**What is Logistics?**

Logistics is used more broadly to refer to the process of coordinating and moving resources – people, materials, inventory, and equipment – from one location to storage at the desired destination. The term logistics originated in the military, referring to the movement of equipment and supplies to troops in the field. The resources managed in logistics can include physical items such as food, materials, animals, equipment, and liquids; as well as intangible items, such as time and information.

## Logistics vs. Supply Chain Management

Logistics and supply chain management are terms that are often used interchangeably, but they actually refer to two aspects of the process.

Logistics refers to what happens within one company, including the purchase and delivery of raw materials, packaging, shipment, and transportation of goods to distributors, for example. While supply chain management refers to a larger network of outside organizations that work together to deliver products to customers, including vendors, transportation providers, call centers, warehouse providers, and others.

Logistics Components

The management of logistics can involve some or all of the following business functions, including:

* Inbound transportation
* Outbound transportation
* Fleet management
* Warehousing
* Materials handling
* Order fulfillment
* Inventory management
* Demand planning

## Why Logistics is Important

Although many small businesses focus on the design and production of their products and services to best meet customer needs, if those products cannot reach customers, the business will fail. That’s the major role that logistics plays.

But logistics also impacts other aspects of the business, too.

The more efficiently raw materials can be purchased, transported, and stored until used, the more profitable the business can be. Coordinating resources to allow for timely delivery and use of materials can make or break a company.

And on the customer side, if products cannot be produced and shipped in a timely manner, customer satisfaction can decline, also negatively impacting a company’s profitability and long-term viability.

**I ANSWER THE FOLLOWING QUESTIONS**

1. How is a supply chain management different from logistics?
2. How is logistics important in relation to raw materials?
3. What can cause customer dissatisfaction?
4. What does the term warehousing stand for?
5. How can you explain inbound nd outbound transportation?

**II MAKE YOUR LIST OF TECHNICAL TERMS FROM THIS TEXT**