

What is the difference between logistic and supply chain management?

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Commonly the terms “logistics” and “supply chain” are used interchangeably in the industry, although their definition is entirely different. 3PL's for example offer “integrated supply chain solutions”, yet only address logistics considerations.

Logistics Management

Logistics Management is the management of physical material flow processes and the information flows that directly affect these procedures. This can include, but is not limited to the oversight of transportation policies, transportation routing and scheduling, shipment preparation, warehousing/distribution center scheduling, design and mapping, inbound/outbound design and mapping, material handling procedures including picking, packaging, deconsolidation and reconsolidation methods, as well as maintenance, labor and indirect material needs. From a cost perspective, Logistics Management considers the cost in each of these areas, to minimize the additional cost and time physical material flow processes add to the product.

Supply Chain Management

Supply Chain Management takes into account the design of physical material flow process overseen by Logistics Management, but also looks in depth at the entire system and organization of material, information and financial flows. This includes, but is not limited to the oversight of supplier selection and development, raw material and work-in-process material selection, demand and procurement planning, capacity scheduling and design, production planning, order processing, raw material, work-in-process, finished goods and in-transit inventory, replenishment scheduling, quality control monitoring, as well as logistics selection and development. Supply Chain Management importantly considers the entire system of processes that govern material, information and financial flows, considering the where, what and how of each process in complete architecture. From a cost perspective, Supply Chain Management minimizes the cost effects and time of the entire material, information and financial flow design to maximize the profit generation for each product.