



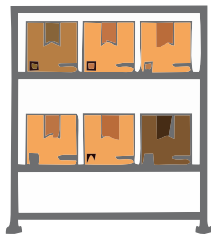
Information Booklet

Business Management

8

MANAGING LOGISTICS AND WAREHOUSING

for SMEs



Introduction

Small and Medium Enterprises Development Authority (SMEDA) works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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Objective

- To identify and assess the importance of logistics resources and warehousing requirements for a small and medium business
- To design an effective logistic management system / plan for appropriate storage, packaging and shipping of goods

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a Logistics and Warehouse

Warehousing and logistics are related aspects and functions of a business. In the most simple terms, warehouse is the physical housing of the goods and wares, whereas logistics may be defined as the flow of both physical goods and information.

Warehousing is the safe storage of goods, inventory, information, etc. within a specified area, building or facility. Warehouses reduces fluctuations in supply and demand by releasing materials when the demand is firm. Warehouses ensure a regular supply of goods in the market. This matching of supply with demand helps to stabilise prices.

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“Logistics is the process of planning and implementing or managing procedures for the efficient and effective transportation and storage of goods, including services and related information, from the point of procurement to the point of consumption”.

-The Council of Supply Chain Management Professionals

The goal of logistics is to manage the organizational requirements for movement, storage and retrieval of products and services.

b Logistics Management System

Logistics management is the process through which businesses address and meet customer demands for place, location and time for availability of product, services and information. This includes the process of planning, control and implementation of the related information, goods and services from origin to destination. Logistics management helps companies reduce movement, storage and retrieval expenses and enhance customer service.

Some of the important considerations for logistics management are as follows;

Using appropriate software and technology resources to effectively and efficiently handle, monitor and control related processes

Deploying the most competent storage and warehousing and delivery/ transportation methods

Selecting appropriate storage locations for supply to customers by distributors or vendors

Selecting vendors with the ability to provide appropriate transportation facilities

Choosing the most effective routes for transportation, etc.

C Types of Storages/Warehouses

Storage/warehouses can be classified based upon the goods and materials they store or the management structure they work under. There are four types of storage based upon the management structure including Public warehouse, Bonded warehouse, Co-operative warehouses, Distribution center.



1

Public Warehouses: A public warehouse is a business that provides storage facility on short-term or long-term basis to companies on a month-to-month basis and may also offer inventory management and transportation. For example: e2e Logistics Private Limited, Abu Dawood Trade Marketing Services.

2

Bonded Storage: A bonded warehouse is a secured area or building where goods may be stored or even processed/manufactured without payment of leviable government duty, till the goods are discharged/leave the premises for sale or distribution. It may be managed by the state or by private enterprise. For Example: Crescent Public Bonded Warehouse, Pakistan Cargo Services.

3

Co-operative Warehouses: A warehouse which is owned, managed and controlled by co-operative societies for providing storage facilities for their members only. These are very few in numbers but exist all the same. They are more commonly used for storing crops after harvesting. Example: Small farmers and rural artisans belonging to different rural communities organised under community development programs of Rural Support Programs RSPs have these types of warehouses facilities.

4

Distribution Centers: A distribution center is similar to a warehousing facility, usually smaller than the main warehouse of the business for products and goods to be redistributed to retailers, wholesalers, or directly to customers.

Apart from the classification based upon management structures, there are storage and warehousing facilities classified by use or based upon their purpose. These include specific for export or perishable goods etc. as follows:

1

Packing Warehouses

This is a common term in export called Packing Warehouses. The main purpose of packing warehouses is the picking, checking, labeling and packing of goods for export.

2

Cool Warehouse

There are cool warehouses or cold storages for local and export marketing. A cool warehouse is a warehouse where perishable goods are stored and refrigerated. Products stored can be fruits, vegetables, meat and other agricultural products or prepared food and medicines and other chemicals etc.

Sometimes these storages have to comply with strict sanitary and phyto-sanitary measures.

d Materials Handling (Packing, Shipping and Transportation)

Materials handling has two overlapping connotations for any business; in first, it covers all the movement, protection, storage and control of materials and products throughout manufacturing, warehousing, distribution, consumption and disposal. In second, and more commonly used expression, materials handling includes work and systems related with the product packing, shipping and transportation.



This is to determine the most appropriate methods of packing, shipping and transportation for the goods and services delivery, storage and distribution. These processes are beyond the core manufacturing and production operations but sometime constitute an important element of product. Material Handling Practices are considered important as they reflect following;

1

Facilitate product handling and help retain the quality of product until it reaches the customer.

2

Facilitate reduction in material damage in transit and to improve their management.

3

Reduce total manufacturing time through well-designed material movement.

4

Enhance the flow and control of materials, goods and services.

e Fleet Management

Fleet Management is the process of managing the vehicular assets of a business, such as cars, trucks, bikes, busses etc. whether purchased or rented. It allows companies to maximize efficiency related with transportation/ freight services for goods and people, while removing or minimizing the risks associated with vehicle investment.

This allows companies to organize and coordinate work vehicles with the aim to improve efficiency, reduce costs, and provide compliance with government regulations.

It allows some businesses to improve their marketing and outreach, with efficiency and productivity, for instance the on call service delivery of repairs and handyman or delivery of home made lunch and dinners etc.

It includes using tracking systems to monitor vehicle location, proper vehicle use, driver behavior, work breaks and safety protocols etc for food delivery, courier services, car rentals, trucking, cab and bus services etc.

Inventory or stock management is an important element of competitiveness for a business. It is a systematic approach to acquiring, storing, and disposing inventory of materials and products, in a business.

Stock management is the process of ordering, storing, tracking, and controlling inventory. Stock management may also be called stock control, inventory management, or inventory control.

It can be better managed with software to keep track of company assets (materials and goods) from procurement to storage, processing, distribution and finally to end customer.

The purpose of Inventory/ stock management is to minimize the costs of carrying or holding stock, while allowing to meet customer demand and ensuring that there's enough material for production and business always has a 'safe' amount of stock and they're able to react and cover any unforeseen events and turns.

An important element of inventory/ stock management is 'Demand Forecasting', whether it is end-item stocking or raw component sourcing, the more accurate the forecast is the better management can be. Establishing appropriate max-min levels of inventory, based on assessments of lead times and safety stock level help ensure that you have what you needs when you need it.

Good Inventory management ensures presence of the right stock of goods and services at the right levels at the best price in any business.

TOP 10 BENEFITS OF INVENTORY MANAGEMENT



INCREASED SALES

Businesses who actively manage their inventory report a 2-10% increase in sales.



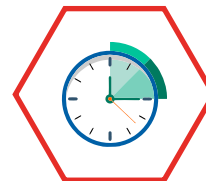
INCREASED INFORMATION TRANSPARENCY

Know when items are received, picked, packed, shipped, kitted, manufactured, etc. Know when you need to order more, when you're over-stocked, or under-stocked.



IMPROVED DELIVERY PERFORMANCE

Real-time inventory updates improve the flow of goods to customers.



SHORTER LEAD TIME

Businesses who actively manage their inventory report a 50% reduction in lead times.



LOWER COSTS

Decreased inventory write-offs/write-downs plus lower inventory holding costs.



INCREASED EMPLOYEE EFFICIENCY

Good inventory management solutions save employees and partners time. Less time spent on managing inventory results in greater productivity for your and your clients.



ACCURATE PLANNING

Stay steps ahead of the game and always have the right amount of products on hand by making decisions based on inventory trends.



DECREASED STOCK-OUTS

Businesses who actively manage their inventory report a 10-25% decrease in stock-outs.



INCREASED CUSTOMER LOYALTY

Improves organization's accuracy and efficiency and customers will love you for it. They'll trust you to fulfill their needs and you'll have exactly what they're looking for when they come back for more.



INCREASED INVENTORY TURNOVER

Optimize the value of goods you have and increase inventory turnover by keeping fewer slow-moving products on hand, while increasing your stock levels on profitable goods.

Conclusion



Logistics and warehousing is an important part of any business. It involves planning and implementing or managing procedures for the efficient and effective transportation and storage of goods, including services and related information.

The goal of logistics is to manage the organizational requirements for movement, storage and retrieval of products and services. Introducing effective logistics management system helps SMEs reduce movement, storage and retrieval expenses and enhance customer service.



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