Module 1
Section A: Recognize Logistics Fundamentals

Term
Assemble-to-order (ATO)

Module 1
Section A: Recognize Logistics Fundamentals

Term
Distribution

Module 1
Section A: Recognize Logistics Fundamentals

Term
Echelon

Module 1
Section A: Recognize Logistics Fundamentals

Term
Engineer-to-order (ETO)

Module 1
Section A: Recognize Logistics Fundamentals

Term
Exports

Module 1
Section A: Recognize Logistics Fundamentals

Term
Form utility

Module 1
Section A: Recognize Logistics Fundamentals

Term
Four Ps

Module 1
Section A: Recognize Logistics Fundamentals

Term
Imports

1) The activities associated with the movement of material, usually finished goods or service parts, from the manufacturer to the customer. These activities encompass the functions of transportation, warehousing, inventory control, material handling, order administration, site and location analysis, industrial packaging, data processing, and the communications network necessary for effective management. [...] In many cases, this movement is made through one or more levels of field warehouses. Syn.: physical distribution. 2) The systematic division of a whole into discrete parts having distinctive characteristics.

A production environment where a good or service can be assembled after receipt of a customer's order. The key components (bulk, semi-finished, intermediate, subassembly, fabricated, purchased, packing, and so on) used in the assembly or finishing process are planned and usually stocked in anticipation of a customer order. Receipt of an order initiates assembly of the customized product. This strategy is useful where a large number of end products (based on the selection of options and accessories) can be assembled from common components. Syn.: finish-to-order. See: make-to-order, make-to-stock.

Products whose customer specifications require unique engineering design, significant customization, or new purchased materials. Each customer order results in a unique set of part numbers, bills of material, and routings. Syn.: design-to-order.

A level of supply chain nodes. For example, a supply chain with two independent factory warehouses and nine wholesale warehouses delivering product to 350 retail stores is a supply chain with three [of these] between the factory and the end customer. One [of these] consists of the two independent factory warehouses, one consists of the nine wholesale warehouses, and one consists of the 350 retail stores. Each [of these] adds operating expense, holds inventory, adds to the cycle time, and expects to make a profit. See: disintermediation.

The value created by changing a good's form through a production process.

Products produced in one country and sold in another.

Products bought in one country and produced in another.

A set of marketing tools to direct the business offering to the customer; include product, price, place, and promotion.

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Section A: Recognize Logistics Fundamentals

Term
Inventory management

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Term
Line haul

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Module 1
Section A: Recognize Logistics Fundamentals

Term
Logistics

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Module 1
Section A: Recognize Logistics Fundamentals

Term
Make-to-order (MTO)

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Module 1
Section A: Recognize Logistics Fundamentals

Term
Make-to-stock (MTS)

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Term
Materials handling

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Module 1
Section A: Recognize Logistics Fundamentals

Term
Materials management

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Section A: Recognize Logistics Fundamentals

Term
Order management

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The portion of a transportation journey that moves between two transportation terminals. It is distinguished from and excludes the pickup and delivery portions of a journey used to acquire or distribute LTL freight. For motor carrier transportation, the shipment is loaded in a semi-permanent trailer configuration that maximizes the amount of freight that each driver can legally haul over that portion of the journey. This may involve hauling multiple trailers.

The branch of business management concerned with planning and controlling inventories.

A production environment where a good or service can be made after receipt of a customer's order. The final product is usually a combination of standard items and items custom-designed to meet the special needs of the customer. Where options or accessories are stocked before customer orders arrive, the term assemble-to-order is frequently used. Syn.: build-to-order. See: assemble-to-order, make-to-stock.

1) In a supply chain management context, it is the subset of supply chain management that controls the forward and reverse movement, handling, and storage of goods between origin and distribution points. 2) In an industrial context, the art and science of obtaining, producing, and distributing material and product in the proper place and in proper quantities. 3) In a military sense (where it has greater usage), its meaning can also include the movement of personnel.

Movement and storage of goods inside the distribution center. This represents a capital cost and is balanced against the operating costs of the facility.

A production environment where products can be and usually are finished before receipt of a customer order. Customer orders are typically filled from existing stocks, and production orders are used to replenish those stocks. Syn.: produce-to-stock. See: assemble-to-order, make-to-order.

The planning, directing, monitoring, and controlling of the processes related to customer orders, manufacturing orders, and purchase orders. Regarding customer orders, order management includes order promising, order entry, order pick, pack and ship, billing, and reconciliation of the customer account. Regarding manufacturing orders, order management includes order release, routing, manufacture, monitoring, and receipt into stores or finished goods inventories. Regarding purchasing orders, order management includes order placement, monitoring, receiving, acceptance, and payment of supplier.

The grouping of management functions supporting the complete cycle of material flow, from the purchase and internal control of production materials to the planning and control of work in process to the warehousing, shipping, and distribution of the finished product.

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Term
Order-to-delivery cycle

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Term
Packaging

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Term
Physical supply

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Section A: Recognize Logistics Fundamentals

Term
Place utility

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Term
Possession utility

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Term
Stock keeping unit (SKU)

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Term
Suboptimization

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Module 1
Section A: Recognize Logistics Fundamentals

Term
Systems concept

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Materials surrounding an item to protect it from damage during transportation. The type of packaging influences the danger of such damage.

The period of time that starts when the customer places an order and ends when the customer receives the order.

Usefulness to the customer created by having the product delivered to a desired location.

The movement and storage of goods from suppliers to manufacturing. [Its cost] is ultimately passed on to the customer.

1) An inventory item. For example, a shirt in six colors and five sizes represents 30 [of these]. 2) In a distribution system, an item at a particular geographic location. For example, one product stocked at the plant and at six different distribution centers would represent seven [of these].

Product desirability created by marketing efforts.

An attempt to create the most efficient complete system as opposed to the most efficient individual parts. A “whole process” or “whole company” operating system that is driven by cause and effect.

A solution to a problem that is best from a narrow point of view but not from a higher or overall company point of view. For example, a department manager who refuses to allow employees to work overtime in order to minimize the department’s operating expense may cause lost sales and a reduction in overall company profitability.

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Section A: Recognize Logistics Fundamentals

Term
Time utility

Module 1
Section A: Recognize Logistics Fundamentals

Term
Total cost concept

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Term
Transportation

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Section A: Recognize Logistics Fundamentals

Term
Value added

Module 1
Section A: Recognize Logistics Fundamentals

Term
Warehouse management and transportation execution systems

Module 1
Section A: Recognize Logistics Fundamentals

Term
Warehousing

In logistics, the idea that all logistical decisions that provide equal service levels should favor the option that minimizes the total of all logistical costs and should not be used on cost reductions in one area (such as lower transportation charges) alone.

When a delivery gets to a customer at exactly the right time (not early, not late).

1) In accounting, the addition of direct labor, direct material, and allocated overhead assigned at an operation. It is the cost roll-up as a part goes through a manufacturing process to finished inventory. 2) In current manufacturing terms, the actual increase of utility from the viewpoint of the customer as a part is transformed from raw material to finished inventory; the contribution made by an operation or a plant to the final usefulness and value of a product, as seen by the customer. The objective is to eliminate all non-value-added activities in producing and providing a good or service.

The function of planning, scheduling, and controlling activities related to mode, vendor, and movement of inventories into and out of an organization.

The activities related to receiving, storing, and shipping materials to and from production or distribution locations.

Logistics information systems that initiate and control the movement of materials between supply chain partners.