Fold each printed sheet in half lengthwise. The left side of the document will list the term and the right side will list the definition. Tape or staple the open edges of your flashcards. Cut out your flashcards on the solid lines indicated and fold them on the dotted lines.

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**Module 5**
*Section A: Logistics and Distribution*

**Term**
Fixed-location storage

A method of storage in which a relatively permanent location is assigned for the storage of each item in a storeroom or warehouse. Although more space is needed to store parts than in a random-location storage system, fixed locations become familiar, and therefore a locator file may not be needed. See: random-location storage.

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**Module 5**
*Section A: Logistics and Distribution*

**Term**
Fourth-party logistics (4PL)

[This concept] differs from third-party logistics in the following ways: (1) [this type of] organization is often a separate entity formed by a joint venture or other long-term contract between a client and one or more partners; (2) [this type of] organization is an interface between the client and multiple logistics services providers; (3) ideally, all aspects of the client's supply chain are managed by the [this type of] organization; and (4) it is possible for a major 3PL organization to form [this tyep of] organization within its existing structure. See: third-party logistics.

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**Module 5**
*Section A: Logistics and Distribution*

**Term**
Line haul costs

Basic costs of carrier operation to move a container of freight, including drivers' wages and usage depreciation. These vary with the cost per mile, the distance shipped, and the weight moved.

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**Module 5**
*Section A: Logistics and Distribution*

**Term**
Logistics

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.

**Module 5**

*Section A: Logistics and Distribution*

**Term**
Materials handling

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

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**Module 5**

*Section A: Logistics and Distribution*

**Term**
Random-location storage

A storage technique in which parts are placed in any space that is empty when they arrive at the storeroom. Although this random method requires the use of a locator file to identify part locations, it often requires less storage space than a fixed-location storage method. Syn.: floating inventory location system, floating storage location. See: fixed-location storage.

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**Module 5**

*Section A: Logistics and Distribution*

**Term**
Risk pooling

A method often associated with the management of inventory risk. Manufacturers and retailers that experience high variability in demand for their products can pool together common inventory components associated with a broad family of products to buffer the overall burden of having to deploy inventory for each discrete product.

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**Module 5**

*Section A: Logistics and Distribution*

**Term**
Third-party logistics (3PL)

A buyer and supplier team with a third party that provides product delivery services. This third party may provide added supply chain expertise.

**Module 5**

*Section A: Logistics and Distribution*

**Term**
Total cost concept

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.

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**Module 5**

*Section A: Logistics and Distribution*

**Term**
Warehousing

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