

TROJANOWSKI Tomasz

THE IMPORTANCE OF LOGISTICS IN BUSINESS ACTIVITY OF ENTERPRISES

Abstract

The article discusses the importance of logistics processes in the proper functioning of enterprises. The paper presents the essence and importance of logistics in terms of the literature. In the further part of article the reasons for the development and growing importance of logistics for commercial enterprises are indicated. The final part of the article presents the management functions of logistics processes. Article finishes with a conclusion.

INTRODUCTION

The growing competition and rivalry for business customers and the increasing consumer demand mean that companies wanting to enter and maintain a good position in the market are looking for various methods that would allow them to gain the satisfaction of customers. It is important that the product offered for sale reached the point of retail sale and was offered to the consumer in the right quantity and quality, in the right place and time and at the right price. This task requires including the size and retail structure of their locations, sales forms, scope of services, etc when organising distribution channels. For this reason, management of logistics processes is one of the key categories of logistics.

The constantly growing requirements of customer service and increasing costs of capital, storage and movement became the basic causes of permanent separation of the notion of logistics in the economy. The starting point logistics was identified with the distribution of physical goods and dealt with the optimisation of the transport and storage process. Later it expanded the scope of interests, dealing with inventory, location of production and storage, information flow.

1. THE ESSENCE AND MEANING OF LOGISTICS

Closer analysis of the concept of logistics allows to conclude that the definitions formulated by well-known authors differ in the extent of the physical processes circulation of goods, their way of treatment and interpretation of specific objectives. According to M. Christopher concept of logistics means the "flow of materials from the source of supply to the final interaction between the size of the functions involved in this movement, from source to user, and therefore obliges managers to think in terms of a comprehensive management system, not just a part of it" [1, p. 14].

The importance of logistics in the literature is presented in the following aspects:[2, s. 16]
– content and structural - logistics is considered as an integrated process of goods and information turnover, specific complex of projects and structural solutions related to the integration and implementation of these flows,

- conceptual and functional – logistics understood as a concept of management of turnover of goods and information, in the sense of a collection of methods and functions of planning, controlling, organising and supervising based on an integrated and systemic recognition of these flows,
- effectiveness - logistics is considered to be a determinant of growth of efficiency, oriented to offer clients desirable level and quality of logistic service, while simultaneous rationalising the structure of logistics costs and increase of the overall effectiveness of management in the company.

Through logistics we generally understand the term that means "to manage the movement and storage activities to facilitate the movement of products from the point of origin to final consumption, as well as the associated with it - formation in order to offer the appropriate level to the client at a reasonable cost" [3 , p. 16].

Cz. Skowronek and Z. Sariusz-Wolski highlight three descriptions of logistics, namely [4, p. 16]:

- logistics are processes of the physical flow of material goods, raw materials, semi-finished products in the enterprise and also between enterprises and flows of information reflecting the material processes,
- logistic is a concept, a philosophy of management of real process, based on integrated, system recognition of these processes,
- logistics is a field of economic knowledge, investigating the patterns and phenomena of flow of goods and information in the economy, as well as in each of its links.

M. Fertsch gives the meaning of logistics formulated by the Council of Logistics Management - "logistics is the process of planning, implementing and monitoring the effectiveness of the material flow and the accompanying flow of information, from the acquisition of raw materials to the finished product consumption taking into account the expected audience." [5, p. 33].

In today's economy, the physical flow of materials is becoming more complicated. This process requires adequate information and its adequate processing. Logistics allows you to analyse and create practical basis in all phases of the physical flow of materials in the enterprise, operating in close connection with the subject of supply market, through developed distribution network it reaches the end-user-consumers. This action allows not only to reduce costs but also to optimise the entire chain of activities in the flow. The partial results are not so important, important are the effects of the entire integrated system, which is an enterprise.

In the light of the presented definitions of logistics we obtain an overall adequate picture of modern concept of logistics. You can either point out some of its properties and assumptions, which constitute, in fact, about the qualities of a modern logistics concept.

2. REASONS OF THE DEVELOPMENT AND THE INCREASE OF IMPORTANCE OF LOGISTICS

The development of a free market economy requires from the entrepreneurs the application of a new strategy oriented to meeting the needs of the customer. Entrepreneurs competing with each other in the target market in order to gain customers, see the chance to gain a competitive advantage in the efficient functioning logistics system of a business. Changing internal and external conditions in which businesses operate cause a steady increase in the importance of logistics. The main factors affecting the development and the rise of importance of modern concepts include: [2, p. 28].

- change in the market from the market of the manufacturer on buyer's market ,
- an increase in the degree of market differentiation (diversity of needs and preferences of customers , individualised customer segments , diversification of goods),

- increasing competition in the level and quality of services and customer service (increased requirements in terms of additional benefits and utility related to the purchase and sale of goods),
- high distribution costs (costs associated with the physical circulation of goods),
- shortening of product life cycle,
- tend to focus on trade, development of new sales channels,
- integration of business processes and decision-making processes (aiming to use synergistic dependences of the micro - and macro scale),
- development of systems theory,
- development of new information and communication technologies, and automatic identification,
- integration of information, the development and expansion of the scale of the use of modern quantitative techniques (computer),
- growth of entrepreneurship and innovation in business,
- development and increased use of market-oriented company and business processes management,
- development of integrating strategies aimed at the increase of use and creation of potential effects and values,
- growing importance of environmental aspects in the market business,
- internationalisation and globalisation of markets.

Logistics is a strategic instrument aimed at, inter-alia, to stay ahead of the competition in order to deliver the product, and thus meet the needs of the customer. Professionally delivered product allows the purchaser to quickly use it without undue waiting for delivery. The positive impression and reputation of the supplier definitely pays off in the future and can contribute to success in a tough, competitive market.

In the era of globalisation of the world economy, more and more important is the integrated European market. With the use of logistics companies in the international market can reduce costs, improve service or realise the just-in-time production method. Entrepreneurs should note that the global logistic orientation is necessary. The costs can be significantly reduced by using logistics, what, as a result gives companies the possibility of being ahead of the competition. Logistics will be in the future the key to success. Those companies that neglect logistics, will have considerable difficulties in the market. Better logistics system will be the decisive advantage in the future in competition because it is a strategic logistics instrument in the fight for the market share. Ignoring the importance of logistics, the company is doomed to fail - the organisation will not succeed in the long run. Entrepreneurs that do not take into account this fact, will be driven out of the market.

3. FUNCTIONS OF LOGISTIC MANAGEMENT

Logistics management has three main functions. The first primary function is the "operational function resulting from the need to coordinate the orders processes, transport and stockpiling, while minimising logistic operating costs" [6, p. 23]. The aim of coordinating the ordering process is to ensure the availability of the product in a given time and the desired size.

Another management function is the marketing one. This determines the decision making as to the amount of products moving in the logistics chain. Considering the size of demand for logistics product in its physical form as well as money is the main duty of marketing activities in relation to logistics. The purpose of the marketing function in the management of logistics is to maximize profits by collecting, processing and issuance of source data as information characterising market conditions for creating basics of making decisions on the size and

structure of the production of goods and services. A necessary condition for the coordination of activities of the operational and financial functions of marketing is to create within the framework of marketing the logistics information system. This allows logisticians to follow the needs of all potential consumers, since one of the objectives of the marketing function is the satisfaction of customers of logistic products.

The third function of logistics management as shown by E. Gołemska is the financial function. It comes down mostly to "the control the money form of the movement of logistic product, it results from the need to minimise the capital costs" [6, p. 28]. This function constantly monitors the capital payback period for investments connected with the construction and equipment of product service points. An important strategic objective of receivables management is to determine the conditions for granting loans, including credit to the other recipients.

The logistics integrated management is the assignment and the incorporation of logistics in the system concept of business management, in which logistics constitutes an essential criterion for management. Diversified logistics planning is shown in the figure 1.

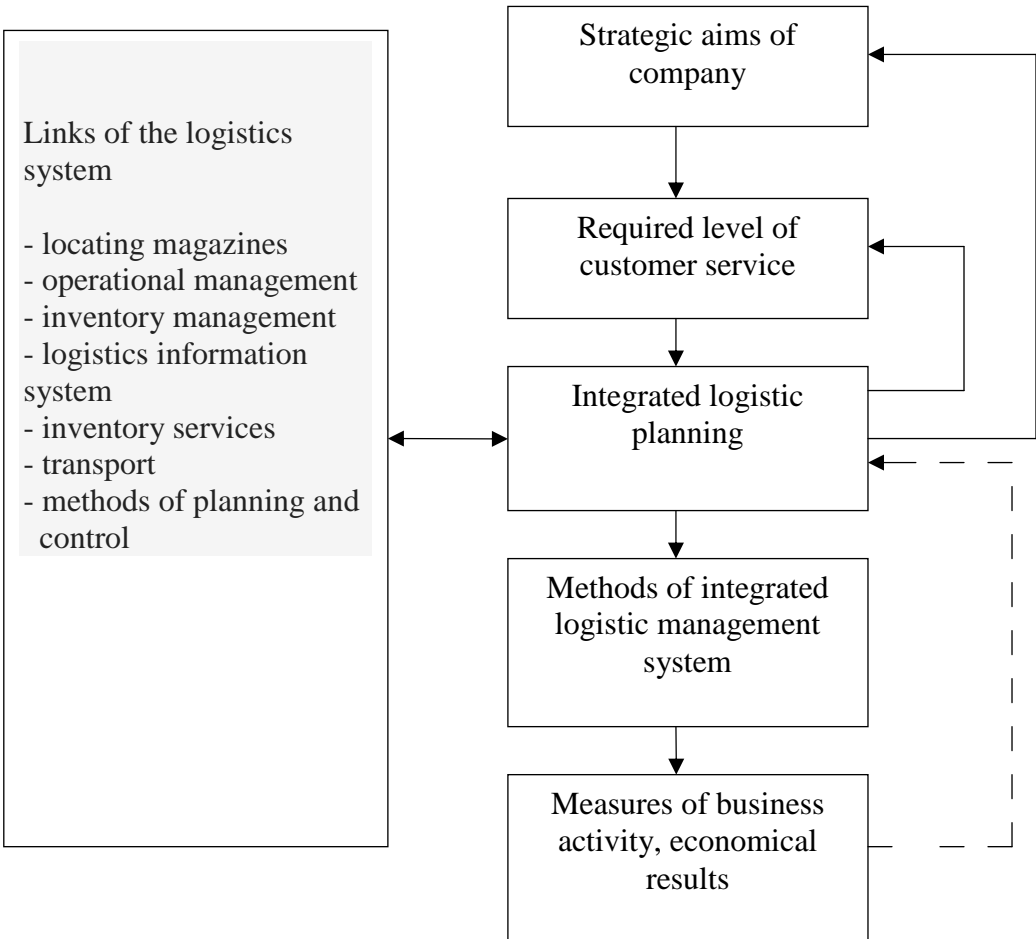


Fig. 1. Diversified logistic planning [7, p. 251].

Nowadays the increasing need and more numerous manifestations of systemic treatment and shaping of functions, processes and logistic instruments in aspects of integration across the enterprise management system is noticeable. This is reflected in the evolution and reassessment within the meaning of logistics - from an operational approach geared to control

the logistics operations through strategic management of logistics system towards a system - oriented logistics concept of business management. Logistically oriented integrated enterprise management is the assignment and the incorporation of logistics in the enterprise system management concept, in which logistics constitute the basic criterion for management. This approach means interference of rules and the logistics process of thinking and acting at all levels of management. The integration allows effective orientation for future long-term basis actions. The efficiency of logistics management as a component depends on the degree of its integration with the overall system functions and processes of management, execution of its tasks as an integrated management subsystem and the real impact on the primary sphere of functioning of the enterprise. Integrated logistics system not only determines the processes in terms of operations but also affect the development of objectives and strategy of an enterprise.

CONCLUSION

Contemporary understanding of logistics processes is the integration of physical and information flows, it is looking at the economic processes through the prism of these streams, the efficiency of their movements, as well as costs that they entail. In this perspective, the logistics process includes also a particular aspect of the process - the level of customer service, quality, efficiency and customer satisfaction. The client can be both, the consumer and the manufacturer, wholesaler or retailer, so the recipient of products and services.

Flow of property streams in the enterprise is not always carried out continuously. In many cases it is difficult to synchronize the processes in time and space, which is caused by the phenomenon of stock arising. Inventories are present in all links of the distribution channel and should be planned in such a way to create the conditions of stability of business processes, which means that it does not interfere the rhythm of meeting the needs of production and consumption.

An important role in the whole process of distribution also plays transportation. Different trends within the economy focus on improving and streamlining the intensity of the flow of goods and on reducing the time that elapses between the stages of production and the point of reaching the final consumer.

BIBLIOGRAPHY

1. Christopher M.: *Strategia zarządzania dystrybucją*, Agencja Wydawnicza Placet, Warszawa 1998.
2. Blaik P.: *Logistyka. Koncepcja zintegrowanego zarządzania przedsiębiorstwem.*, PWE, Warszawa 1999.
3. Beier F. J., Rutkowski K.: *Logistyka. Szkoła Główna Handlowa*. Warszawa 1995.
4. Skowronek C, Sariusz-Wolski Z.: *Logistyka w przedsiębiorstwie*, PWE, Warszawa 1999.
5. Fertsch M.: *Podstawy logistyki*, Instytut logistyki i magazynowania, Poznań 2006.
6. Gołemska E.: *Kompendium wiedzy o logistyce. Praca zbiorowa pod red. E. Gołemskiej*. PWN, Warszawa - Poznań 1999.
7. Ballou R.H.: *Business Logistics Management Prentice Hall*, Englewood Cliffs, 1990.

ZNACZENIE LOGISTYKI W DZIAŁALNOŚCI GOSPODARCZEJ PRZEDSIĘBIORSTW

Abstract

W artykule omówiono znaczenie procesów logistycznych w prawidłowym funkcjonowaniu przedsiębiorstw. Przedstawiono istotę i znaczenie logistyki w ujęciu literaturowym. W dalszej części artykułu wskazano na przyczyny rozwoju i wzrostu znaczenia logistyki dla przedsiębiorstw prowadzących działalność gospodarczą. W końcowej części artykułu przedstawiono funkcje zarządzania procesami logistycznymi. Artykuł zakończono podsumowaniem.

Autorzy:

dr inż. Tomasz TROJANOWSKI – Akademia im. Jana Długosza w Częstochowie