



Unit 8 – Part 1

Logistics
Distribution Chains
Processes
pp. 89 – 94, 122-123

Match the terms with their definitions.

Term	Definition
1. Purchasing c)	a) is all the goods and materials that are held in stock, including finished products yet to be sold.
2. Warehousing f)	b) is the process of receiving, processing and filling a customer's order.
3. Inventory a)	c) is the process of buying the goods and services that a business needs to operate.
4. Materials management e)	d) involves ensuring that materials, parts and products are in good condition.
5. Order fulfillment b)	e) deals with the movement and storage of physical items or products.
6. Quality assurance d)	f) involves all of the functions related to the large-scale storage of goods and materials (receiving, identifying, inspecting and retrieving the goods).

Match the terms with their definitions.

Term	Definition
7. Just-in-time (JIT) h)	g) is a system that integrates information from all the different parts of a business.
8. Enterprise resource planning (ERP) g)	h) is a business strategy aimed at reducing inventory and associated costs, so materials are ordered and delivered when they are needed.
9. Procurement j)	i) is an offer for goods or services that follows a request for a quotation made by an official body.
10. Tender i)	j) is the purchasing of goods (materials, parts, supplies, equipment) required to run an enterprise.

Fill in the blanks.

1. Every month we count all the inventory in our storeroom.
2. Our quality assurance team does regular inspections of incoming materials.
3. The new production line is based on the principles of just-in-time manufacturing.
4. The purchasing department has expanded as we now purchase more materials locally.
5. To reduce its warehousing costs, Rondo Industries is moving its storage facilities to Oklahoma.

Listening task – Part 1

- ① [Listen](#) (08:25) to an expert presenting an inventory management system to the managers of a large retail store.
- ② Say which of the statements are true or false.

- 1 The inventory system is called CPR.
- 2 It's a sales-based system.
- 3 The system co-ordinates the flow of information and goods in the logistic chain.
- 4 Young Fashion has used the system for six years now.
- 5 Orders are electronically transferred to the warehouse.
- 6 The store has reduced transport and inventory costs by about 25 per cent.

F

T

T

F

T

F

Listening task – Part 2 – Listen and fill in the blanks with the words from the box.

stock • lead times • replenishment • processing • generated • data interchange • point • schedule • inventory • retailer

- 1 Today I'm going to tell you something about CRP, that means continuous replenishment
- 2 I'll also explain how it can be used to lower inventory and operational costs and to shorten product lead times.
- 3 First of all, you decide what products you want to order at what stock level.
- 4 The system will use this information at the point of sale in the retail store.
- 5 The leading Russian clothes retailer Young Fashion introduced continuous replenishment three years ago.
- 6 With the new system all orders are generated by computers, which process data received from cash registers.
- 7 The orders are sent to the warehouse by electronic data interchange where they are processed.
- 8 And finally the goods are delivered to the different outlets according to a schedule.
- 9 Since the introduction of the CRP system, Young Fashion have managed to cut inventory and transport costs by about 15%.
- 10 Moreover, errors in order processing have been reduced considerably by using scanning technology and EDI.

What is logistics?



Fill in the definition

- **Logistics** is the a) management of the flow of resources between the point of b) origin and the point of c) consumption
- The logistics usually involves the integration of information d) flow, materials handling, e) production, packaging, f) inventory, transportation, h) warehousing, and often security.

Logistics – page 89 (1)

○ Read the text, study the vocabulary and answer the following questions:

○ Part A:

Are logistics and distribution synonyms?

Does logistics include production? Why (not)?

Logistics – page 89 (2)

● Part B:

1. What do we call a document issued to a shipper that contains details of the goods being carried? **Bill of lading (otpremnica, teretnica)**
2. What do we call vehicles that can be used for lifting, moving, stacking, picking, or handling inventory in a warehouse? **Forklift truck**
3. What are fruits and vegetables usually stored in? **Crate(s)**
4. What is the British English word for a *truck*? **Lorry**
5. To *pull or drag something with force* means to it **Haul**
6. To *remove goods from* (a vehicle, ship, container, etc.) means to them **Unload**
7. CIF stands for... **Cost, Insurance, Freight**

Logistics – confusables (1)

○ FREIGHT VS CARGO

- FREIGHT – goods carried in large quantities by ship, plane, train or the cost of carrying goods in large quantities by ship, plane, train (rail freight, air freight)

We'll send your personal belongings by air freight and your furniture by sea freight.

- CARGO – the goods that are being carried in a ship or plane (cargo plane, cargo ship)

The ship stopped to take on a cargo of fruit.

Logistics – confusables (2)

● CONSIGNMENT VS SHIPMENT

● SHIPMENT - a load of goods that is transported by any method (not just by ship).

The goods are ready for shipment.

A shipment of 1700 cars left for Italy.

● CONSIGNMENT – quantity of goods that are sent somewhere to be sold or the act of the collection of goods that are supposed to be sent, in transit or having been sent.

A large consignment of weapons was unloaded from the ship.

A consignment of medicines is on its way now.

*Consignor /kən'saɪnər/ - the person who sends goods to sb

*Consignee /,kɒnsaɪ'ni/ - the person that something is delivered to

Logistics – page 90

○KEY

I 1d, 2f, 3g, 4a, 5b, 6i, 7c, 8e, 9h

II. 1 bill of lading, 2 materials management, 3 to import, 4 depot, 5 package, 6 cargo, 7 channel, 8 in transit, 9 load, 10 carriage

III.a) dispatched, b) consignment, c) carrier d) crate e) packing list f) delivery note g) shipped h) delivery i) warehouse

Logistics and the distribution chain

p. 93

Match terms and pictures.

Describe them – cheap, expensive, reliable, slow, fast

A load

Air freight

Container ship

Rail freight

Delivery service

Road haulage

Cheapest
Slowest



Faster **More expensive**



Expensive
Easy access to doors



Cheap, unreliable



Direct distribution

How does Dell distribute its products?

Inventory, intermediary, stock levels, wholesalers, customer orders, middlemen, retailers, competitive

Dell has grown to be a company with average daily earnings of 40 million dollars. How did it happen? A new concept: eliminate the middlemen and sell directly to the customer. Dell has been able to maintain complete control over stock levels – that is, how much stock it holds at any time, as well as distribution costs.

Dell figured out a new way to sell computers to the customers, which was through direct distribution. Dell was able to gain a competitive advantage for several reasons.

First of all, direct distribution allows Dell to eliminate wholesalers, who buy and sell goods in large amounts to shops and businesses. That is an advantage because Dell does not have to deal with wholesalers or spend time keeping track of inventory in the wholesaler's warehouses.

Secondly, Dell has eliminated retailers – the people, shops or businesses that sell to the public. This is effective because Dell does not have to receive customer orders from thousands of different retailers. It can take orders directly from the customer.

Dell uses a direct distribution channel. However, most manufacturers or service providers use an indirect distribution channel to connect the product to the consumer, where some kind of distributor or distribution intermediary is used.

Task 1: Choose the correct word.

1. Goods are *unloaded* / *loaded* / *dispatched* within 24 hours of your order reaching us.
2. If the buyer finds the bill of *loading* / *lading* / *leading* is not in order, he can refuse it.
3. When the inventory arrives at the premises of the purchaser, the delivery *notice* / *note* / *list* is signed by the purchaser and is evidence that the goods ordered have been delivered.
4. Last year alone, computer *set-up time* / *downtime* / *lead time* cost the company \$4,000 in lost productivity.
5. It is a famous airport with a weekly *throughput* / *troughput* / *thruput* of 100,000 passengers.
6. They moved to a house with lots of *storing* / *warehousing* / *storage space*.

Task 2: Cross out the word that does NOT go with the key word.

1. Identify / rectify / uncover ~~FAULTS~~
2. UNLOAD cargo / package ~~consignment~~
3. Accumulate / deal with / decrease ~~BACKLOGS~~
4. Dispose of / replenish / procure ~~STOCK~~
5. Cause / produce ~~lead to~~ BREAKDOWN
6. LARGE-SCALE manufacturing / control ~~production~~
7. Overcome ~~prevent~~ / avoid DELAY
8. boost / accomplish ~~improve~~ EFFICIENCY
9. PROCURE capital / raw materials / productivity ~~productivity~~
10. Cope with / assign ~~share~~ WORKLOAD

HOMework

Logistics and distribution chain

- pages 93 and 94

○KEY

- 26.1: 1 road haulage, 2 rail freight, 3 container ship, 4 air freight, 5 delivery service, 6 warehouse, 7 a load
- 26.2: Order: 6, 2, 5, 4, 3, 1
- 26.3: direct / indirect distribution, distribution channel / chain/ cost/ intermediary
- 1 dist.costs, 2 d.chain, 3 direct d, 4 indirect d., 5 d. intermediary

Key to pages 122&123

Topic 8: Operations Management

○ I

1a, 2c, 3c, 4a, 5c, 6b, 7c, 8a, 9b, 10b

○ II

BM – benchmarking – c

BPR - business process reengineering – a

JIT – just-in-time – f

MBO – marketing by objectives – e

QA – quality assurance – g

TQM – total quality management – b

USP – unique selling proposition – d

Processes, - pages 91&92

○KEY

- 17.1. 1c, 2a, 3g, 4b, 5e, 6d, 7f
- 17.2. **noun phrase**: risk management policies, risk profiles, risk and continuity management, **verb phrase**: access / avoid / deal with risks; **adjectival phrase**: global risk, risk aware
- 17.3:
- 3. operations management, risk profile, vulnerable, prioritize/access
- 4. global, supply, outsourcing, subcontract
- 1. management process, potential, management policy, aware
- 2. contingency, management process
- Emergency planning, business continuity