

Additional Information about Logistics

Logistics is impacted by many factors outside of its control, but logisticians always find workable solutions. Some of these factors include:

- Delays or strikes with transporters or customs or at border crossings
- Delays with certification or authorization of required documents
- Force Majeure, Disasters, Adverse Weather
- Fragmented power supplies
- Piracy (Additional costs and longer transit time due change in routing)
- Political unrest/ Conflicts
- Poor infrastructure (Road /Rail)
- Port Delays, Congestion, Strikes
- Restrictions
- Road, Rail and Vessel weight restrictions
- Sanctions
- Shortage of and fluctuation in fuel prices
- Shortage of packaging or containers (Containers must be in good, clean, sea worthy condition free of contamination and odors. This is critical for carrying all food related products.)
- Shortage of Trucks, or Lorries, or capacity on ships
- War

Logistics Management requires skills in:

- Commercial Awareness
- Communication on all levels
- Contract Management
- Cost Management (There can be many varied, hidden and/or floating costs)
- Credit Control
- Crisis Management
- Customer Management
- Cultivating and maintaining relationships with all relevant parties
- Decision Making and being Detail Orientated
- Freight/Transport/Warehouse negotiation (i.e. Cost, Terms, Conditions, Rotation, Routing)
- Problem Solving and Innovative and Creative Solutions
- Measuring / evaluating performance of service providers (Penalties may have to be applied)
- Negotiation with Banks, Service providers, Local & Government authorities
- Networking (Shipping Lines, Agents, all relevant service providers)
- People and Resource Mobilization & Management
- Planning, Prioritizing and Organizing
- Project Integration & Procurement
- Risk Assessment & Management
- Scope Management
- Stakeholder Management
- Stock (Inventory) Control and Audits
- Supply Chain Management
- System Scoping & Implementation
- Team Building, Team Management, and Team Work
- Time Management

Logistics (especially International Logistics) requires experience in and working knowledge of:

- All modes of transport (terms, conditions and costs which may apply)
- All contracts which are product specific (e.g. Coffee, Cocoa, Sugar, Metal)
- Arbitration
- Certified organizations (Fair Trade, Rainforest Alliance, UTZ)
- Contract terms, conditions, and execution
- Comesa (Common Market for Eastern and Southern Africa)
- Customer requirements / profiles
- Delivery and Shipping terms, conditions and costs
- Document preparation, presentation & verification (which documents for which country, product, or purpose)
- FDA registration and requirements (for destinations within the US)
- Foreign Exchange (Forex)
- Inco terms
- Infestation & Fumigation (which chemical products to use, which are banned in some countries)
- Insurance procedures and claims
- Letters of Credit
- Local procedures and processes
- Port & Shipping Lines rules, regulations and deadlines.
- Products and Markets (with which the logistics manager is dealing)
- Security (Cargo, Transport, Costs, Implications)
- Storage/Warehousing (possibilities, facilities, terms, conditions, costs and inspections)
- Transfer of title (at what point ownership of cargo passes from one party to another)
- Verifying invoices and payments

Logistic personnel must be aware of and keep updated on:

- All factors which impact logistics (Fuel prices, strikes, weather, etc.)
- Any/all, changes to existing procedures or policies
- Cultural, Economic and Political situations of countries working in or working with
- Mergers, Acquisitions, Partnerships, or Divorces that may affect logistics or limit transport/shipping possibilities
- New/changed regulations issued by regulatory bodies such as the EU or Governments
- New systems or technology that may improve or streamline processes

Logistic execution can be product specific or origin specific, but is generally governed by the Terms & Conditions and Rules & Regulations of:

- Contract(s) between all relevant parties
- Contract(s) governing the product(s)
- Country of Origin/Country of Operation
- Destination of the cargo/product
- Location of the cargo/product
- Organization(s) one works for/with

The Terms & Conditions of contracts/agreements between relevant parties dictates who is responsible for:

- Ensuring (if required and depending on product) that goods are inspected, sampled and approved by nominated persons prior to loading, or delivery, or shipment
- Booking transport or space on vessels and arranging placement of trucks and containers
- Declaring destination port/place of delivery
- Nominating Shipping Line or Mode of Transport (Ship, Truck, Train, Barge, Air)
- Ocean Freight and/or other transport costs
- Sending document instructions and complete loading, transport, delivery or shipping instructions to relevant parties
- Providing complete correct set of documents for movement/export from place of origin to delivery/import at destination
- Where and how original documents should be presented (e.g. In-trust, via Bank, against L/C)

The Destination/Place of Delivery and Product will dictate which documents are required and what if any special wording must be mentioned on them.

To ensure smooth, problem free, cost effective execution of logistics it is important to:

- **Be commercially** aware of all aspects of each operation.
- **Keep it simple** and relevant.
- **Know your customer** and their requirements.
- **Know the products** you are dealing with and places of origin you operate from.
- **Send all instructions** (e.g., Sampling, Loading, Transport, Document, Delivery or Shipping) as early as possible in order to allow time for planning at place of loading, to arrange the placement of necessary equipment (Cranes, Forklifts, Trucks, Scales, Containers, Pallets), and to ensure all necessary parties can be present.
- **Ensure all instructions** clearly mention details of when, where, how and what goods should be loaded, with which marking, as well as the quality, grade and product. Other details include conditioning (in bags, bulk, containers and sizes, with or without pallets, in/on covered truck(s), etc.), tallying (counting) and weight verification at the time of loading.
- **Follow “written” instructions** of concerned parties providing they are in line with relevant contracts/agreements. Verbal instructions can lead to misunderstandings, confusion and additional costs. Written details are crucial and can be used as evidence in the event of any claims.
- **Advise all concerned** parties as early as possible if for any reason their instructions cannot be acted on.
- **Always provide solutions and alternatives.** All concerned parties will generally cooperate to find best win-win resolution.
- **Never lie to customers** regarding reason for problems or delays. This damages credibility.
- **Pay serious attention** to all details and all aspects of loading and movement especially with paperwork at time of loading any cargo.
- **Ensure relevant persons** are present at time of loading and off-loading cargo in order to verify condition, count, and weight of cargo, also condition of trucks or containers and seals.

This verification may later be used by insurance or other concerned parties to determine liability and/or validity of claim for loss, shortages, or damages.

- **Ensure, if possible**, that trucks or containers used for transporting cargo are fitted with tracking devices. This can reduce or eliminate possibility of delays, diversion, or theft of cargo.
- **Keep all concerned parties updated** during the entire process. Complete and correct updates should include date loaded, date dispatched, date delivered or date cargo arrived in port, confirmation of when it arrived on board and the date the ship sailed, truck & ship details, ETA (Estimated Time of Arrival) and status of documents.
- **Be aware** that some countries have very strict and particular import and document regulations wherein they require additional/special documents with additional/special wording. Russia, Australia, New Zealand, South Korea, Ecuador, and Tunis, are some of the countries that have these requirements.
- **Ensure only relevant** and essential data is mentioned on all documents.
- **Ensure the importance** and purpose of all documents issued for movement, delivery and shipment of cargo are known (Import/Export).
- **Ensure documents** are double checked and error-free prior to sending for final authorization or certification. Having to re-issue and re-certify costs money and time, and may result in cargo being held at destination incurring additional costs.
- **If in doubt** about any documents, scan and send them to the customer for approval prior to certification.
- **Provide a complete and correct set of documents.** Failure to do so may result in delays and additional costs.
- **Establish and maintain** good professional relationship with all service agents/providers, including inspection agents and local authorities. Without their cooperation, one may suffer delays with document certification and/or movement of cargo.
- **Be very clear** what an agreed rate does and does not include, and the period for which it is valid. For Transport & Shipping Freight negotiation, this is a must in order to avoid bad surprises.
- **Always obtain details and clarification of what rates include**, especially if a shipping line or agent offers an ALL-IN rate. For example, BAF (Bunker Adjustment Factor), CAF (Currency Adjustment Factor), Fuel Surcharge, Piracy Risk (Relates to East Africa Shipments), War Risk, Suez or Panama Canal Surcharge (this depends on routing of ships), Port Security, THC (Terminal Handling Costs), Weight Surcharge, Documentation, Free Time, Demurrage and Detention (how long containers can be held without incurring additional costs).
- **Know that the same principle applies** if negotiating with Freight Forwarders or Transporters or Warehouses. Clarify what the rates do and do not include.
- **Be commercially aware** of fuel prices and other issues that impact rates.
- **Get all rates in writing** in order to avoid confusion or problems at later date.
- **Note that some costs may be “floating”**, which means they are not set in stone for a particular period, but they vary (usually increase) based on ever-changing global issues.

- **Know that negotiating rates also involves** discussing routing of ships/trucks, transit time and availability of equipment (trucks or containers). There is no point to getting a good rate with a trucking company or shipping line if they do not have trucks, containers, or space on ship to move the cargo. The more direct the routing, the better. If vessels trans-ship in many ports during a voyage, there is a greater chance of delay, as some ports are very congested.
- **Know that some procedures** and processes in some origins/locations can be streamlined or eliminated. Others cannot. Unfortunately, even if they are time consuming or costly, sometimes one has to accept them.

This list was compiled from the experience of Caroline Tully, Logistics Expert.