

Module 5
Section A: Logistics and Distribution

Term
Fixed-location storage

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A method of storage in which a relatively permanent location is assigned for the storage of each item in a storeroom or warehouse. More space may be needed to store parts than in a random-location storage system, but fixed locations become familiar to warehouse personnel. See: random-location storage.

Module 5
Section A: Logistics and Distribution

Term
Fourth-party logistics (4PL)

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A provider of logistics services as a supply chain partner. Fourth-party logistics (4PL) differs from third-party logistics (3PL) by being an interface between the client and multiple logistics services providers. In addition, it typically manages all aspects of the client's supply chain via a long-term contract. See: distribution warehouse, lead logistics provider (LLP), third-party logistics (3PL).

Module 5
Section A: Logistics and Distribution

Term
Line haul cost

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The cost of carrier operations 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. This cost is commonly expressed in relation to the hundredweight (cwt) of the shipment.

Module 5
Section A: Logistics and Distribution

Term
Logistics

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The subset of supply chain management that controls the planning, coordinating and movement of resources, such as people, materials, inventory, and equipment, from one location to another. It includes the forward and reverse movement, handling, and storage of resources between two points.

Module 5

Section A: Logistics and Distribution

Term
Materials handling

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The movement and storage of goods inside a production or distribution facility. This represents a capital cost and is balanced against the operating costs of the facility.

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Section A: Logistics and Distribution

Term
Random-location storage

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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 record to identify part locations, it often requires less storage space than a fixed-location storage method. Syns.: floating inventory location system, floating storage location. See: fixed-location storage.

Module 5

Section A: Logistics and Distribution

Term
Risk pooling

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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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Section A: Logistics and Distribution

Term
Third-party logistics (3PL)

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A buyer and supplier team with a third party that provides product delivery services. This third party may provide added supply chain expertise. See: distribution warehouse, fourth-party logistics (4PL).

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Section A: Logistics and Distribution

Term

Total cost concept

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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.

Module 5

Section A: Logistics and Distribution

Term

Warehousing

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

Module 5

Section B: Distribution Services and Transportation Choices

Term

Break-bulk

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1) The process of dividing truckloads, railcars, or containers of homogeneous items into smaller, more appropriate quantities for use. 2) A distribution center (DC) that specializes in break-bulk activities. 3) Unitized cargo in bales, boxes, or crates that is placed directly in a ship's holds rather than in containers. See: break-bulk warehousing.

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Section B: Distribution Services and Transportation Choices

Term

Common carrier

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Transportation available to the public that does not provide special treatment to any one party and is regulated in regard to the rates charged, the liability assumed, and the service provided. In the United States, a common carrier must obtain a certificate of public convenience and necessity from the U.S. Federal Trade Commission for interstate traffic. Ant.: private carrier. See: for-hire carrier.

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Section B: Distribution Services and Transportation Choices

Term
Cross-docking

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The concept of packing products on incoming shipments so they can be easily sorted at intermediate warehouses or for outgoing shipments based on final destination. The items are carried from the incoming vehicle docking point to the outgoing vehicle docking point without being stored in inventory at the warehouse. Syn.: direct loading. See: inbound staging.

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Section B: Distribution Services and Transportation Choices

Term
Move

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The physical transportation of inventory from one location to another within a facility. Movements are usually made under the direction and control of the inventory system.

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Section B: Distribution Services and Transportation Choices

Term
Order picking

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The selection or retrieval of the required quantity of specific products for movement to a packaging area (usually in response to one or more shipping orders) and the documentation that the items were moved to shipping. Syn.: order selection. See: batch picking, discrete order picking, zone picking.

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Section B: Distribution Services and Transportation Choices

Term
Packaging

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Materials surrounding an item to protect it from damage during storage, handling, and transportation. See: packing and marking.

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Section B: Distribution Services and Transportation Choices

Term

Packing and marking

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The activities of unitizing one or more items of an order, packing them into an appropriate container for safe shipping, and marking and labeling the container with required shipment data for identification, handling, and tracking. See: packaging.

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Section B: Distribution Services and Transportation Choices

Term

Put-away

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Removing the material from the dock (or other location of receipt), transporting the material to a storage area, placing that material in a staging area and then moving it to a specific location, and recording the movement and identification of the location where the material has been placed.

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Section B: Distribution Services and Transportation Choices

Term

Receiving

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The function encompassing the physical receipt of material, the inspection of the shipment for conformance with the purchase order (quantity and damage), the identification of and delivery to the destination within the receiving organization, and the preparation of receiving reports.

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Section B: Distribution Services and Transportation Choices

Term

Shipping

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The function that performs tasks for the outgoing shipment of parts, components, and products. It includes packaging, marking, weighing, and loading for shipment.

Module 5

Section C: Trade Considerations

Term
ATR certificate

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A certificate that is required for trade between the European Union and Turkey. It grants zero duty to “free circulating” goods in the EU, which are goods originating in the EU or imported into the EU with all import duties and taxes paid. Agricultural goods, minerals, and steel are excluded and must use form EUR1.

Module 5

Section C: Trade Considerations

Term
Freight forwarder

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A company that arranges for shipments between the shipper and the carrier. A freight forwarder often combines smaller shipments to take advantage of lower bulk costs.

Module 5

Section C: Trade Considerations

Term
Global trade management

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The management and optimization of shipments across international borders to improve operating efficiencies and cash flows. This includes ensuring compliance with all international regulations and documentation and streamlining and accelerating the movement of goods.

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Section C: Trade Considerations

Term
Harmonized Tariff Schedule (HTS)

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The U.S. International Trade Commission’s mechanism by which international tariffs are standardized. Importers and exporters classify goods moved across international borders using the harmonized system of the country of import. Then, based on this classification, the amount of tariff they must pay is determined.

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Section C: Trade Considerations

Term

Harmonized system (HS) code

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An internationally standardized description of goods maintained by the World Customs Organization that uses a system of numbers to provide increasingly detailed classification for the purpose of assessing duties and gathering import and export statistics.

Module 5

Section C: Trade Considerations

Term

Incoterms

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A series of standardized trade terms for international transactions published by the International Chamber of Commerce that detail the responsibilities of the buyer and the seller in an international transaction.

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Section C: Trade Considerations

Term

International freight forwarder

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An entity that arranges and coordinates the transportation of goods from the production site or seller's storage facility to the customer's location in another country.

Module 5

Section C: Trade Considerations

Term

Tariff

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An official schedule of taxes and fees imposed by a country on imports or exports.

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Section C: Trade Considerations

Term
Terms of trade

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The portion of a contract of sale that specifies the responsibilities of the seller or exporter and the responsibilities of the buyer or importer, especially the point at which one party's responsibilities end and the other party's responsibilities begin (including the point at which title to the goods is transferred). These terms are commonly specified using International Commercial Terms (Incoterms®).

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Section C: Trade Considerations

Term
Trade bloc

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An agreement between or among countries intended to reduce or remove barriers to trade within member countries. Frequently, but not always, those countries are geographically close. Examples of trade blocs are the European Economic Community and the North American Free Trade Agreement (NAFTA). Syn.: trading bloc.

Module 5

Section D: Reverse Flow

Term
Clean technology

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The use of materials, business processes, or practices designed to avoid or reduce the production of any nuisance, waste, or pollution at its source.

Module 5

Section D: Reverse Flow

Term
Globally Harmonized System of Classification and Labelling of Chemicals (GHS)

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An international standard created by the United Nations Economic Commission for Europe (UNECE) for classifying chemicals according to their health, physical, and environmental hazards. The system defines and classifies the hazards of chemical products and communicates health and safety information on labels and material safety data sheets. See: Harmonized Tariff Schedule (HTS).

Module 5
Section D: Reverse Flow

Term
Hazardous waste

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Waste, such as chemicals, nuclear materials, or toxic substances, that is hazardous to humans, animals, or the environment and requires special handling and disposal procedures.

Module 5
Section D: Reverse Flow

Term
Responsible landfill

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Landfill operations designed to turn waste into recoverable resources, minimize the amount of space consumed, and maximize the operational life of the landfill.

Module 5
Section D: Reverse Flow

Term
Reverse logistics

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A complete supply chain dedicated to the reverse flow of products and materials for the purpose of returns, repair, remanufacture, and/or recycling.

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Section D: Reverse Flow

Term
Reverse supply chain

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The planning and controlling of the processes of moving goods from the point of consumption back to the point of origin for repair, reclamation, recycling, or disposal. See: reverse logistics.

Module 5
Section D: Reverse Flow

Term
Total waste management (TWM)

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A methodology that enables finding solutions to waste issues while keeping in mind financial elements and the business case.

Module 5
Section D: Reverse Flow

Term
Waste

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1) Any activity that does not add value to the good or service in the eyes of the consumer. 2) A by-product of a process or task with unique characteristics requiring special management control. Waste production can usually be planned and somewhat controlled. Scrap is typically not planned and may result from the same production run as waste. See: hazardous waste.

Module 5
Section D: Reverse Flow

Term
Waste exchange

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1) Arrangement in which companies exchange their wastes for the benefit of both parties. 2) An exchange service of valuable information between generators and potential users of industrial and commercial wastes, whereby a beneficial use rather than disposal is the end result. This service identifies both the producers and potential markets for by-products, surpluses, unspent materials, and other forms of solid waste that are no longer needed.

Module 5
Section D: Reverse Flow

Term
Waste hierarchy

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A process that ranks waste management options according to what is most environmentally sound, giving top priority to preventing waste. The hierarchy from top to bottom is reduce, reuse, recycle, recovery, and disposal.