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**LOGISTICS AND LOGISTICS MANAGEMENT:
INTERRELATIONS AND DIFERENCES**

Exact determination of Logistics and Logistics Management essence has very significant importance. Solving this problem allows to establish activities kinds within Logistics and/or Supply Chain Management, and also to create competitive resources flows management systems which can satisfy consumers' needs better.

Despite big number of scientific researches in this sphere, academicians and practitioners have problems with delimitation of Logistics, Logistics Management, and Supply Chain Management and also their processes and functions. Author thinks that most adequate approach to solving this problem is based on Logistics research according to two basic approaches:

- Logistics is the enterprises management conception;
- Logistics Management is the enterprises activity kind.

Author already was explaining first variant of Logistics contents in his paper, in which Logistics is presented as a sum of Supply Chain Management and Value Chain Management [1]. In this paper author researches second variant of his Logistics vision.

The logic sequence of author idea presentation includes following points:

- Author will use supposition that, on the one hand, Logistics is the sum of SCM and VCM, on the other hand, Logistics Management is both SCM component and VCM component;
- So as to achieve research purpose by most short way, author will use classification attributes set in concrete sequence; the main research direction is connected with enterprises business processes determination,

which they can fulfill together or which are in interval between two and more enterprises; this point of view corresponds to Logistics idea completely.

Author hopes that his research will allow seeing updated Logistics and Logistics Management which is creating opportunities for further economics progress.

Recognizing some business processes' classification correctness according to Ohio State University model [2], author suggests to develop this model, using the following preconditions:

(1) There are four enterprises management conceptions which forms following sequence: Production Management or Management, Marketing, Logistics "of first wave" or enterprise logistics, and Logistics "of second wave" or supply chains logistics (including Supply Chain Management and Value Chain Management);

(2) Marketing is the basis for appearing and development of Value Chain Management (VCM), and Production Management has the following stage which is Supply Chain Management (SCM) (figure 1).

Having studied figure 1 the author comes to the following conclusions:

(1) Main difference of VCM from Marketing is the consumer's orientation not only on needs satisfaction, but also on well-being achievement which supposes designing, creation and deliver of value which is necessary to this consumer. Thus, it is possible to get right parity: business processes of VCM are directed upon the value formation;

(2) The enterprise purpose also changes in quickly developing world. Drucker [3] was asserting that this purpose is enterprise survival in conditions of high competition on market. For achievement of this new purpose the enterprise has to satisfy consumer's demands excellently. Thus, preconditions are creating for appearance of basic business process such as "Demand Management". In author's opinion, this business process

is linking Supply Chain Management and Value Chain Management which form Logistics "of second wave";

(3) Consumer's demands suppose getting, handling, structurization and fulfillment of orders. Therefore, "Order Fulfillment" is the main business process within supply chains. It is obviously that there is some contradiction. As against VCM the Supply Chain Management has the purpose "order", but not "supply" which doesn't provide technology fulfillment, including change of geometrical sizes, configuration and composition of raw materials within supply chains;

(4) In turn, Order Fulfillment and also Return Management include Technology Management and Logistics Management. In author's opinion, on the one hand, Logistics Management is the part of SCM (figure 1), on the other hand, is the part of Order Fulfillment and Return Management, and is directed upon management by logistics flows, processes and systems within Production Management component - "Structure";

(5) Simultaneously, Logistics Management is the part of Value Chain Management which is directed upon use of components "territory" and "trajectory" of "place" marketing complex component. Thus, author believes that it is necessary to distinguish the Logistics Management in SCM and Logistics Management in VCM as enterprise activity kinds within Logistics as enterprises management conception;

6) Besides Logistics Management in VCM it is possible to get the following business processes of VCM: Consumer Relationship Management as the following development stage of business process "Communication"; Product Management as second stage according to conditions of elite consumers needs; and Financial Management as the following development stage of business process "Pricing" within supply chains;

(7) Besides Logistics Management in SCM it is possible to get the following business processes of SCM: Strategic Management, using

purposes and tasks of supply chains participants; Supplier Relationship Management,

Figure 1 - Basic logistics business processes "of second wave"

including supplementary components "supplier" and "intermediary"; simultaneously, Logistics Management in SCM and Technology Management, as is shown earlier, create business processes "Order Fulfillment" and "Return Management".

Thus, it is possible to suggest the following definitions of SCM and VCM as enterprises activity kinds:

Value Chain Management is enterprises activity kind, including Consumer Relationship Management during long-term time; Product Management (and Commercialization); Financial Management, taking into account supply chains participants interests; and Logistics Management, providing value delivery to consumers.

Supply Chain Management is enterprises activity kind, including Strategic Management of these enterprises' network; Supplier Relationship Management within this network; Logistics Management and Technology Management together which form Order Fulfillment and Return Management for creation and delivery of value to consumers.

If to consider Logistics (but not Logistics Management) as enterprises activity kind then it is possible to get the following Logistics definition:

Logistics is enterprises activity kind including Value Chain Management, Supply Chain Management, and also Demand Management which connects these enterprises activity kinds.

If to use two classification attributes: enterprise activity time period (current or strategic) and supply chain participant type (consumer and supplier or intermediaries) (figure 2) then it is possible to get four parts of Commerce.

Enterprise activity fulfillment time period

Current Strategic

Trade Marketing

Resources

Movement Concentration /

Distribution

Figure 2 - Basic commerce activity kinds off point of view of Logistics Management

It is possible to get definitions of these commerce parts according to following scheme: “from particular (for example, from "Marketing") to whole (to "Commerce") - first classification attribute - second classification attribute” such as:

(1) Marketing is Commerce kind which has a purpose to achieve strategic competitive enterprise advantages on market by means of designing, creating and delivery of value to consumers with the use of suppliers opportunities (or supply chains);

(2) Trade is Commerce kind which has a purpose to receive from suppliers and/or to transfer to consumers the property rights upon resources, products and/or services in current period of time;

(3) Resources Movement is the kind of Commerce and/or Production which has a purpose of resources conveyance in required directions according to agreements between supply chains links and other environment enterprises;

(4) Concentration is the kind of Commerce and/or Production which is connected to the designing, formation and optimization of logistics focusing systems (accordingly, resources accumulation systems / resources provision systems), of processes which they will fulfill and of flows which they will move;

(5) Distribution is the kind of Commerce and/or Production which is connected to the designing, formation and optimization of logistics dissipation systems (accordingly resources separation systems / realization systems of products and services), of processes which they will fulfill and of flows which they will move.

Thus, the activity which is connected with interaction rules establishing with intermediaries supposes:

- Orientation on outsourcing;
- Search of the intermediaries and signing of long-term contracts with them;
- Transfer of operations to intermediaries which are connected with Resources Movement;
- Continuous development of intermediaries with improvement purpose of their abilities and opportunities at strategic period of time;
- Changes of quantity and structure of supply chains links which include these intermediaries, of processes which they will fulfill and of flows which they will move according to consumers' needs.

It is obviously that intermediaries don't offer products directly but offer services which are connected with getting of these products.

If to use two classification attributes such as:

- Enterprise activity fulfillment time period (current or strategic);
- Type of functions and processes which enterprise fulfills (basic or supplementary) (figure 3), then it is possible to get four production parts.

It is possible to see that these classification attributes coincide with classification attributes of figure 2 almost. However, in first case the Commerce classification attributes are directed to outside, whereas in second case these attributes are necessary to use for enterprise subdivisions

and further to transfer some supplementary functions and processes to suppliers and intermediaries.

Figures 1 - 3 allow to get the following definition of Logistics Management as enterprise activity kind:

Logistics Management is enterprises activity kind which is connected with processes fulfillment of Concentration, Distribution and Movement of the material, information and financial flows of resources, also of the services flows, using optimal for it trajectories, to consumers who are placed within determined territories according to purpose which enterprises achieve as supply chains participants.

As Logistics Management includes Logistics Management in VCM and Logistics Management in SCM, it is necessary to create definitions of these enterprises activity kinds. In author's opinion:

Period of time of activity planning

Current

Strategic

Technology Management Production Preparation

Resources Movement Concentration / Distribution

Figure 3 - Basic production activity kinds off point of view of Logistics Management

Logistics Management in VCM is enterprises activity kind which is connected with designing, creating and using of movement trajectories of the material, informational and financial flows of resources and also of services flows to deliver the value to consumers who are placed within determined territories.

Logistics Management in SCM is enterprises activity kind which is connected with processes fulfillment of Concentration, Distribution and Movement of the material, informational and financial flows of resources and also of services flows from supplier across intermediaries and enterprise towards consumers according to purpose which each enterprise achieves, being link of logistics system (or being participant of supply chains).

Gotten results allows to create integrated definitions interconnections scheme of Logistics, Supply Chain Management, Value Chain Management and Logistics Management according to author's vision (figure 4).

Author reminds that contents of figure 4 is based on following preconditions:

Figure 4 - Integrated definitions interconnections scheme of Logistics, Supply Chain Management, Value Chain Management and Logistics Management

(1) It are necessary to use Logistics and Logistics Management in different meanings. In author's opinion, Logistics is enterprises management conception and Logistics Management is enterprises activity kind;

(2) As to substantiate contents and interconnections of definitions: "Logistics", "Supply Chain Management", "Value Chain Management" and "Logistics Management" it is expedient to use basic definition of Logistics "the Seven Rs" which includes components of Marketing and Logistics. Some components could be develop to components of SCM and VCM;

(3) Internal variables of organization (of enterprise) and marketing complex components are the basis of definitions: "Logistics", "Supply Chain

Management", "Value Chain Management" and "Logistics Management" as enterprises management conceptions;

(4) These variables and components also are the basis of for business processes' formation in supply chains which give opportunity to create definitions: "Logistics", "Supply Chain Management", "Value Chain Management" and "Logistics Management" as enterprises activity kinds;

(5) Results of research confirm that Logistics as enterprises management conceptions includes SCM and VCM, but Logistics Management is the component of SCM and VCM.

References:

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