

## ORGANIZING THE LOGISTICS FOR BRANCH AND REMOTE OFFICES

*Annotation. Importance and benefits of effective logistics at the enterprise, the basic stages of its formation, main components of logistics formation at the enterprise and its branch offices, the organization of logistics at remote offices, the advantages and disadvantages of it are considered. Ways are suggested for improving the delivery process in order to minimize the costs of the enterprise.*

*Анотація. Розглянуто важливість і переваги ефективно сформульованої логістики на підприємстві, визначено основні етапи її формулювання, визначено складові у формулюванні логістики на підприємстві та філіалах. Розглянуто питання організації логістики у віддалених офісах, вказано переваги та недоліки, розроблено пропозиції щодо вдосконалення процесу поставки з метою мінімізації витрат підприємства.*

*Аннотация. Рассмотрена важность и преимущества эффективно сформулированной логистики на предприятии, определены основные этапы ее формирования, определены составляющие формирования логистической системы на предприятии и филиалах. Рассмотрен вопрос организации логистики в удаленных офисах, указаны преимущества и недостатки, внесены предложения для усовершенствования процесса поставки с целью минимизации затрат предприятия.*

*Keywords: logistics, branch/remote offices, cross-docking.*

Logistics is a profession, the subject of which is to organize the management of the process of promoting products and services from raw material suppliers to consumers, the operation of the circulation of products, goods, services, inventory management, product distribution infrastructure [1]. Effectiveness of logistic organization at the enterprise depends on its formation. Logistics system is an element of the organization of the company. Its application allows you to integrate the various processes of the enterprise and organize internal processes with minimal costs in case of optimal adaptation of the internal environment of the company to the external factors that influence its activity.

Logistics started to develop in 1960 – 1970, but the real understanding of its importance came only in 1990. The main reasons were market economy development, globalization of the market, increasing competition. Because of that fact searching the ways of optimal consumer service and costs optimization was started [2].

Logistics is a very complex system. It is connected with many other organizational spheres of the enterprise. For example, organizing logistics between main offices, branch offices and remote offices needs support of communication system, decision making, organizing planning, etc. The actuality of this theme and thus an increasing interest in its studying is in the potential increase of conductive material systems functionality.

The objective of this research is to propose the best way of organizing and running a logistics system at the branch offices and remote offices in order to minimize costs at the whole enterprise. It should be noted that this issue has not been well studied and is not popular among Ukrainian companies.

The process of formation of an enterprise logistics is complex, so it is advisable to divide it into several steps:

1st Stage – defining the main aspects of the formation of the logistics system;

2nd Stage – defining the major factor in developing the logistics system;

3rd Stage – formation of the logistics of the enterprise [3].

The main components of functioning of logistics are supply, production, marketing, sales, warehousing, transportation management, personnel.

All components of functioning of logistics are one of the factors in the formation of logistics at the enterprises. Material flows go through each of these functional components of logistics. During this process, there is a gradual transformation of the material flow at the various stages of its motion under the influence of flow and other logistics functions. All of the processes occurring in these components should be logically structured, and the basis of their performance should be the maximum interaction between various factors to form the logistics system. A buffer of interaction should act in the logistics at the enterprise. This principle will ensure effective functioning of the management of logistics flows at any stage of their movement in any functional area of it [4].

One of the components of the functioning of logistics is very important in case of branch offices. Warehouses are special buildings and appliances intended for reception, accommodation, maintenance and storage of raw materials and finished products. Moving the material flow in the supply chain is not possible without storage in certain areas. Movement through the warehouse is connected with the labor cost, so it increases the cost of goods. Therefore, the problems associated with the warehouse, have a significant impact on streamlining the movement of material flow in the supply chain, the use of means of transport and distribution costs [5].

All costs associated with the storage and warehouses should be appropriate. But could it be appropriate in the case of remote offices? For example we have a branch office in Dnepropetrovsk and a remote office in Pavlograd which is 60 km far from the city. In this case costs on the whole branch including the remote office would be huge and nonexpedient.

For such kind of running business the best way will be introducing the cross-docking principle.

Cross-docking is a practice in logistics of unloading materials from an incoming semi-trailer truck or a railroad car and loading these materials directly into outbound trucks, trailers, or rail cars, with little or no storage in between. This may be done to the change type of conveyance, to sort material intended for different destinations, or to combine material from

different origins into transport vehicles (or containers) with the same, or similar destination [6].

Cross-dock operations were first pioneered in the US trucking industry in the 1930s, and have been in continuous use in LTL (less than truckload) operations ever since.

In the LTL trucking industry, cross-docking is done by moving cargo from one transport vehicle directly into another, with minimal or no warehousing. In retail practice, cross-docking operations may utilize staging areas where inbound materials are sorted, consolidated, and stored until the outbound shipment is complete and ready to ship [7].

Advantages of this principle are the streamlines of the supply chain from point of origin to point of sale, reduction of handling costs, operating costs, and the storage of inventory, products get to the distributor and consequently to the customer faster, reduction or elimination of warehousing costs. But along with that there are some disadvantages. For example potential partners don't have necessary storage capacities for an adequate transport fleet to operate and computerized logistic system. Also an additional freight handling can lead to product damage.

In general, this principle requires precise calculations and justifications, as well as the effective planning and control methods. But it could be the best decision for the effective logistic system at your enterprise with minimal costs in case of optimal adaptation of the internal environment of the company to the external factors that influence its activity. The practical value of this research is that top managers at the time of planning can create an environment in which the company has a chance to expand their outlets by creating a remote office with minimal costs for logistics. This kind of organizing logistics will help to improve the planning process and decision making process.

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