity needs and develop packaging that allows for easy and smooth handling management. To simplify their customs clearance processes, many big companies are leveraging freight forwarders, port customs brokers, and other

third parties related to the business. They are forming long lasting relationships with customs officials and authorities. Regional knowledge can serve as an important lever in avoiding delays and ensuring streamlined document compliance and other formalities. Strong sets of global logistics metrics and key performance indicators are being developed and implemented to score card local service provider performance and continuously monitor their performance, as well as align payment terms to these points.

3. Setup global visibility and exception management strategies, systems & processes

Visibility into purchase order and shipment life cycles is as detracting as a third-party alliance in tackling with the complications connected to global logistics execution and implementation. Though accomplishing early visibility into exceptions and anxiously alerting appropriate vendors involved, organizations can reduce the negative impacts of handoffs and other essential delaying processes in the global logistics system. We need to extend this visibility and exception management infrastructure across the various legs and milestones involved in the global and the universal flow of goods. Merely visibility is not everything in solving all complexities and predicaments related to global logistics management system. Still, when joined with intelligent exception management strategies, logistics planning and execution workflows and this layer of global visibility can be a very powerful weapon in managing variability in the global flow of goods.

4. Enhancing the global flow of goods through smart routing and unification

Organizations that have big shipment volumes in particular regions are taking larger control of international transportation development processes. Conventionally, several companies have had fixed business regulations to determine and establish routing for explicit countries of source and destination. Provided the need to tackle with transportation volume and capacity issues as well as to maximize the utilization of goods containers, they are now displacing toward a more dynamic practice – one in which they can make judgments on customs, ports and inland modes and mode of carriers and look for consolidation opportunities across their international shipment volumes. Many leading organizations are actively assessing options for doing consolidated shipments, influencing hubs for pool distribution and allocation, performing trans-loading, and diverting in-transit shipments when appropriate to reduce cycle times and costs.

5. Establishing a continuous methodology for ongoing logistics network sketch and scenario determination

To take full advantage of the benefits of global logistics, organizations must continuously explore and evaluate their global logistics network and judge the factors such as physical distribution channels, lane structures and modes, mode methodologies and capacity requirements. Formerly, such activities were typically done yearly or once every three or four years. But, the swift pace of sedentary global business precept a more frequent judgment of the logistics network system. With scheme planning, SWOT analysis and management, today's organizations can obtain the full benefits and minimize the risks associated with global sourcing.

6. Conclusion

Amidst of all speculations, it is worth noting that companies who have adopted the described practices don't have anything to lose, instead if such practices, if adopted, can definitely help to make the supply chain management highly efficient and effective helping business to sustain in the long run.

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