

## LOCATION AND IMPORTANCE OF LOGISTICS IN THE COMPANY'S ORGANISATIONAL STRUCTURE

Dima I.C., Grabara J., Modrak V.\*

**Abstract:** Taking into account the commercial evolutions, the three components (dimensions) of operational management may be emphasised, which support logistics, such as: management of flows necessary for responding to the intensification of the commercial exchanges; management of the interfaces used for responding to issues occurred and formation of the networks; management of sustaining the product, having as aim the improvement of the service at the client. The involvement of logistics leads to satisfying the client and reducing costs. In order to accomplish this performance, it is recommended to use four organising principles, namely: knowing and accelerating the flows of information; knowing and accelerating the flows of products; knowing and complying with the mutual commitments; knowing and managing the risk. (JEL: L21, M10)

**Key words:** logistics, management of flows, management of sustaining the product, management of interfaces

### Introduction

The points of view regarding the evaluation of logistics around the assessment of: the components which logistics acts upon; the suggestion of a modality of action; the four logistical subsystems; the three possible levels of action; the size of the logistical family in the company; the logistical organisation in the company.

### The components of the logistics management

Taking into account the commercial evolutions, the three components (dimensions) of the operational management can be highlighted, which logistics is based upon, such as: *management of the flows* necessary for answering to the intensification of the commercial exchanges; *the management of the interfaces* used for responding to the problems occurred and creation of networks; *the management of for sustaining the product*, having as aim the improvement of the service at the client (figure 1).

The involvement of logistics leads to satisfying the client and reducing costs. In order to accomplish this performance, it is recommended to use four principles of organisation such as: *knowing and accelerating the information flows*;

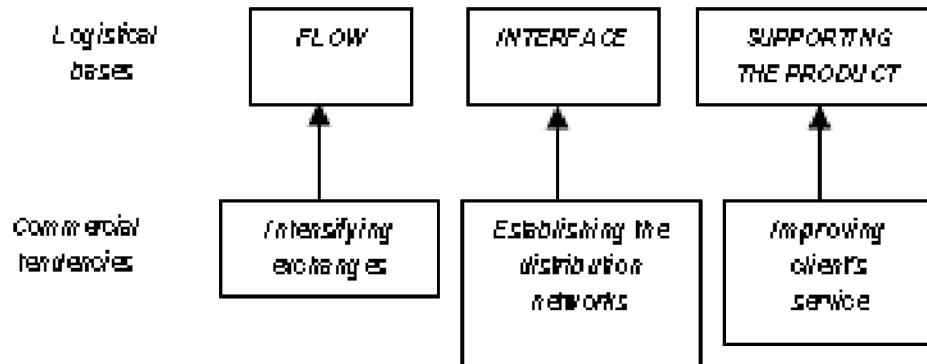
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\*Prof. univ. dr. Dima Ioan Constantin, "Valahia" University of Targoviste;

Prof. PCz. dr hab. inż. Grabara Janusz, Czestochowa University of Technology; Faculty of Management;

Prof. Modrak Vladimir, PhD., Technical University in Kosice, Faculty of Manufacturing Technologies

*knowing and accelerating the flows of products; knowing and complying with the mutual engagements; knowing and managing the risk*  
*Flows – priority of logistics*



**Figure1. The three bases of logistics and their origins**

Logistics has as first vocation the management of physical flows of the company.

Logistics cares daily for the production, primary physical operations, such as: transfers; preparations etc. These become thusly parts of the enchainment of the various phases of making a product available for clients. The economical and commercial restrictions imply the consideration of each phase independently of the others, including their good enchainment, which directly influences the commercial performance.

### **Managing the physical flow**

Within the physical flow, the operational information flow plays the role of activities triggering factor. This information compete at a certain structure of a system of making the logistical decision, containing: choosing the long, medium or short term actions, triggering those actions that must be undertaken; following the undertaken actions. Just as there are heads of production for the marketing function, executives for the commercial life of a product, there are also managers of flows of products whom are logistical executives in charge with the assembly of physical flows connected to a product or homogenous range.

### **Interfaces led by logistics**

The formation of the logistical flow is accomplished aggregating the primary physical and administrative flows connected to logistics, within the following activities: *the activity of purchasing and supplying, activity of production; physical distribution; the after-sale activity. Where the physical and administrative flows cross, there are interface areas where divergent logistics confront.* This is why logistics shall have the task to homogenise these interfaces

for making them usable for the physical flow, in a simple, efficient and cheap manner. The optimised conjugation of the operational components requires the application of some common management rules. These rules are mainly set forth and applied onto some common places representing the areas where divergent objectives are shown between flows.

### **Logistics and making the product available to the client**

From an organisational perspective, logistics has the feature of integrating various operational functions, it is what some companies call a *transversal function*, from a commercial perspective, becoming the manufacturer of the offer of services suggested by the company.

Logistics is therefore a producer of service offer, which must: anticipate over the company's strategy, in order to be able to adapt to any type of fixed objectives in terms of production of services; manage the production of these services by setting forth the "nomenclature" and following their quality and costs; ideally involve manifold factors that interfere in the objectives of its production, as the necessary resources are spread within the company.

### **Logistics with variable geometry**

The aspect of company's logistics is in managing the daily operations. That is why the diversity of the approaches depending on the company's size or activity sector is thusly conceived so that the sceptics see in it an impossibility of having a general approach of it. Paradoxically, the multidisciplinary feature of the logistic demarche tends to generate the fear of a logistic imperialism, and the needs of information necessary to the company's logistic pilotage are pretexts for suspecting the one requesting ambitions of being general manager. It may be therefore a matter of there being some *logistics with variable geometry*. Worth noting – to this effect – the interpretations given to logistics within various companies: *mobilizer of the short resources* for the companies in the wood processing industry; *pilotage instrument* for the convenience companies; *company organising instrument* for the great manufacturing industry.

### **A manner of approaching the logistical management**

The conjugated management of the flows, interfaces and process of making a product available for a client creates the need of a reflection and action environment for the logistical responsible. In this context, at a first stage, the logistical demarche can be structured and identify the basic actions it will undertake. For defining it, the logistical subsystems and action levels are preliminarily identified. The proposed structure is composed thusly in two directions (figure 2).

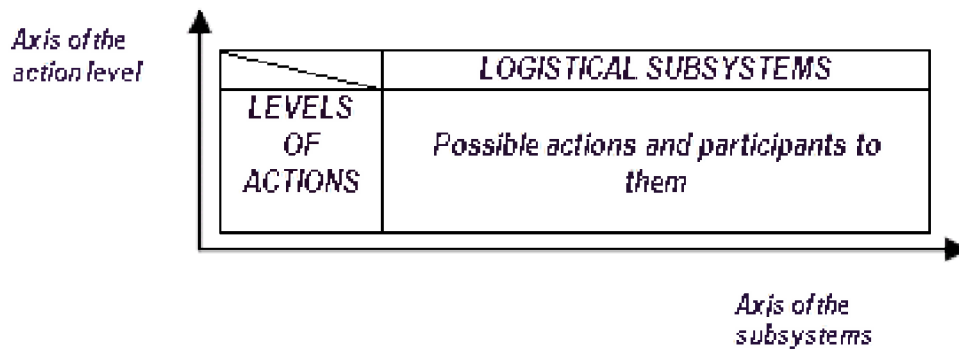


Figure 2. The structure of the possible logistical actions

### Logistical subsystems

The management of the interfaces that logistics is concerned with, among others, does not have any other reason for existing than the fact there are various operational entities coexisting with life rules, the compatibility of which must be ensured. *These entities define the logistical subsystems* that are concretised in: supplies; production; physical distribution; after-sale support (figure 3).

Two systems are formed based on the plan of the commercial activity, which are compatible in very special cases, as they do not always come from the same supplier and from the same factory.

### Levels of logistic action

For each logistic subsystem, there are three levels of action and namely:

a) the level of the operational logistical activities. Most often, logistics is reduced to the basic level that regroups the execution of the field tasks, meaning: *transfer operations*, basically connected to transportations; *the preparation operations*, connected to warehousing and packaging; *the operations of maintenance and storage*; *the assembly of administrative operations* (treating orders, list of indicators etc.).

b) the level of the informational activities. For the operational activities, it brings the material necessary for the planning and pilotage activities and ensures the connection between these two levels. They have three main domains, namely: *The management of the logistical database* which represents the source of information, vital for a good leadership of the operations and logistical pilotage; *the action instrument board*, which borrows its data to the logistical database for providing the formalisation of information according to aims, reactions and anticipations regarding logistics; *planning*, which ensures the coordination in time of all logistical operations under the restrictions of the system.

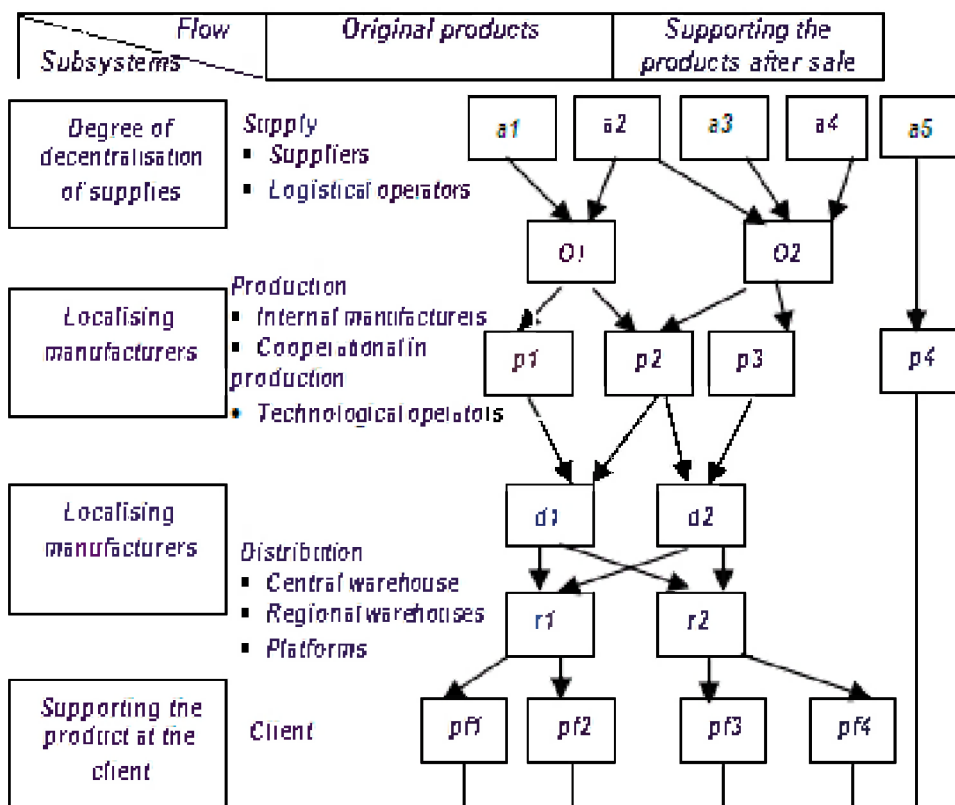


Figure 3. Scope of coverage of logistics

c) the level of the planning and pilotage activities which condition the reactivation and capacity of anticipating the global logistical system. At this level, the arbitrage decisions are operated. Its adequate management demands an aptitude orientated to modelling the flows and simulating the scenarios for evaluating the advantages and inconveniences (figure 4).

### The participants to the logistical organisation

The logistical organisation is supported exactly on the diversity of the compartments in the company with responsibilities in this domain, meaning: the commercial service for after-sale; the marketing service for physical distribution; the production service for physical production that may have itself the responsibility of supply and purchases.

Under the conditions of numerous participation, the logistical reality is basically lived on field by a big operational collectivity and it rather becomes state of being than the result of an affirmed desire (figure 5).

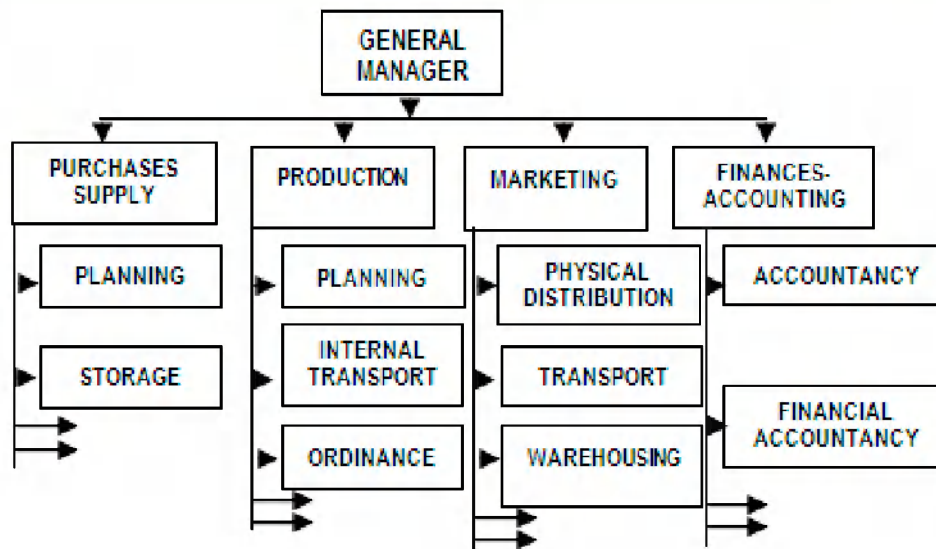


Figure 4. Specificity of the logistical activities on the subsystem.

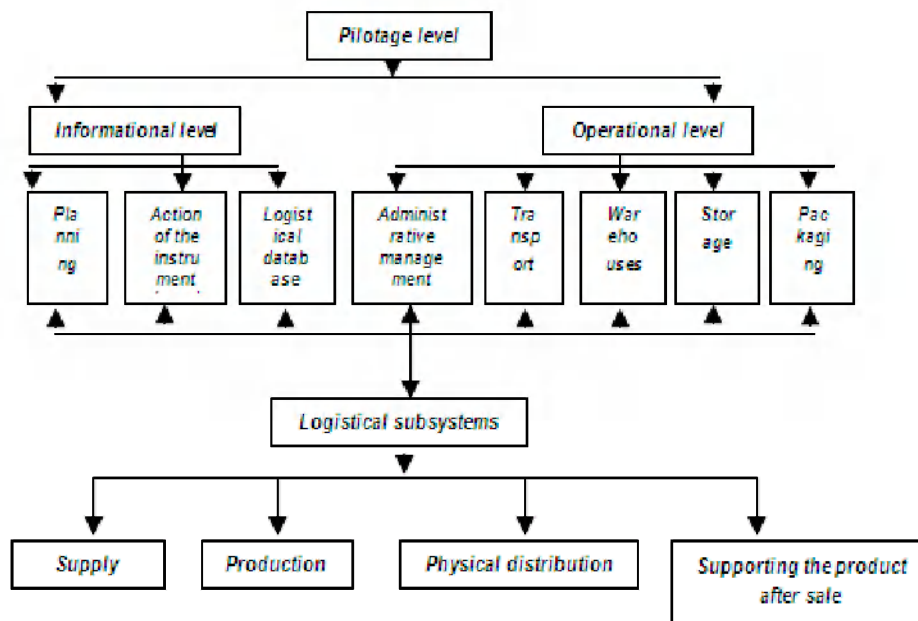


Figure 5. Applying an original logistical structure

The first insertion of logistics into the company requires a favourable context of reconsidering the original division of responsibilities. Its implant does not enforce the application of a rigid activity. A very rigid implantation

is translated by creating a post in the chart, charged with the logistical mission attached to the general direction. If this need is noticed, a completely independent function may be created, which, under its responsibility, it has the aim of regrouping the logistical activities, previously dispersed. This acknowledgement passes through a reorganisation of the company's (figure 6).

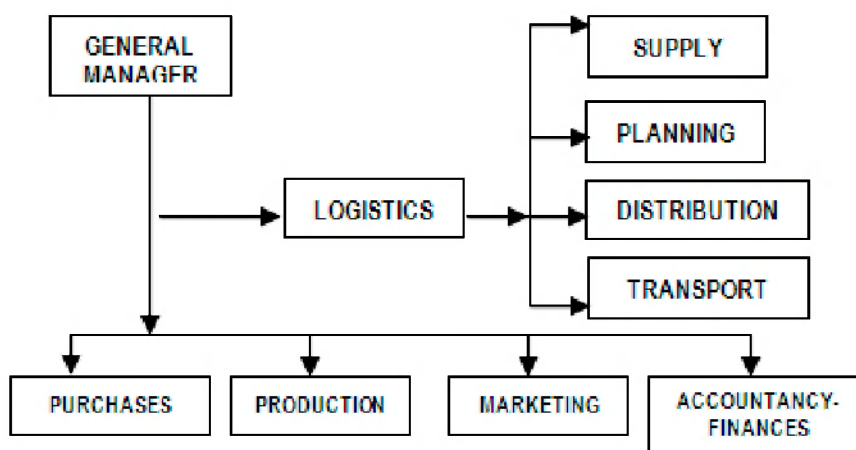


Figure 6. Logistics in the company's restructured organisation.

### Summary

The logistical activity is centralised and leads its operational affected means. Since the logistical organisation is applied and could make known its recommendations, this could change in the operational logistics charged with only the pilotage, with the creation of its procedures and counselling on matters of the strategy it is involved in. Once the organisation is established based on the principle of the logistic independence, decentralisation is not automatically excluded, meaning that the logistical sell remaining focuses its activity on the pilotage and audit and shall be better concerned for the average and long time frame (these become key frames for logistics). The logistical responsibility shall be maintained when elaborating a diagram containing a logistical manager.

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#### LOKALIZACJA I ZNACZENIE LOGISTYKI W STRUKTURZE ORGANIZACYJNEJ PRZEDSIĘBIORSTWA

**Streszczenie:** Biorąc pod uwagę rozwój ekonomiczny, należy wyróżnić trzy komponenty (wymiary) zarządzania operacyjnego, które wspierają logistykę: *zarządzanie przepływami* niezbędnymi do reagowania na wzmocnienie giełdy towarowej; *zarządzanie obszarami wzajemnego oddziaływania* wykorzystywanymi do reagowania na zaistniałe kwestie i przy tworzeniu sieci; *zarządzanie podtrzymaniem produktu* mając na celu polepszenie jakości obsługi klienta.

Zaanagażowanie w logistykę prowadzi do satysfakcji klienta oraz redukcji kosztów. Aby osiągnąć powyższe rezultaty, zaleca się stosowanie czterech zasad organizacyjnych, mianowicie: *poznanie i przyspieszenie przepływów informacji; poznanie i przyspieszenie przepływów produktów; poznanie i stosowanie się do wzajemnych zobowiązań; poznanie i zarządzanie ryzykiem*