

**SUPPLY CHAIN MANAGEMENT FOR
EFFICIENT CONSUMER RESPONSE
SYMPOSIUM**

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SCM 4 ECR
SIMPOSIUM

**SYSTEMS OF SUPPLY AND DISTRIBUTION
IN LOGISTIC MANAGEMENT IN COMMERCE
ENTERPRISES**

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- The most important reason why production enterprises cooperate profitably with commerce enterprises is the efficiency of the latter in activities in end-user markets.
- Obtainment of an efficient access to end users by the production enterprise is the fundamental condition for success of carried out marketing actions. Ware sale is more and more seldom based on their direct supply to consumers. On the path of products commercial go-betweens play an increasing role which allows for physical movement of raw materials and wares through the logistic system.

- Commercial firms have a better knowledge of market as far as ware supply of consumers is considered in comparison to producers. Therefore they are a very important link in the distribution chain.
- In reference to tasks fulfilled by commerce it is easily noticed that control of logistic activities is transferred in the direction from distribution of producers to supply in commerce. It reveals in the phenomenon, that producers cannot push their ares through the logistic channel, but commerce pulls them, thanks to its knowledge on demand.

Logistic supply system in commerce enterprises

The first link in the logistic chain in commerce enterprises is supply. Ware purchase as one of the most fundamental actions carried out in commerce enterprises consists in a number of processes responsible for supplies. One of the fundamental areas of supply logistics is "supporting an efficient supply in all resources necessary for carrying out a continuous and undisturbed economic activity in the enterprise".

Supply logistics is directly related to market and constitutes a compound of distribution logistics of supply firms with the system of storage and distribution of commerce enterprises. Occurrence of disturbances in purchases may cause induction of production standstills - for production enterprises, or selling standstills - for commerce enterprises. In order to organize an efficient supply it is necessary to choose reliable suppliers. One of the fundamental factors to be taken into account during their choice is the ware price and costs of delivery.

Some popular methods to decrease the costs of own activity of commerce enterprises are: lowering the number of possessed stored supplies, shortening time spent on processes in the whole logistic chain, including supply logistics. D. Dermout and W. Weiss claim that 20-30 % of logistic costs are related to stored reserves within the enterprises. These costs are generated by three factors: frozen capital, costs of storage area and risk related to losing the capability to sell the possessed wares.

Introduction into the enterprise of the techniques aimed at better time management, thanks to a faster and cheaper order fulfillment leads to strengthening of ties with consumers.

They determine the variation parameters, according to them the suppliers' market is examined. In the case of quantity it is important to take into account the correct margin of freedom. The selection policy, also called the choice policy, as criteria useful for the choice of a supplier uses pieces of information obtained from fulfillment of quality shaping policy, amount and price policy. The issues related to the delivery service level are also taken into account at this point.

The aim of communication policy is to maintain a constant information exchange with cooperators and potential suppliers. Also information and explanation of actions taken by the enterprise aimed at fulfillment of order are covered by communication policy.

Another classification of supply policy instruments is (the instruments may be divided into four groups):

- product policy,
- contractation policy (also called condition policy),
- communication policy,
- purchase policy.

The supplier delivering the ware for sale at a discount price makes however conditions related to the amount of the order. A very interesting from the point of view of price, but too bulky stock of ware causes usually the occurrence of additional costs due e.g to the necessity to store the ware and to capital freezing.

Finding the answer to three fundamental, related to supply control, questions: what should be stored, when and in what amount it is necessary to make an order, it is possible to obtain the information about the choice of direction, which should be traced by the contractation policy within the enterprise.

The factors influencing the mastering of logistic management of supply processes may be divided into three fundamental groups:

- organizational dependencies – into this scope the integration of logistic activities, aimed at optimization of logistic management (e.g. material and information flow) as well as breaking the psychological barriers among the employees due to existence of new technologies and management techniques within the organization may be accounted,
- methodologic dependencies – these consider the actions related among others to the ability to choose the optimal method of logistic support from the point of the considered problem (thanks to computer technology it is not necessary to know complex mathematical-statistical relationships existing in a given method, but it suffices to know the necessary input data and to be able to analyze them),

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Commerce enterprises are an important component in the distribution channel of production enterprises. Due to their specific activity, based mainly of ware flow, i.e purchase and quick sales, of particular attention are the efficiently organized supply and distribution logistics systems.

Logistics is not responsible just for the physical ware flow, but in the scope of its interest are basically all the actions before, after and during the ware flow process. The flow of non-material resources of the organization, i.e. information flow, is also accounted. The development of an effective and efficient product flow is not possible without an efficient information flow.

The inter- organization and cooperative information exchange is meant here. The investment in modern solutions and information technologies is at present a necessary step in any organization, which wants to play an important role on the market.

THANK YOU !