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LOGISTICS CONTROLLING: HOW TO ENSURE LOGISTICS MANAGEMENT OBJECTIVES ARE MET

According to CLM (The Council of Logistics Management, USA), logistics is the part of a supply chain process that plans, implements and controls the efficient and effective flow and storage of goods, services and relevant information from the place of manufacture to the place of usage in order to meet customers' requirements. It is worth noting the two elements of this definition. Mainly that it refers to the popular and capacious concept of the supply chain process, suggesting a wide range of logistics' interests, and that logistics has very specific tasks: to plan, implement, and control, i.e. simply to manage the supply chain for its optimization.

The terms procurement management and logistics controlling are closely linked, as the latter is part of the overarching management task. The aim is to continuously monitor the achievement of planned values and, if necessary, to adjust them accordingly. production depths, throughput times or the scope of the range of parts in order to enable efficient processes. However, logistics controlling is also a superordinate area that aims to plan, control and coordinate all sub-areas of operational logistics.

How efficiently or economically does a company operate with regard to logistics? Logistics controlling provides answers to this question, as it involves permanently monitoring the efficiency of individual processes and identifying potential savings (including rationalization). Logistics controlling is essentially based on cost and performance accounting, based on a canon of key figures that differ from company to company.

Logistics controlling primarily assumes the role of an early warning system by focusing on the key performance indicators, which can be used to identify changes at a granular level and thus map cause-and-effect chains. Which key figures are selected, how they are defined and how their function or importance is assessed depends on the relevance of logistics processes for the company itself or the degree of organization in general [1].

Various instruments can be used to set up and implement logistics controlling. However, these are often not used individually, but are part of a toolbox that includes an ABC analysis, break-even analysis or value analysis. The guiding principle when setting up logistics controlling is always that certain costs are allocated to each individual work step. This applies not only to the sub-areas of logistics themselves, but also explicitly to interfaces between these areas - processes in sub-area A thus influence efficiency in sub-area B, which in turn can influence aspects of sub-area C.

The task of logistics controlling is therefore to monitor the functional areas of operational logistics holistically in order to identify irregularities or deviations from the norm, to present processes transparently and to be able to take measures to rectify problems or increase efficiency.

By assigning a cost value to each aspect, a better understanding of the relevance of throughput times, stock levels or general delivery readiness is also created.

Detailed tasks of controlling in logistics depend very much on the nature of the company's business, in particular, on what logistics processes take place in the company and to what extent.

Nevertheless, it must always contribute to improving the effectiveness of the implementation of plans and increasing the coordination of activities by facilitating the achievement of the strategic objectives of the enterprise and at the same time avoiding the occurrence of the phenomenon of suboptimization, which will be discussed later.

What is important, implementation of procedures and controlling tools in logistics is possible and advisable also in companies where logistics functions are not fully realized. Also in such companies, it is worthwhile to distinguish logistics as an important area of the company's activity and to implement in this area the analysis of costs and effects of particular logistic functions. On the other hand, enterprises that base their business on logistic processes often use controlling both for monitoring the typical logistics costs (storage, transport, shipping) and for the process-oriented management of production costs or waste management costs.

Logistics may focus primarily on inventory, but it goes much further than that. Successful logistics controlling leads to numerous long-term benefits, including:

- Increased efficiency.
- Higher production rates.
- Reduced operational costs.
- Streamlined inventory control.
- Better use of warehouse space.
- Improved customer experience and satisfaction.

All of these factors contribute to successful business operations. Below, we'll look at the advantages proper logistics management can offer your organization.

Cost Reduction And Profitability.

Part of logistics management is understanding major expenditures associated with inventory warehousing, distribution and transportation. Analyzing your costs can help you find opportunities to reduce unnecessary spending and use funds more resourcefully.

Effective logistics balance inventory levels, give you more control over inbound freight, help goods reach the correct transportation modes and organize the reverse flow of goods. All of these can reduce costs considerably.

Logistics management can decrease overhead costs by automating and optimizing different tasks, like storage, packaging and shipping. By managing inventory levels based on supply and demand, you can avoid purchasing excess or inadequate logistics supplies.

Improved Customer Satisfaction

Logistics optimize internal and external communications, promoting transparency in your operations. As a result, customers have more insight into when their order will be delivered. They can also receive more efficient customer service and answers to their questions regarding delivery.

Additionally, an effective logistics strategy helps inventory reach the customer in quality condition, improving the buyer's satisfaction with the product and company. Logistics management plays a pivotal role in timely deliveries, accurate order fulfillment and effective communication, all of which foster a positive customer experience and brand loyalty.

Competitive Advantage

With the increasing digital demand, customers expect more efficiency than ever before. Warehouses must provide fast, quality service to get ahead in the highly competitive market. Logistics management helps companies optimize inventory processes, reduce disruptions and ensure timely deliveries, all of which influence customer satisfaction.

Better customer service and product quality build a positive image for your brand, generating more business and giving you a competitive edge. Implementing technology and software to improve your logistics helps you keep up with industry trends and consumer demands, differentiating yourself from competitors [2].

Logistics controlling is essential to business success and growth. If you're looking for a comprehensive logistics services provider turn to Logistics management for assistance.

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HOW TO SUCCEED WITH PLANNING IN MANAGEMENT

Planning is considered a basic function of management. It means that a plan is necessary for any other managerial function, be it organising, directing, staffing, or controlling:

- Planning dictates how to effectively organise a business. It encompasses determining necessary future activities, assigning them to the right personnel, delegating authority, providing tools and raw material, etc.
- Having a plan of action facilitates directing as it makes instructions, guidance, and motivation grounded in a brand strategy.
- Planning informs staffing, as it shows what work-force a company will need.
- Establishment of standards and measurement of actual performance – controlling – is done against the expectations that planning sets

Informal planning gives a short term focus, which might be necessary for the business to operate. In an organisation, various units can have their own informal plans. However, if the company wants to grow and reach ambitious goals, the process of planning should be formal, written, specific, and involve common organisational goals[1].

Planning is important both for small and medium-sized businesses and large enterprises with complex structures. Here are several compelling reasons that prove this:

1. It Helps to Set the Right Goals. While a plan is a course of action towards the realisation of the goal, it also supports SMART goal setting. In particular, planning helps to critically assess the goal to see if it's realistic. It facilitates decision making and allows setting a time frame by predicting when the company can achieve its goal. It also defines how to measure performance against the set goals and whose responsibility it will be.

2. It Sets Objectives and Standards for Controlling. A primary function of strategic formal planning is providing direction to lower-level managers, allowing the development of tactical goals. Planning shows objectives for each organisational department and helps managers to prioritise activities depending on their relevance to the goal. Planning also sets the standards for assessing performance. Without such standards, managers wouldn't be able to intervene and take corrective actions to stay on track, which would also threaten the goal.

3. It Reduces Uncertainty. The uncertainty of the future puts the great risk on business sustainability, for it is always difficult to manage through change. No organisation can control the economic and competitive environment; thus, the ability to anticipate challenges and have contingency plans in place is the best alternative.

Planning involves an intentional critical evaluation of the available data and experts' predictions. This makes planning in management very helpful in terms of reducing the uncertainty of the future and avoiding the risks.

4. It Ensures Efficient use of Resources. Planning makes the use of human and material resources as efficient as possible. By starting the management process with a good plan that focuses on the ultimate goal and considers available capabilities, you can see many opportunities to cut expenses. Without such a plan, it is easy to fall for appealing B2B offers. This can waste organisational resources on the raw materials that the employees cannot process in a due time,