



LOGISTICS AS A COMPETITIVE ADVANTAGE FOR ENTERPRISE

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Abstract: *The article presents logistics as a relatively young discipline that has irreplaceable place in today's sophisticated society. In general, it is possible to use all offered advantages only by knowledge and purposeful application into the companies' processes. The article especially reflects logistics costs, their effect, division and global company usage. By knowing logistics cost properly, it is possible to perceive them not as negative aspects but as a competitive advantage.*

Key words: *logistic costs, cost optimization, competitive advantage, logistics activities*

1 INTRODUCTION

Economy as theoretical scientific discipline, which observes how people are able to use and allocate precious resources, has its sister economics, practical activity, which brings all knowledge into to practice, logistics is scientific discipline and it also combines theoretical information with practice. Logistics has been formed for a long time, but the rise was registered in the middle of last century in connection with world wars, even the connection with business sphere is small, it is still being formed and managers are constantly facing the assets of logistics.

2 LOGISTICS COSTS

“Logistics is one of the last enterprise possibilities and opportunities for increasing their efficiency.” [5] Following view interprets group of logistics costs, marked with blue rectangle and pertaining logistics activities illustrated by green field.

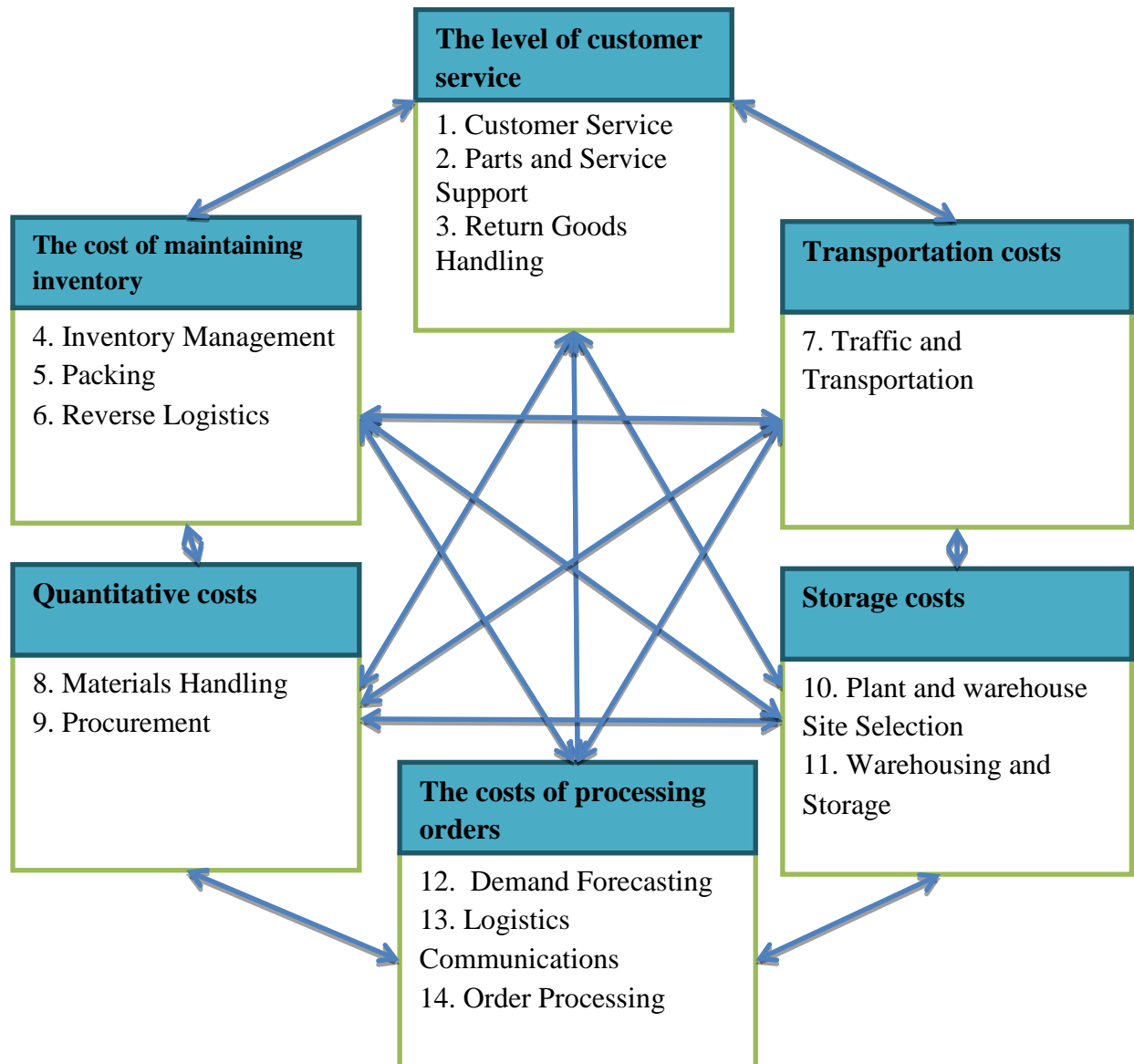


Fig. 1 The impact of logistics activities on the total logistics costs

Source: by author

Since logistics is understood as a system science, it is necessary to realize that all used logistics activities are tightly connected with impact on them self and also on enterprise logistic costs. This offers to management better knowledge for deeper financial evaluation of alive and materialized work and take an effective and thrifty decisions.

Logistics cost are a plumbless part of general costs and influence the price of goods. According to particular sources, the amount of logistic costs on general costs is approximately in interval between 10 to 25 %. [2]

This relative value is certainly a rough estimation and that is because there are lots of factors influencing the amount of logistic costingness. Very important factor is also the country of enterprises origin. In the matter of Europe, it can be said that Germany has higher logistic costs as France or Ireland have. [2]

The last but not least is the aspect of enterprise business sector. This factor is closely described in the figure 2.



Fig. 2 The ranking of industries according to the costs requirement in logistics

Source: by author

Logistic costs have different nature and different portion on general costs. In the literature we can find relative diversion logistic costs on general costs described in the figure 3. Thanks to historical data we can say that logistic costs are constantly increasing. This means that by increasing logistic costs there is increment of logistic importance due to plumbless influence logistic costs on annual economic result of the company. [1]

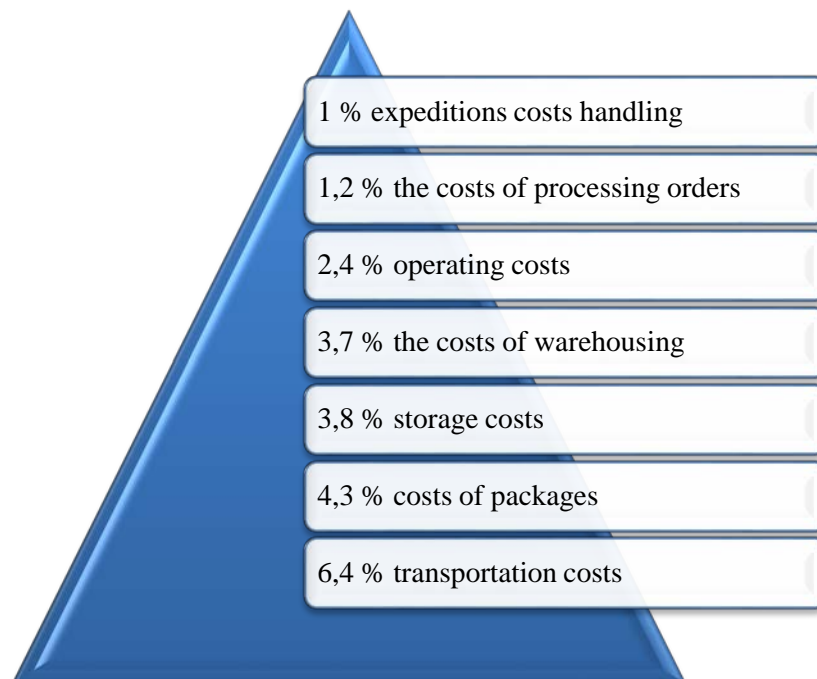


Fig. 3 The percentage of logistics costs in total costs

Source: by author

Not just from the European point of view but more from the global perspective we need to realize that Slovak republic is not a leader in defining new trends and we try to adapt our standard of living according to other developed countries. This long term change is related to whole spectre of standards and factors. It is not just about logistics but also adaptation to developed countries should be phased. It means that the change should be visible in human's behaviour, mindset attitude, life style, legislation and also economics. This also influences micro and macro-economic measures. In case we focus directly on logistics, the aim is not to get over an average system but to overcome it.

Logistics is one of the perspective key tool for enhancing competitive advantage of every enterprise in the sphere of developed market. Principles which can lead to this are kept in following so called "logistics decalogue" [5]

1. Focus on customer

2. Integrate logistic system
3. Connect logistics with the strategy
4. Make logistic chains more flexible
5. Build up logistic information system
6. Enter strategic alliances
7. Qualify, measure, count
8. Apply logistic controlling
9. Keep tracked financial relations
10. Train your staff

Therefore every enterprise should in the interest of enhancing their competitive ability focus on optimization their own logistic activities. There are more manners of optimization but every enterprise should take into a consideration companies' specificity while choosing the most suitable one.

3 FORMS OF OPTIMIZATION

According to Sixta and Mačát the goal of logistic experts should not be just an optimization separate parts but always optimally solve system as a whole piece. [6]

For reaching optimization of logistic achievements, there are 2 basic ways according to Schulte described in the figure 4:

1. Tracking the optimal level of logistic services, gaining of which is connected to:
 - a) Evaluation of alternative levels of logistic services (research in all potential customers area);
 - b) Higher expenses;
 - c) Demand for customer cooperation;
 - d) Issue in formulation decision processes.
2. Tracking and monitoring required level of logistics services along with minimization of logistic costs needed for achieving those services, whereas the aim is to ensure the level of logistic services, which was designed by the leadership of the company, sales and logistic and also minimize logistic costs (it is considered only with costs for delivery period. [2])

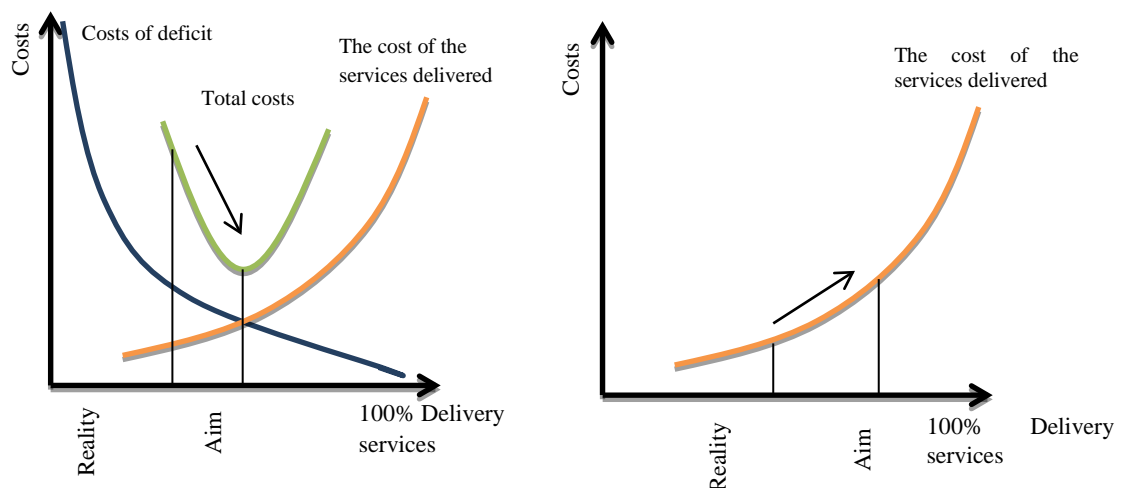


Fig. 4 Optimization of logistics performance by Schulte

Source: [2]

The first conception (left side of the figure 4) takes into consideration deficit costs, costs for delivery period and also general costs. Optimization of costs from real position into target one is possible only by increasing of delivery services, which of course leads to increasing of cost for delivery services, but on the other hand deficit costs will decrease, made up of absence of material or goods. The second conception (right side of the figure 4) focuses only on increment of delivery services and abstracts from optimization of general costs.

From the different point of view, we can say about following forms, which can be quantify for logistic processes support:

- Optimization of delivery routes
- Optimization of delivery quantity
- Optimization of manufacturing processes

4 CONCLUSION

It is not a rule but usually larger enterprises has a better experience with logistic management in comparison with small or medium enterprises, however it does not change the fact that amount of logistics costs on general company costs is high and reaches a value approximately 25% regardless of the size of the enterprise. And after recognizing this fact, there can be raised a question: what can be done about it? The answer is quite simple: Companies pay appropriate attention to logistics and gain a great advantage in comparison with your competitors!

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