



Nordplus

**Logistics**

Aivars



## THE 3 R'S

- **REDUCE**



- **REUSE**



- **RECYCLE**



**Today we will spend together !**

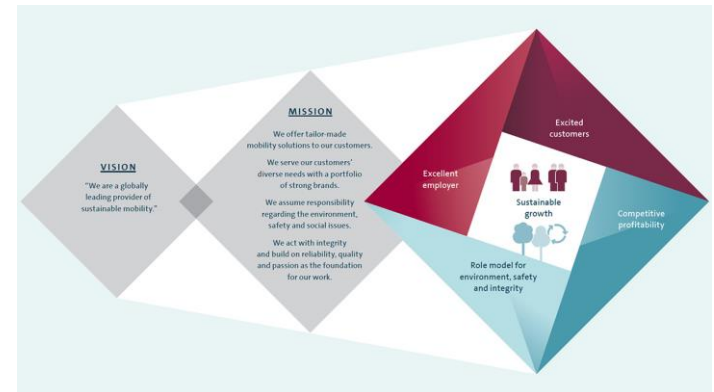


- **Strategic planning**
- **Business – we are making profits !**
- **Consumer choice**
- **Green Logistics**
- **Logistics core stones**
- **Local, regional, global logistics**

- **Case development (GROUP WORK)**

# **Logistics**

- **Corporate strategy**
- **Functional strategies**
- **Business strategies**



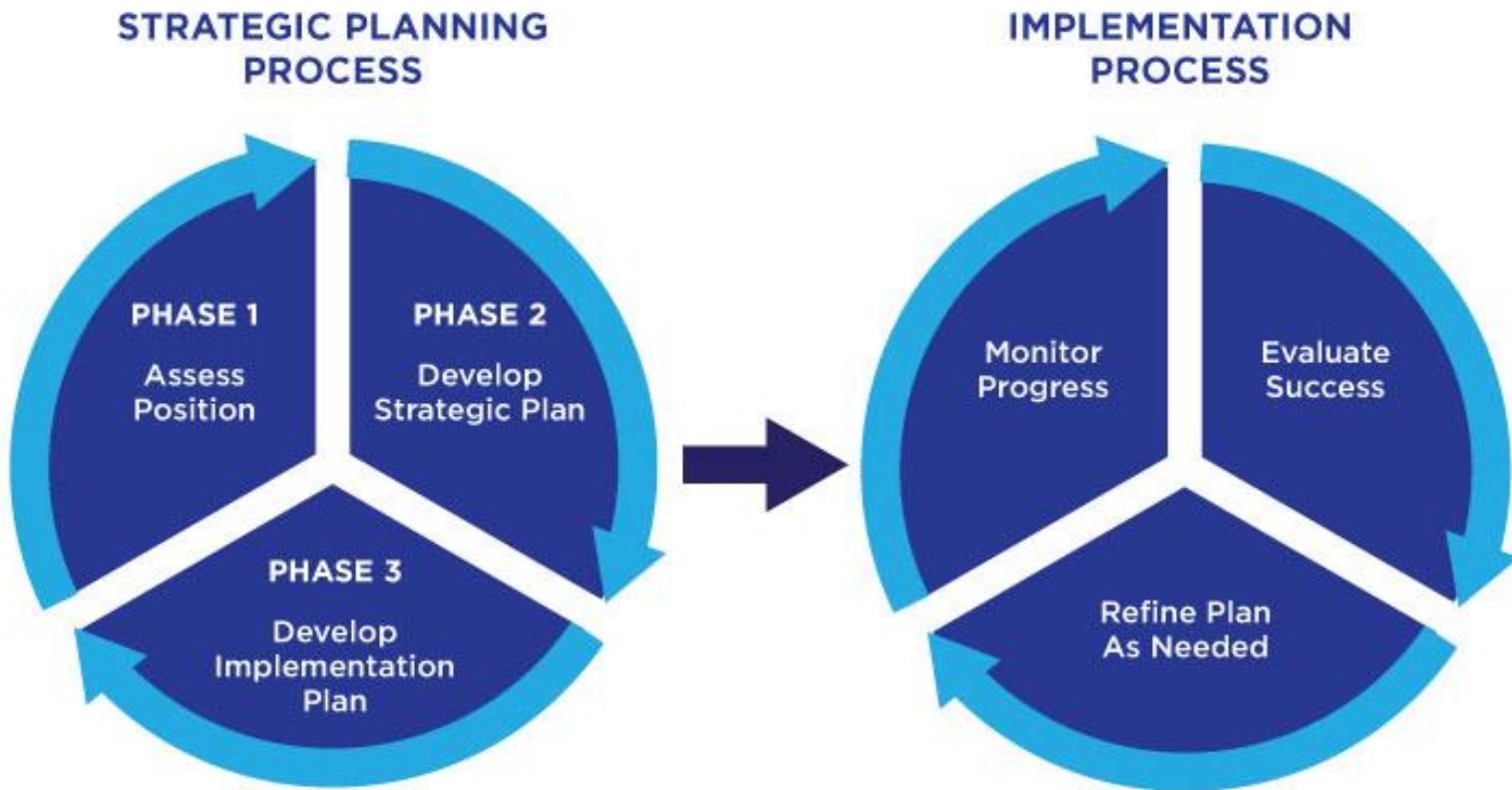
# Strategic view point

- **The firm must engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track.**

## **The Strategic Planning Process**

- **Plan**
- **Do**
- **Check**
- **Act**

**Cycle**



# Process

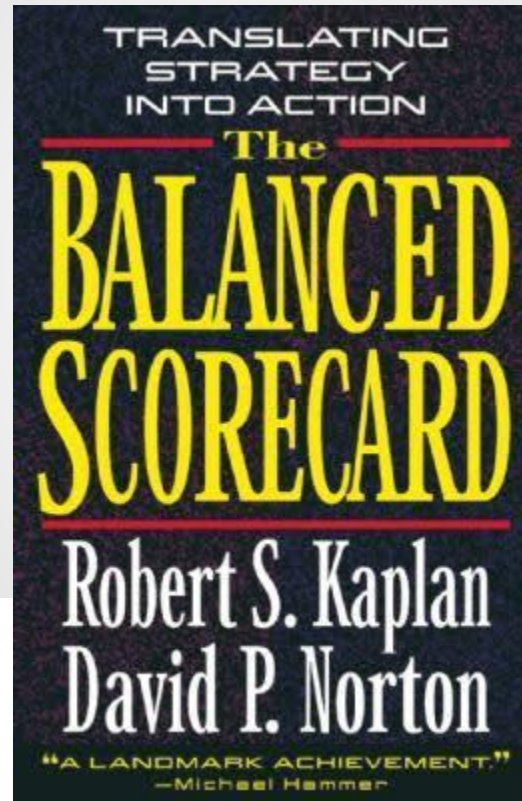




# Vision Mission

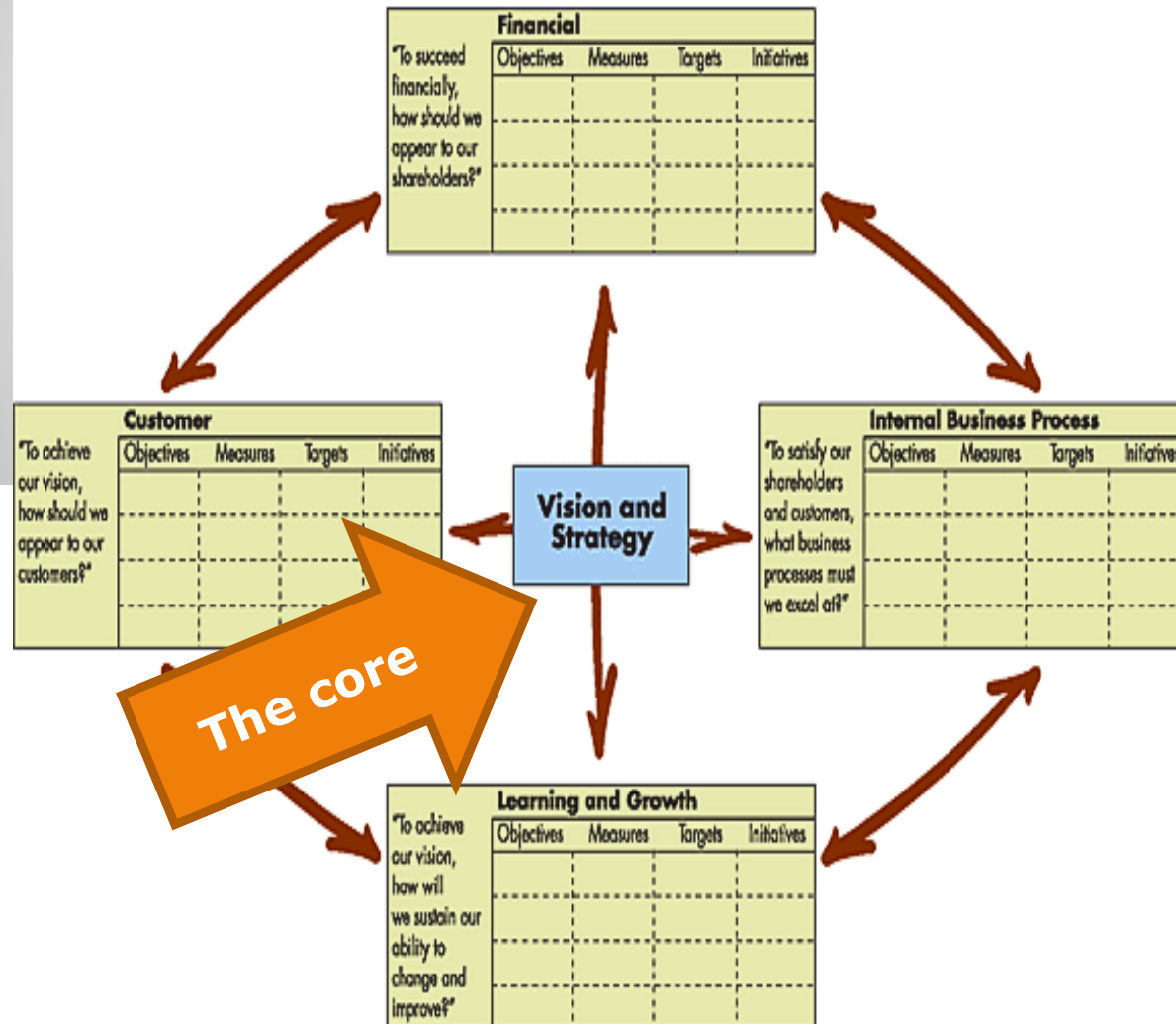


# Latvenergo



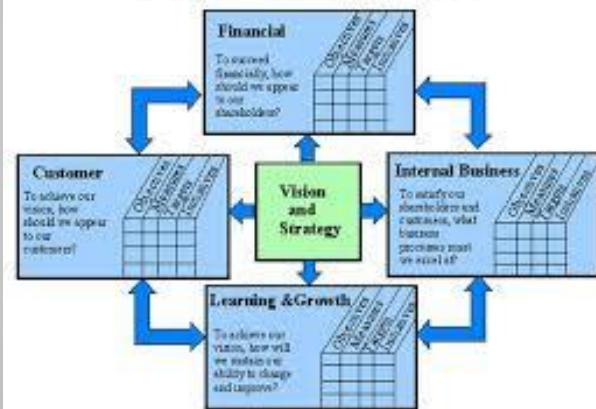
## BSC approach

## Translating Vision and Strategy: Four Perspectives



**BSC**

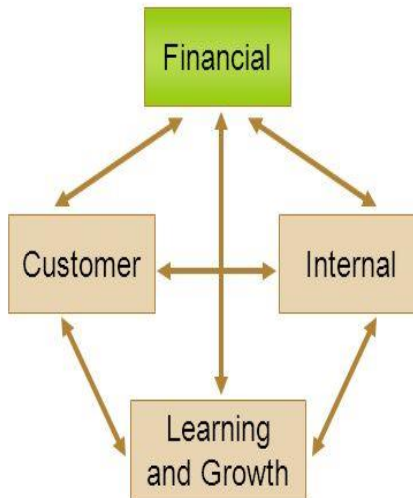
### Balanced Scorecard Framework\*



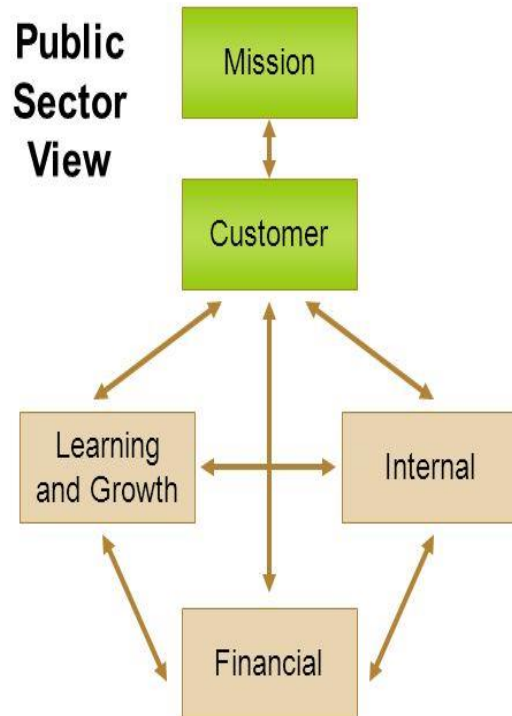
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## Private versus Public Balanced Scorecard

### Private Sector View



### Public Sector View

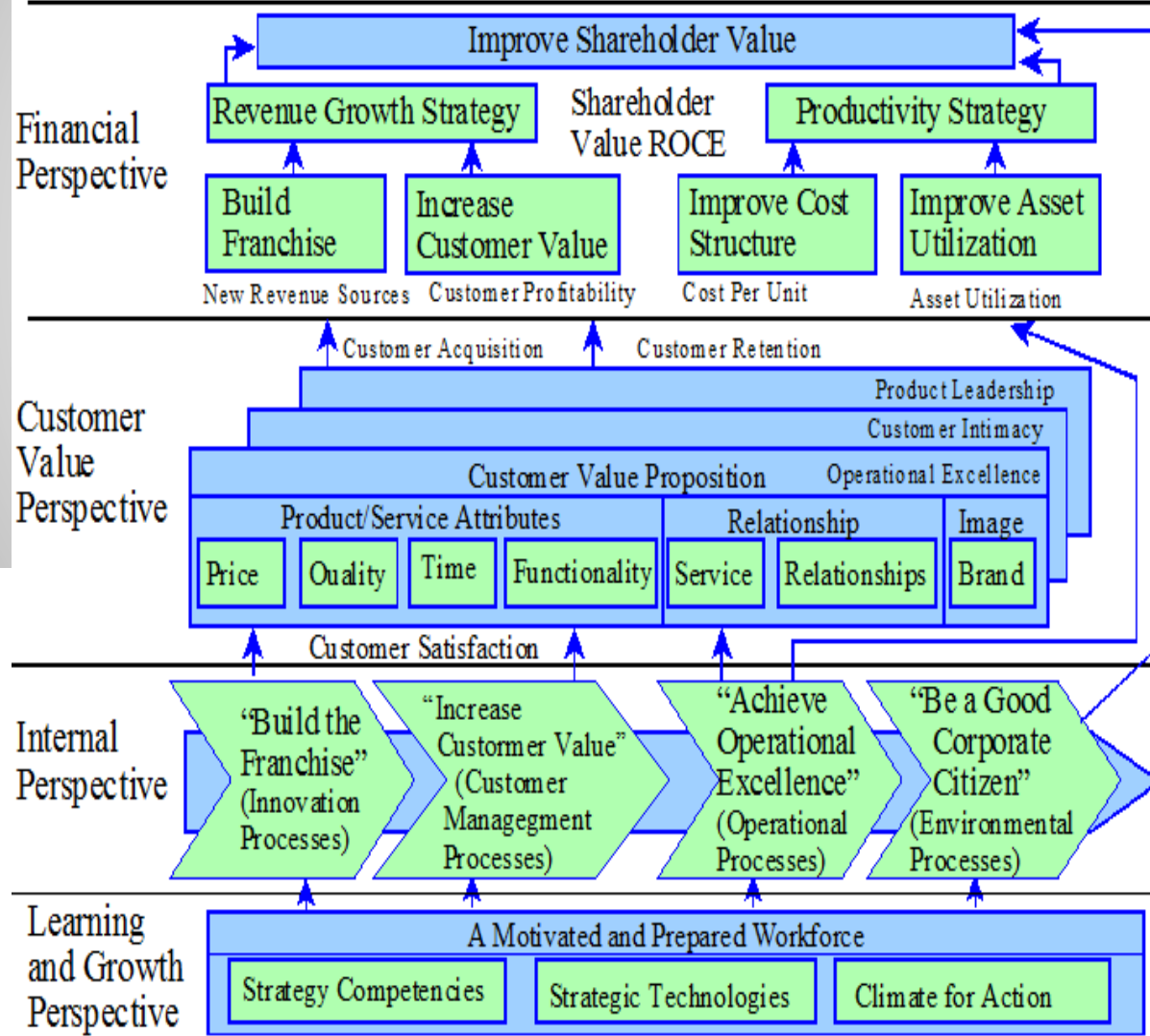


*The **Balanced Scorecard** can be adaptive to serve both public and private organizations.*

# Priorities



# The Balanced Scorecard Generic Strategy Map\*



\* Adapted from Kaplan, R. S. and D. P. Norton. 2001. The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment. Harvard Business School Press. Figure 3-15 page 96.

- **Nokia/Siemens/Alcatel/Ericson**
- **Neste and Statoil case**
- **Samsung and Just 5 example**
- **Turiba specifics**
- **Tourism and hospitality business**

**Strategic decision making**





# Consumer/customer perspective

## Main Trends That Will Shape Consumer Behavior This decade

- **Forbes forecasts**
- **Euro monitor research**

The Forbes logo, featuring the word "Forbes" in a blue, serif font.The Euromonitor International logo, featuring a colorful, abstract graphic of overlapping curved lines in purple, blue, green, yellow, and orange, resembling a stylized rainbow or a globe's latitude/longitude lines.

**EUROMONITOR  
INTERNATIONAL**

# Consumer trends worldwide

- **Saving time** is often about new attempts to buy time, beyond convenience.
- ***Consumers are more willing to outsource aspects of their lives. Many perceive time as the key luxury.***

## **Buying Time**

- **The New Industrial Revolution. *Science is no longer a closed world, just for geeks.***
- Digital and technological advances are enabling us to create in new ways—leading to new creative forms and helping us see a new appreciation of the digital as a thing of beauty.

# **The New Industrial Revolution**

- ***The future for many world regions is greyer, but old age as we know it is being challenged.***
- **We can talk of a mature lifestyle as more people are living a busier, more satisfying and extended “third age”, starting after middle age—anywhere from 55-65.**

## **Challenging Ageing**

- **Super-personalized. *Personalization has been taken out of the hands and tastes of consumers.***
- **This is not just bespoke you select – it is also bespoke that selects you.**
- **Advances in technology mean that products are able to read consumers and give them what they want – sometimes without even being asked.**

# Super-personalized

- ***The fascination with promoting the wellness of their inner selves shows that consumers are looking beyond physical health.***
- **The pursuit of mindfulness is apparent in bestseller lists, in app choices and holiday options and even the yoga pants fashion staple.**

## **Mental Wellbeing**

- ***A backdrop of unsettling world events, personal security worries and financial stress are catalyzing a sense of fear in consumers, driving a quest for greater control.***
- **Insecurity is influencing many buying decisions and disparate consumer behavior including “helicopter parenting”, the interest in smart homes, safe holidays**

## **Shopping for Control**

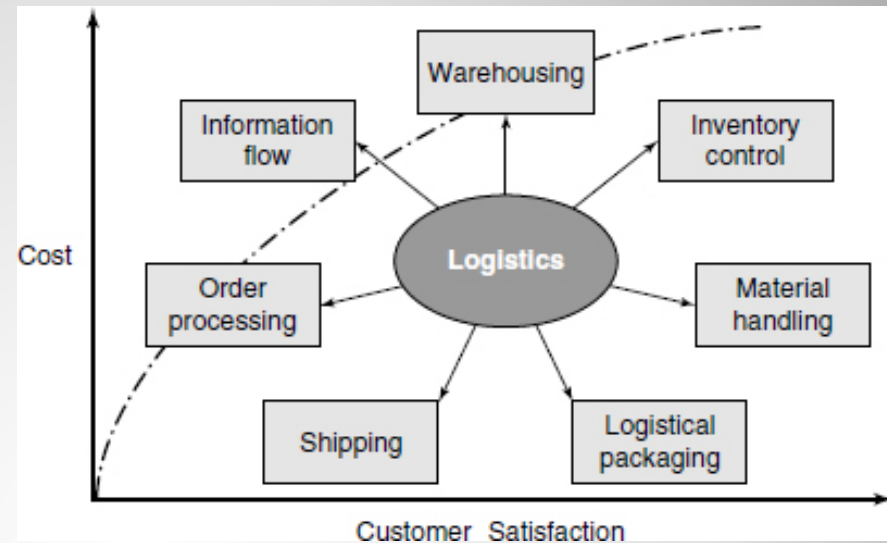
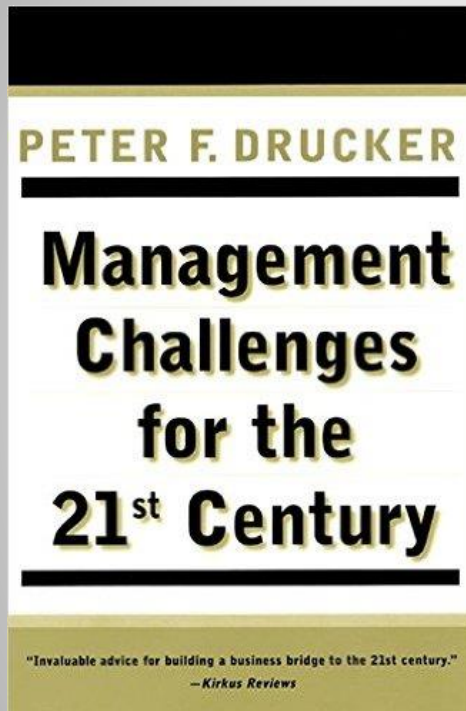


- **With fewer commitments and more to spend, premium singles are a captive audience for authenticity-led services and products, such as high-end goods promoted via users' authentic digital snaps.**

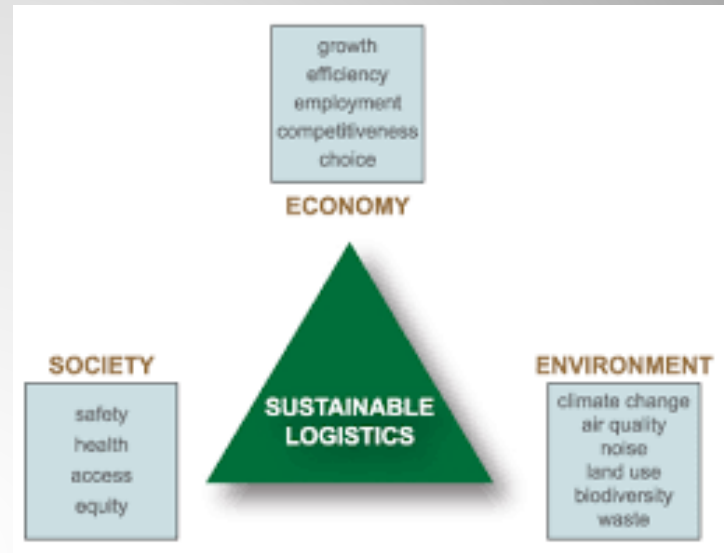
## **Spending Singles**

- **The flow of materials (services)**
- **The flow of information**
- **The time taken to respond to demand from source of supply**

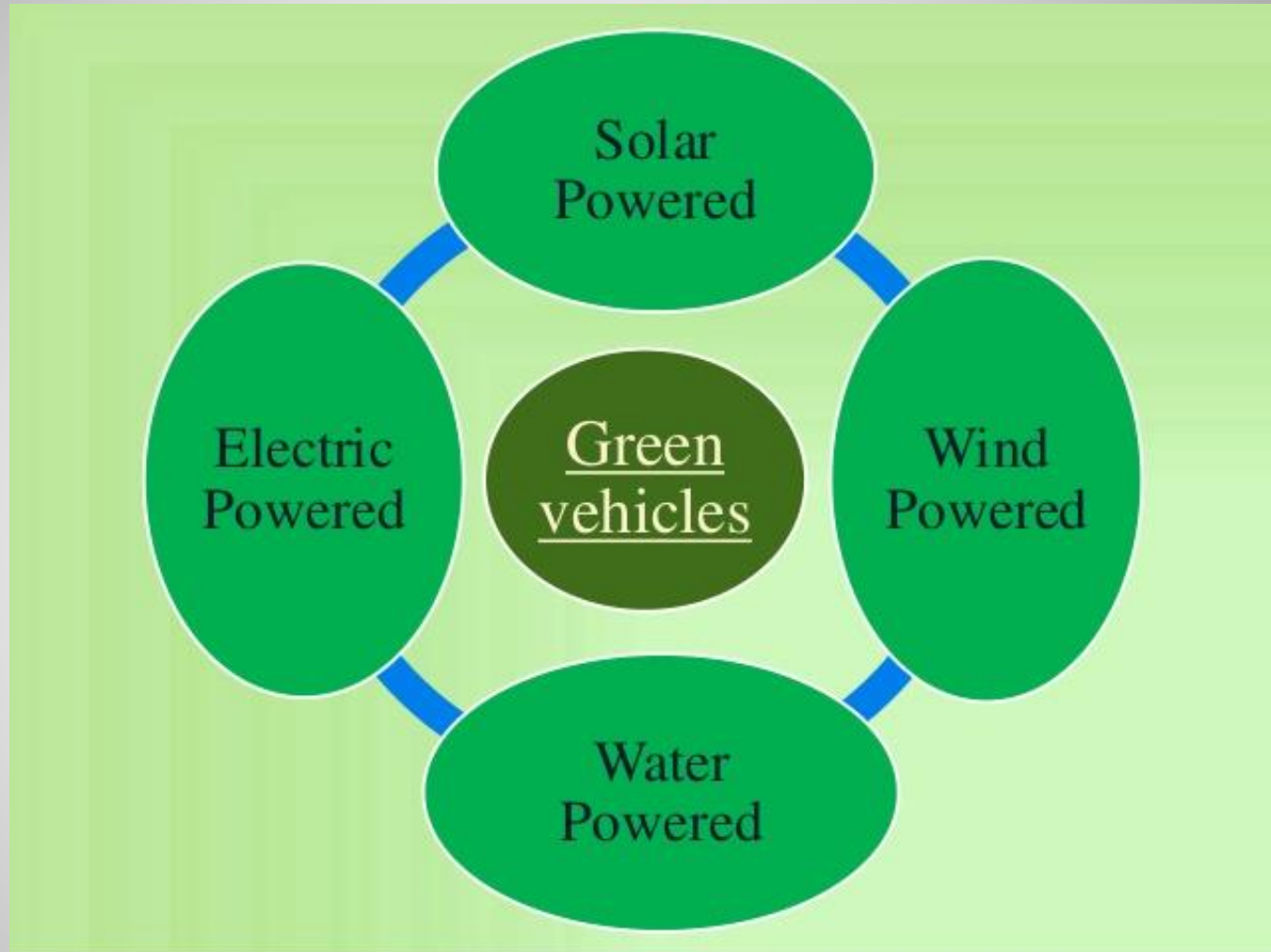
**Three main factors in logistics**



# Logistics

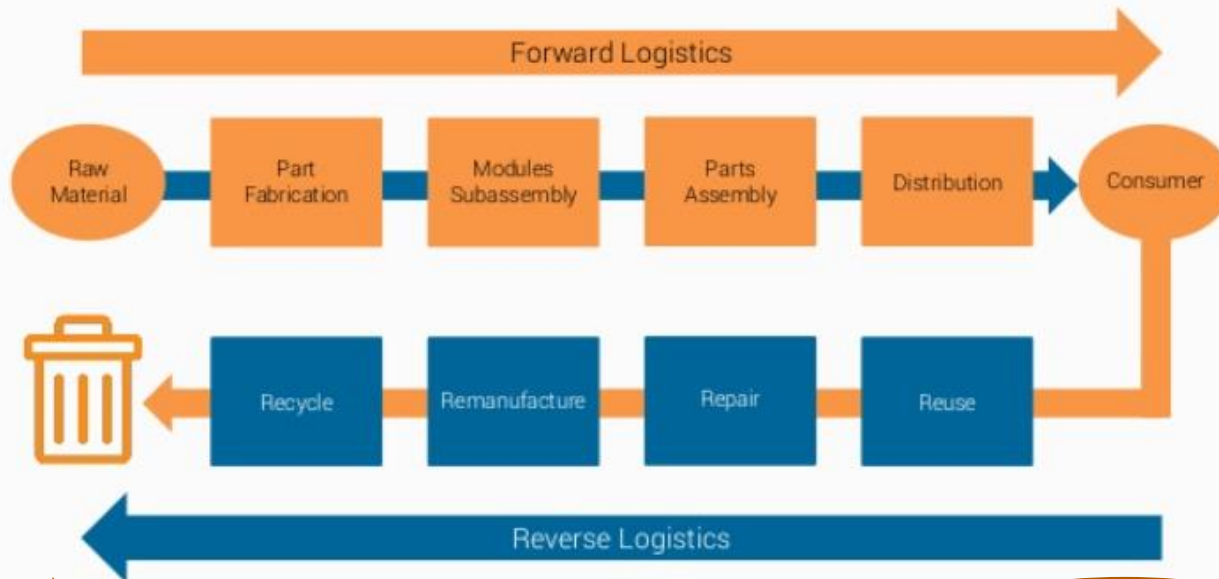


# Basics



# Green Transportation

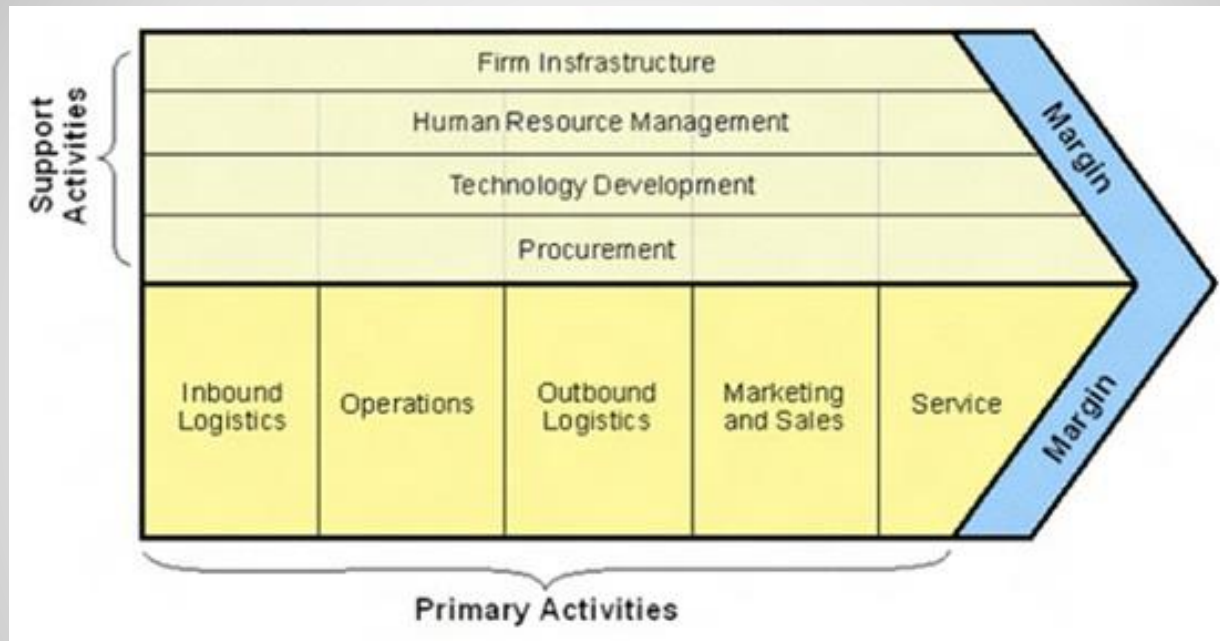
# What is Reverse Logistics?



Source

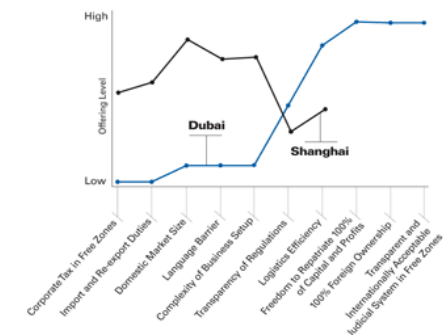
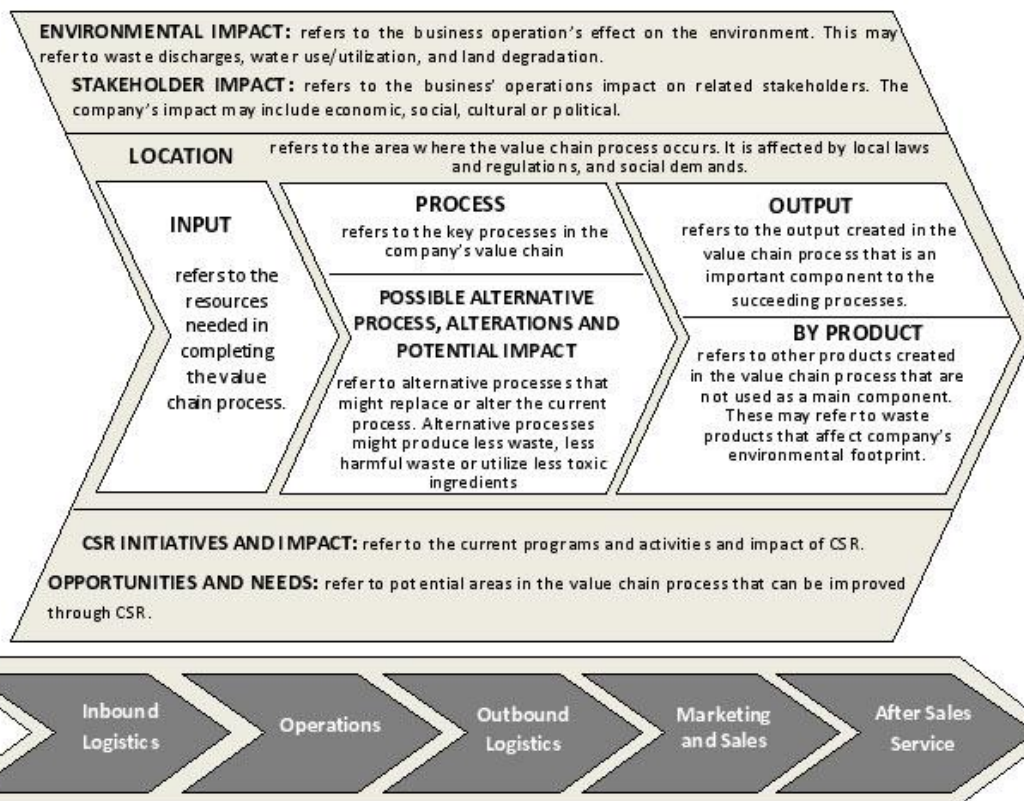
Simple  
explanation

## Reverse Logistics



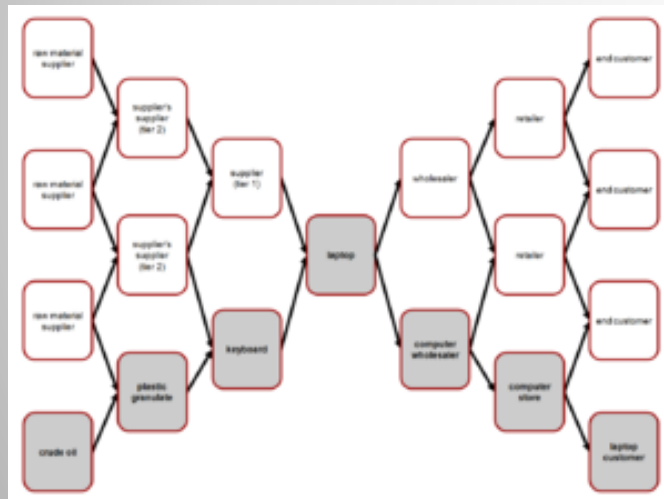
# Value chain analysis





# Primary chain



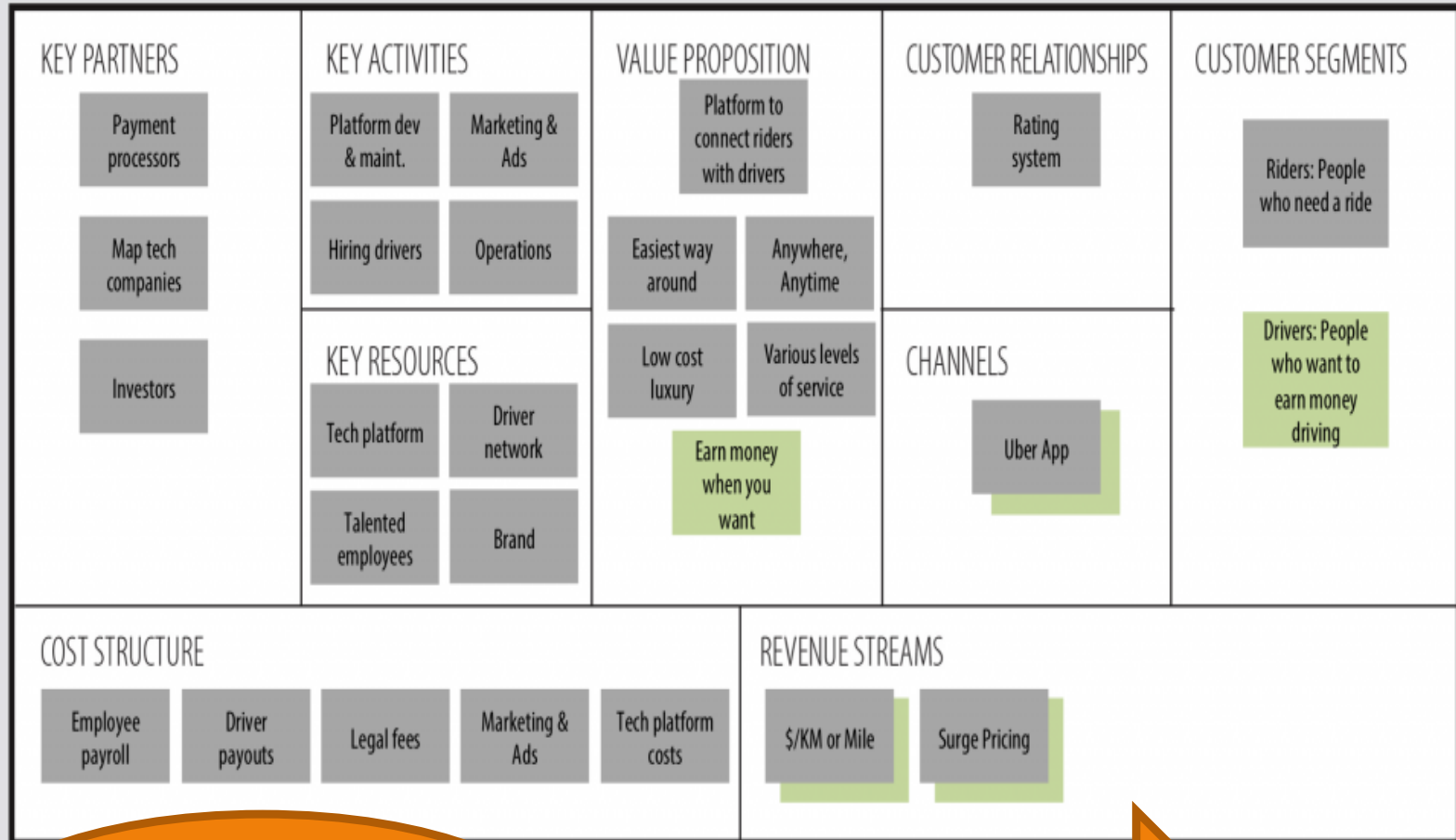


<b>KEY PARTNERS</b> Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from our partners? Which key activities do partners perform?	<b>KEY ACTIVITIES</b> What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?	<b>VALUE PROPOSITIONS</b> What value do we deliver to the customer? Which one of our customers' problems are we helping to solve? What bundles of products and services are we offering to each segment? Which customer needs are we satisfying? What is the minimum viable product?	<b>CUSTOMER RELATIONSHIPS</b> How do we get, keep, and grow customers? Which customer relationships have we established? How are they integrated with the rest of our business model? How costly are they?	<b>CUSTOMER SEGMENTS</b> For whom are we creating value? Who are our most important customers? What are the customer archetypes?
	<b>KEY RESOURCES</b> What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?		<b>CHANNELS</b> Through which channels do our customer segments want to be reached? How do other companies reach them now? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	
<b>COST STRUCTURE</b> What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?		<b>REVENUE STREAMS</b> For what value are our customers really willing to pay? For what do they currently pay? What is the revenue model? What are the pricing tactics?		

Complicated picture !

# BUSINESS MODEL CANVAS

# UBER



**Example from  
real business**

**Source**



# Partners Across The Globe Are Bringing The 787 Together

787 DREAMLINER

## THE COMPANIES

### U.S.

Boeing  
Spirit  
Vought  
GE  
Goodrich

### CANADA

Boeing  
Messier-Dowty

### AUSTRALIA

Boeing

### JAPAN

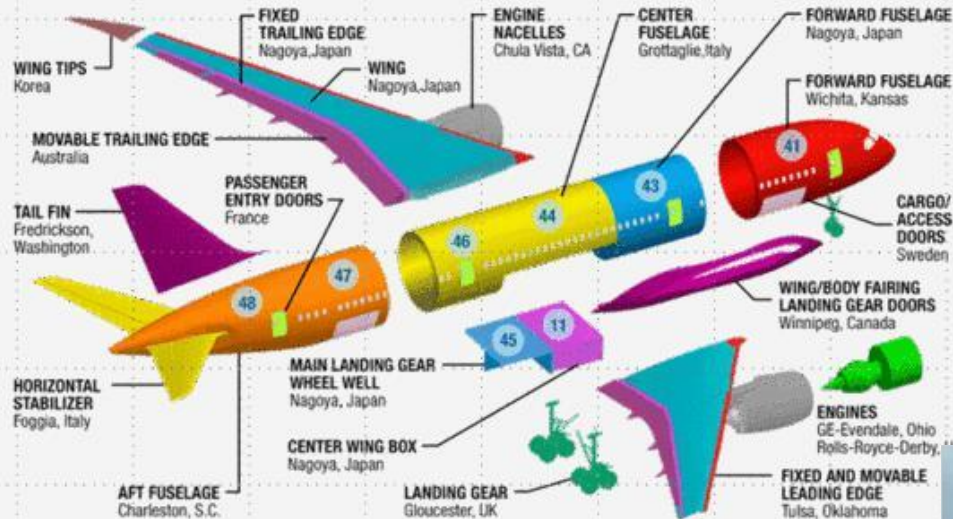
Kawasaki  
Mitsubishi  
Fuji

### KOREA

KAL-ASD

### EUROPE

Messier-Dowty  
Rolls-Royce  
Latecoere  
Alenia  
Saab

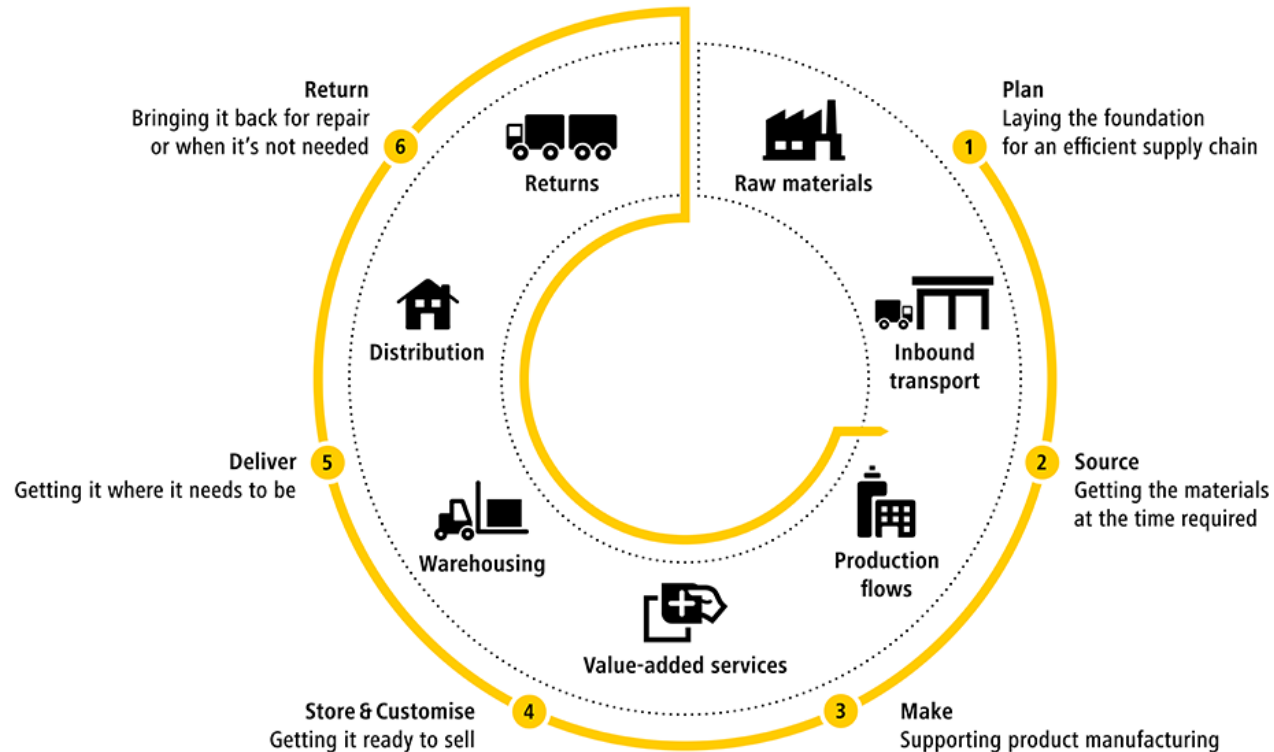


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# Boeing



## Logistics and value-added services along the supply chain



..... End-to-end supply chain      — Supply Chain services

- **Through the second half of the 20th century, trade barriers were dramatically reduced through !**
- **Now ones more coming back....**

**Trends**

- **Rounds of trade negotiation under the GATT/WTO**
- **Regional economic arrangements like the EU, NAFTA , ASEAN Free Trade Agreement , Таможенный Союз.**
- **Unilateral developments by countries like China and USA for their economic development**

**Trends**

- **Hard infrastructure**
- **“Soft” infrastructure**
- **Coordination and collaboration**

**Agenda in logistics sector**

- **Many developing countries still require significant investments in basic infrastructure like ports, airports, roads, and rail links.**
- **Mobilizing funds for an initial investment is not enough, however.**
- **It is also important to ensure that funds are available for continuous maintenance, so that facilities remain productive in years to come.**

## **Hard infrastructure**



- **Logistic sector regulation is important, because it governs the conditions under which operators can do business, and often determines the conditions under which they can access key international gateways**
- **Customs and border procedures also matter, as they can have serious impacts on delays and uncertainty faced by traders**

**“Soft” infrastructure**

- **Private sector development is also key, as the private sector is the engine of technological upgrading in the sector, a role that is enhanced as the logistics GVC (global value chains ) develops further.**

**"Soft" infrastructure**

- **The best results are achieved when multilateral and bilateral donors, as well as partner countries and the private sector, are all engaged in improving transport and logistics performance.**
- **It is important for the process to be driven by partner country priorities, with the private sector playing a key role in their development.**

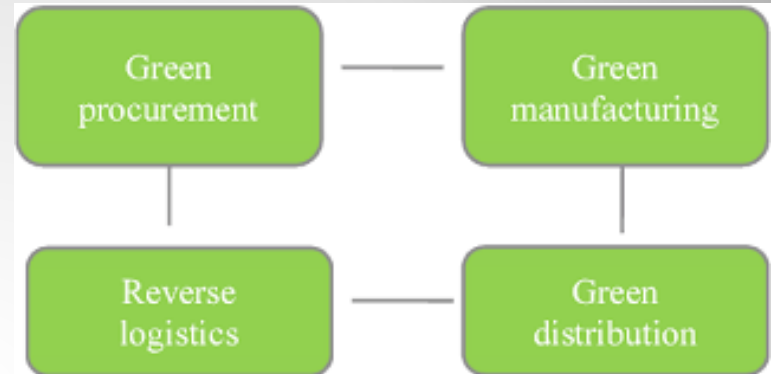
**Coordination and collaboration**



**Back to the basics**

- **Group work (first part)**
- **Discuss new business in Baltic's and necessary details from logistical point of view**
- **Evaluate necessary inbound and outbound logistics activities**
- **Group conclusion about the main “building blocks” of new company logistics**
- **Green and sustainable viewpoint must be highlighted !!!**

**Development of case**



# The constraint ?

- With the assembly plant as the focus of the supply chain, **upstream activity** includes suppliers of raw materials, which are materials not processed. For example, metals such as aluminum and copper are raw materials. Activities upstream could include a supplier mining these materials to fulfill orders. Suppose the materials are on order but not on hand. The focus of activity would likely be to mine the requested materials as quickly and efficiently as possible. Transporting or shipping to the plant is another example of upstream activity.

## Upstream Activity



- **Downstream** from the assembly plant are distributors, shipping partners, and point-of-sale stops along the way, such as wholesalers and retailers. One important downstream activity is inventory management. Distributors, wholesalers and retailers all strive to carry inventory in quantities needed to fulfill customer orders without overstocking. When operations are running smoothly, the distributors ship orders on time. When an order cannot be filled in a timely manner, this is called a "stock-out" and activity stagnates. A second example of downstream activity is customer service in the retail store, when the product finally reaches the consumer.

## Downstream Activity



- <https://iccwbo.org/>
- **With a global network of over 6 million members in more than 100 countries, ICC work to promote international trade, responsible business conduct and a global approach to regulation through our unique mix of advocacy and standard setting activities – together with market leading dispute resolution services.**



**ICC**

- **The Incoterms® rules or International Commercial terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) widely used in international commercial transactions.**
- **A series of three-letter trade terms related to common sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs and risks associated with the transportation and delivery of goods.**
- **The Incoterms rules are accepted by governments, legal authorities and practitioners worldwide for the interpretation of most commonly used terms in international trade.**
- **They are intended to reduce or remove altogether uncertainties arising from different interpretation of the rules in different countries.**
- **First published in 1936, the Incoterms rules have been periodically updated.**
- **“Incoterms” is a registered trademark of the ICC.**

## **Inco terms**

- **Logistics is the management of the flow of goods (services) between the point of origin and the point of consumption in order to meet some requirements, of customers or corporations.**



**Definition**

- **The resources managed in logistics can include physical items, such as food, materials, animals, equipment and liquids, as well as abstract items, such as time, information, particles, and energy.**



**Resources**

- **Inbound logistics** is one of the primary processes of logistics, concentrating on purchasing and arranging the inbound movement of materials, parts, and/or finished inventory from suppliers to manufacturing or assembly plants, warehouses, or retail stores.
- **Outbound logistics** is the process related to the storage and movement of the final product and the related information flows from the end of the production line to the end user.

## Logistics viewpoints

- **Procurement logistics**
- **Distribution logistics**
- **After-sales logistics**
- **Disposal logistics**
- **Reverse logistics**
- **Green logistics**
- **Global logistics**



# Logistics

- Consists of activities such as market research, requirements planning, make-or-buy decisions, supplier management, ordering, and order controlling.
- The targets in procurement logistics might be contradictory: maximizing efficiency by concentrating on core competences, outsourcing while maintaining the autonomy of the company, or minimizing procurement costs while maximizing security within the supply process.

## Procurement logistics



- **The delivery of the finished products to the customer.**
- **It consists of order processing, warehousing, and transportation.**
- **Distribution logistics is necessary because the time, place, and quantity of production differs with the time, place, and quantity of consumption.**

## **Distribution logistics**





- **Domestics logistics**
- **Concierge Service**
- **RAM logistics**
- **Asset Control Logistics**
- **POS Material Logistics**
- **Emergency Logistics**
- **Production Logistics**

**Logistics**

- **Term used by the logistics, supply chain, and manufacturing industries to denote specific time-critical modes of transport used to move goods or objects rapidly in the event of an emergency**



**Emergency logistics**

- **Information** – planning of travels, order processing and forecasting of demand;
- **Conveyance of tourists** – means of transport and carrier company selection;
- **Tourist service staff**
- **Service supporting sector** –logistics departments, which support the process of preparing the travel offers and provision of services to customer: production capacity and economic attractiveness of tourist companies are of topical importance for functioning of logistics system

## **Tourism logistics system**



# Eurasia



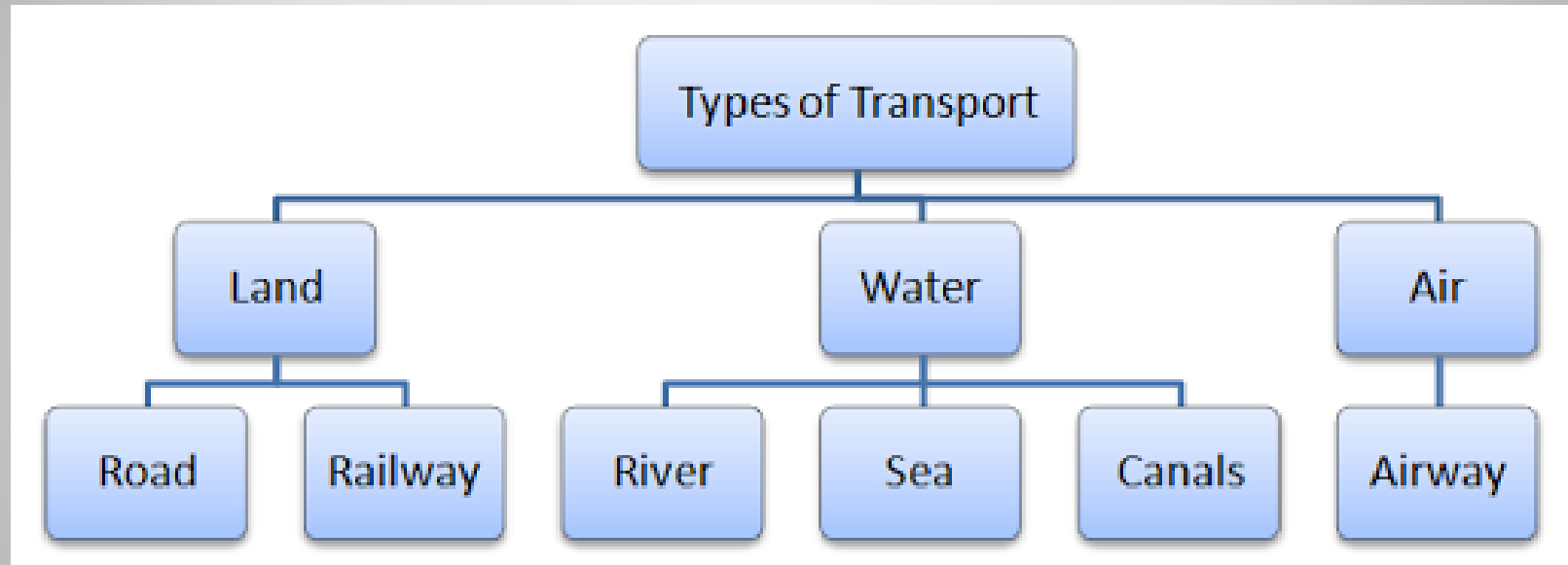




# Transport and logistics in Latvia



**DHL**



# Transport



- **Process risks** - those that can affect workflow, material, information and money.
- **Risks associated with assets and market risks** - that come from the infrastructure and assets associated with or use that infrastructure, whether the assets are fixed or mobile.

## Risks

- **Organisational risks** - associated with organisational structures and relationships between networked organisations that may also cross sectors and industries.

**Macro-environmental risks** - including political crises, natural disasters, terrorism and economic risks.

## Risks



**FACTORS**

**Environmental**

- Natural disasters
- Extreme weather
- Pandemic

**Probability**

- High (>30%)
- Average (15-30%)
- Low (<15%)

**Geopolitical**

- Political instability
- Trade restrictions
- Terrorism
- Corruption
- Theft and illicit trade
- Piracy

**Economic**

- Demand shocks
- Price volatility
- Border delays
- Currency fluctuations
- Energy shortages

**Technological**

- ICT disruptions
- Infrastructure failures

**Mitigation**

- Uncontrollable
- Influenceable
- Controllable

# Main supply chain risks

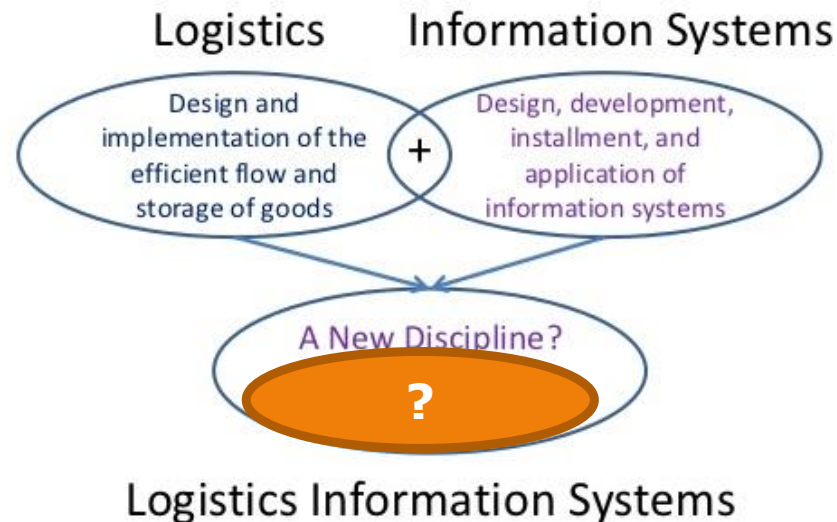
- **How to respond to risk (risk mitigation, risk avoidance, risk transfer and risk retention) providing shippers with more practical assistance to either set them down the path of a risk-management strategy or create a measure to benchmark existing strategies against.**
- **Methods of responding to specific risks in transport and logistics, including vendor checks and Key Performance Indicators.**

## Responding to risk

- Group work (second part)
- New business idea in Latvia was created !
- **Detailed evaluation of necessary upstream/downstream activities have to be added !**
- **Transport solutions in each step have to be added (green and sustainable viewpoint!)**
- **Risk analysis in upstream and downstream processes !**
- **Solutions- detailed proposals for activities (for each analyzed risk) !**
- **Green and sustainable viewpoint must be highlighted !!!**
- **Remember RRR (2.slide) !**

## Case development

# Logistics and Information Systems

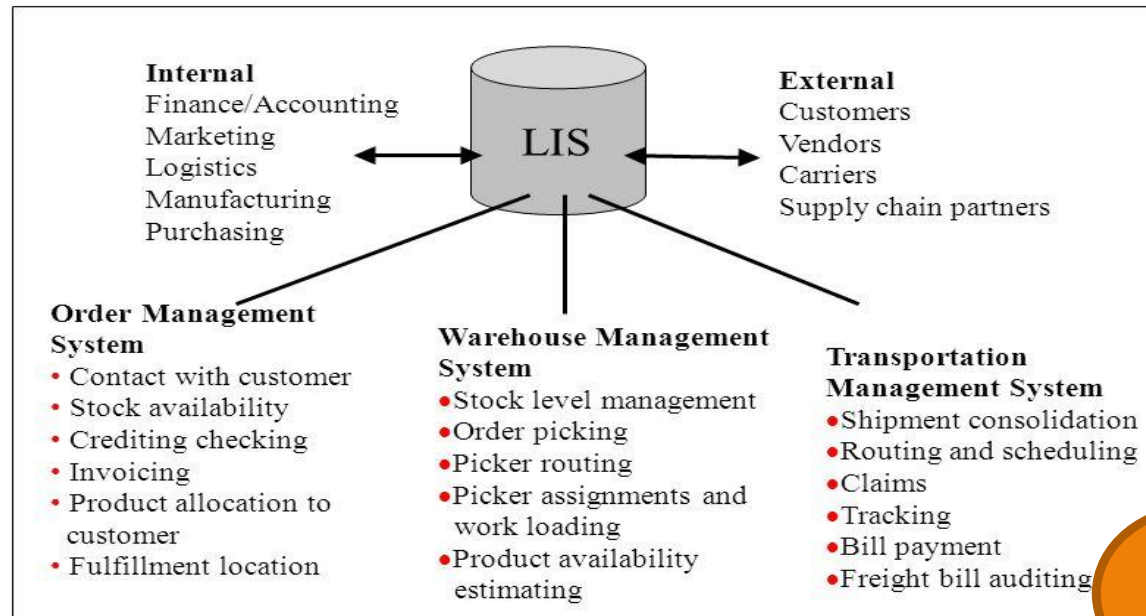


LIS

## Where it is coming from ?

- **Unified logistics and information systems**

## Overview of Logistics Information System

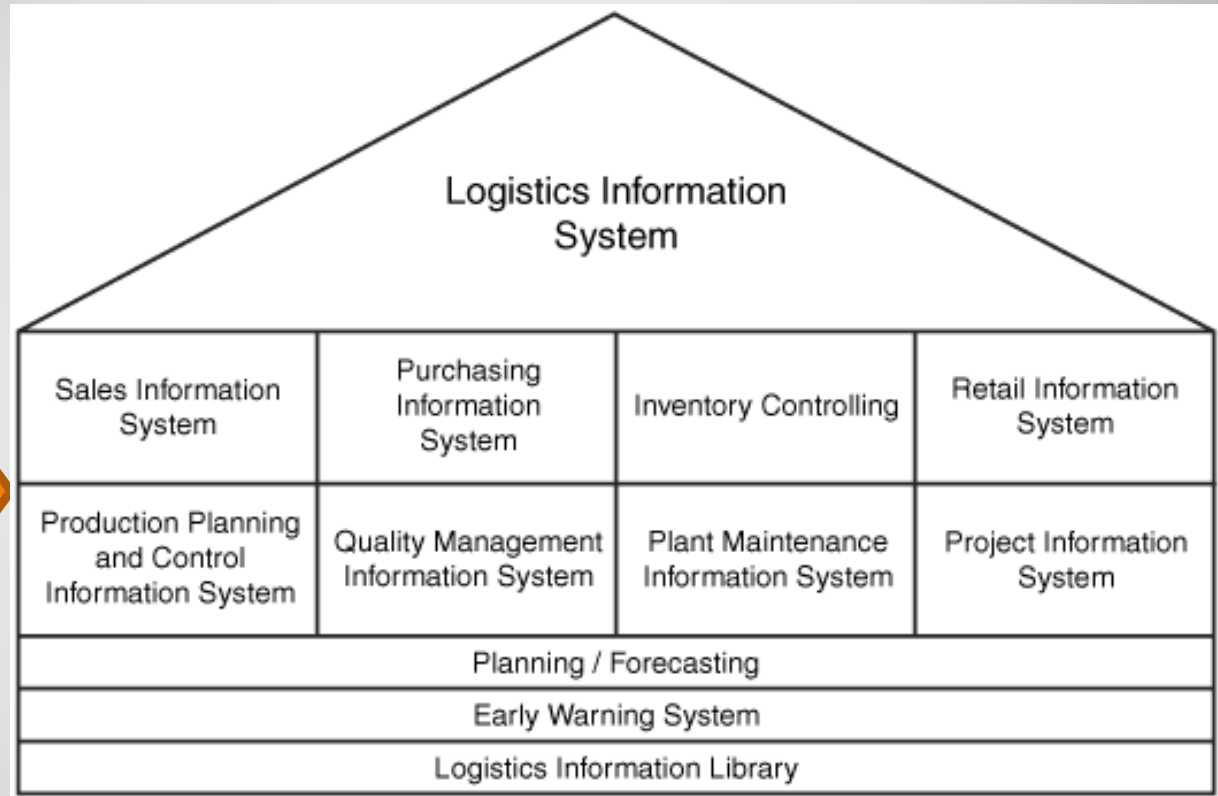


**LIS**

Example



**Content**



# Logistics information system



- **General Information and communication tools**
- **Specific ICT (information and telecommunication ) decisions**
- **Green and sustainable development viewpoint !**

**Content**





mapon

**Local developments**

- **Mapon builds easy-to-use, multi-faceted GPS tracking and fleet management solutions for both larger businesses and private use.**
- **Mapon develops and installs the most user-friendly, yet advanced GPS tracking and fleet management software and hardware in the market.**

**MAPON ( Latvia )**

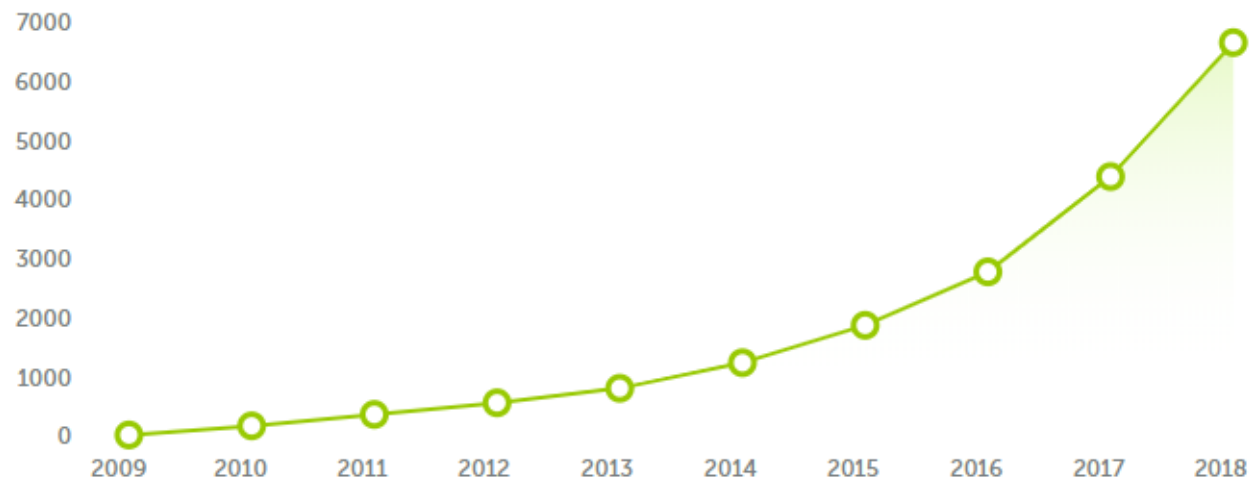
# Mapon

## Mapon growth chart

Kilometers tracked

Devices installed

Active clients



- **Group work (third part)**
- **Business idea in Latvia was created and inbound/outbound logistics analyzed!**
- **Transport solutions created**
- **Risk analysis in upstream and downstream processes done !**
- **Detailed proposal for LIS must be added**

## **Case development**



**Movie  
Night  
coming**

**Finalizing the day**



## Logistics and value-added services along the entire supply chain



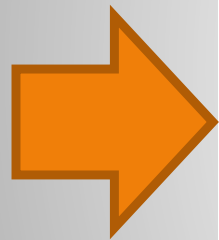
## DHL Supply Chain Services



# DHL example

- **Pick and pack is a part of a complete supply chain management process that is commonly used in the retail distribution of goods.**
- **It includes processing small to large quantities of product, often truck or train loads and disassembling them, picking the relevant product for each destination and re-packaging with shipping label affixed and invoice included.**
- **Usual service includes obtaining a fair rate of shipping from common as well as expediting truck carriers.**
- **Pick and Pack services are offered by many businesses that specialize in supply chain management solutions.**

## **Regional specifics Pick-pack**



### **Mobile Transportation Solutions**

- Fleet Management
- Vehicle Management
- Fuel Management
- Green Transportation
- Tracking & Tracing

### **Mobile Logistics & Services Solutions**

- Supply Chain Management
- Optimized Routing
- Freight Monitoring
- Asset tracking & Management
- Efficient job allocation
- Instant proof of delivery

## **Possible Solutions**



**Have a nice evening !**