

## ASPECTS CONCERNING THE STRATEGIC MEANING OF «LOGISTICS MANAGEMENT»

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## СУТНІСНА ХАРАКТЕРИСТИКА ПОНЯТТЯ «ЛОГІСТИЧНИЙ МЕНЕДЖМЕНТ»

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From the management's point of view the importance of logistics has been distinctly modified.<sup>2</sup> Previously logistics was mostly seen as a subfunction of several more important core functions. In business economics, these core functions remain production, purchase, and in the domain of marketing: distribution.<sup>3</sup> In comparison to these core activities logistics has always been second-ranked.

In the domain of engineering, logistics was predominantly regarded one component of other fields of responsibility, for example in the transport and traffic sector. Furthermore, the military sector has been referring to logistics as "supplies"<sup>4</sup> for a long time.

At present logistics is clearly advancing. Meanwhile the term "logistics" appears even in contexts which were formerly unimaginable, for example „financial logistics”.<sup>5</sup> It is of interest to trace back this change of meaning.

A substantial reason for the force driving logistics can be derived from the thesis of globalization. A global increase of free movement of goods and people requires, indeed enforces, a different management of logistic responsibilities than a partially linked world economy. Actually, "world" and "economy" virtually melt as recently as logistic functions are implemented.<sup>6</sup>

In this process the physical transport of goods and people is as relevant as the exchange of information. Especially the latter receives vast propulsive force in the course of a fast advancing informatization of economy and society.<sup>7</sup> Thus real and virtual change and exchange processes broaden the arena of logistic responsibilities, too.

What was assumed to be static suddenly becomes mobile. Abilities, goods and personal skills which were formerly tied to one place as well as entire sites will literally become "disposable". The logistician, previously rather a technical or commercial assistant executing the entrepreneur's will, is transformed into a scheduler of self-determined entrepreneurial action.<sup>8</sup> He himself becomes the "anticipated factor". The increasing mobility of the flows of goods as well as the increasing importance of data- and information exchange takes the previously simply instrumental considered matter to a strategic dimension of importance. Without functioning logistics globalization is neither imaginable nor manageable. Logistics agitates.

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<sup>2</sup> ENGELHARDT / OBERHOFER (2006).

<sup>3</sup> GÖPFERT (2005).

<sup>4</sup> ARNOLD et al. (2002), S. A 1-3.

<sup>5</sup> ALT / CATHOMEN (1998).

<sup>6</sup> ARNDT (2006), S. 8ff.

<sup>7</sup> ROCK / ROSENTHAL (1986), S. 214.

<sup>8</sup> GÖPFERT (2000).

This global movement, also to be conceived as logistics of variation, can be summed up in the following thesis: Globalization leads to a change from an instrumental towards an anticipated view of logistics. This means logistics itself becomes part of managerial calculation.

Carrying on these aspects leads to the insight that logistics is confronted with new challenges. Thus, apart from an increasing request for modern and innovative technical and instrumental solutions, there is also a growing need for adequate entrepreneurial concepts – both in theory and practical application. This creates a new and wide-ranging field of activity for an interdisciplinary understanding of science. Logistics can no longer be considered as a hideaway for experts – instead it needs to be integrated into an overall market and business theory.

Correspondingly, the field of action of associated research and education responsibilities is rather complex. In the process not only the before mentioned experts are confronted with their limits, yet also the dominant scientific eclecticism, which is performing according to Feyerabend's method of "anything goes"<sup>9</sup>. Here comes into being a meeting point for the diverse responsibilities of practical logistic challenges and the diffuse, not yet fully defined, term of logistics as a scientific discipline that is still dissected in diverse not yet linked scientific segments.

In fact, "anything goes" develops a rather idiosyncratic ambiguity here. In the wide area of logistics both theory and practical application can currently be characterized by: anything goes!

The diversity of this diffusion initially leads to an increasing flexibility of its conceptual elements. Rigid curricular training schedules can not cope with this volatile operational environment as well as outdated managerial concepts do not adequately reflect the technological change. Moreover, the challenge in the technical dimension has only started and will rise in importance as the effects of globalization proceed. New challenges can already be noticed.

As the allocational evaluation of locations and (human) resources become more flexible, globalization itself experiences a new wave of upswing. This upswing is then transferred onto the logistic challenge. The classical make-or-buy-decision obtains a new spatial dimension: buy it and make it somewhere else.

On the global scale, logistics management deals more and more with the acquisition of all kinds of resources. The safeguarding of those resources obviously exceeds the coverage of the traditional idea of purchase. It comprises guaranteeing the continuance of existing marketing possibilities. Thus, giant energy conglomerates include the acquisition of judicial (law of property) and physical distribution possibilities (transport and access) more and more into strategic decision processes. This means logistics has today a higher strategic importance than marketing or turnover. What a change of meaning!

The distributive function of logistics is replaced by an anticipated function. Having started out by organising smooth and cost efficient distribution processes it now evolves towards a new management concept called "Logistik der Distributionspotentiale", which enhances the former instrument by adding a strategic dimension. Thus logistics management also generates a potential to manage future marketing possibilities. This aspect will also affect the traditional understanding of marketing.

Purchase and marketing can no longer be regarded as decoupled and asynchronous tasks. Future logistics management will have to merge both into a new way of entrepreneurial thinking. The accomplishment of this challenge will in a sense change the logistic of management itself. The availability of all types of resources - as well tangible as intangible, informational and communicative, financial and personal abilities - will entail an integrative (logistic) understanding of management. In this sense, logistics could formulate comparable leadership demands for itself in the future as the adolescent marketing discipline once did with the assumption of the entrepreneurial leadership function<sup>10</sup>, the enterprise philosophy<sup>11</sup> and the management concept<sup>12</sup>.

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<sup>9</sup> PAUL K. FEYERABEND: *Against Method. Outline of an anarchistic theory of knowledge*. London 1975.

<sup>10</sup> HEINEN (1972) S.115.

<sup>11</sup> NIESCHLAG/ DICHTL/ HÖRSCHGEN (1975), S. 9.

<sup>12</sup> KOTLER (1988).

The integrative challenge that clearly goes beyond accumulating technical know-how of its sub disciplines can be explained further by distinguishing between the terms “logistics management” and “management of logistics”.

"Logistics management" originates from the historical concept of logistics – namely finding an efficient solution to a predetermined task. Those tasks were given from higher ranking and hierarchically superior management. In this understanding there was and still is much scope for technical-driven evolutions of logistic tasks, functions and solutions. From the management's perspective the efficiency is the categorical and decisive principle. Effectiveness as entrepreneurial decisive factor is on the other hand hardly ever a component in designing decisions. The numerous mathematical optimization processes solving the predetermined logistic tasks and their engineer-like implementation represent this understanding as well as the efficient functionality of the resulting solution. Especially in this context many productive exchange processes have occurred between science and industry and between theory and practical application.

In accordance with this tradition logistics management emanates rather from an “exact thinking” similar to the methodology in the fields of logistics, mathematics, informatics and engineering. Quantitative oriented business-management has seized and completed these concepts.<sup>13</sup>

The term “management of logistics” addresses a different way of thinking. It directs rather allocative than well-structured problems or matters. It focuses on the allocation of logistics itself. This allocation, the meta-allocation of the allocation of logistics management and its tasks means entrepreneurial acting and decision making in the virtual sense. It is real entrepreneurship and not “pure” executive management. In case of doubt entrepreneurial decision-making separates between what is and remains topic and what does not.

Management of logistics as an entrepreneurial-allocative function is primarily oriented towards the effectiveness of the whole company, taking its political situation and its market position into account. Doing the right things is the criterion for acting, not the optimization of the traditional proceedings. This means: effectiveness heads efficiency.

The movement of logistics into the allocative and entrepreneurial function is a challenge to everybody working in this environment. Therefore an outsourcing of logistic tasks is for example to be thought through and to be decided upon from a different hierarchical position as the immanent increase of efficiency of established logistic capacities. This way of thinking is not primarily enforced by an exact will, yet by a creative initiative and political intention, setting values and targets - quantitative as well as qualitative.

Ultimately the political and entrepreneurial intentions decide upon and outline the contingent framework of logistics management. The optimization of logistic processes, representing the optimization of processes in the actual sense, takes place in this creative and politically intended framework of a normative determined contingency. No formula will ever be able to deduce this framework. The relevance of logistics management with its decision calculation is embedded in this horizon.

Currently the influence of external political intentions is clearly increasing. A globalizing world consequently leads to a globalization of concepts and theorems of market actions. Privatization and deregulation are part of those topics that clearly determine logistic action and decision-making. The actual shaping of the restructuring process of public transport and logistic networks, including the infrastructure of the IT- and telecommunication networks, are impressive indicators – especially through the diversity of national and regional solutions. The political intended realignment initially appears as the real entrepreneurial management of logistics, while the operative design and implementation constitutes an efficient exerted logistics management in the private-sector. The normativity of this contingent political intended regulation framework cannot be transcended – not even by one of the most innovative designs of efficient management. Optimization processes always remain immanent. Here, entrepreneurial respectively political acting are simultaneously encountered and disconnected to and from its counterpart: managerial acting. They determine each other reciprocally - but still in an unequal valency.

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<sup>13</sup> GUTENBERG, E: Grundlagen der Betriebswirtschaftslehre, BAND II. Der Absatz, Berlin / Heidelberg/New York 1951.

This political element, stimulated and caused by globalization, unhinges logistics management out of its shadowy existence of “supplies”. Logistics is and remains on the passing lane.

The scientific and educational challenge in the conceptual and didactical completion of these tasks and processes on the one hand is not less tremendous than handling the complex instrumentality in the world of practical management on the other. In fact the question remains: “anything goes?” Think about it!

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#### ABSTRACT

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Globalization leads to a change from an instrumental towards an anticipated view of logistics. This means logistics itself becomes part of managerial calculation.

The distributive function of logistics is replaced by an anticipated function. Having started out by organising smooth and cost efficient distribution processes it now evolves towards a new management concept called “Logistik der Distributionspotentiale”, which enhances the former instrument by adding a strategic dimension. Thus “logistics management” also generates a potential to manage future marketing possibilities.

"Logistics management" originates from the historical concept of logistics – namely finding an efficient solution to a predetermined task.

The term “management of logistics” addresses a new way of thinking. It focuses on the allocation of logistics itself.

**KEYWORDS:** LOGISTICS MANAGEMENT, GLOBALIZATION, «LOGISTIK DER DISTRIBUTIONSPOTENTIALE», BUSINESS ECONOMICS, DISTRIBUTIVE FUNCTION OF LOGISTICS, LOGISTIC TASKS, OPTIMIZATION OF LOGISTIC PROCESSES.

#### РЕФЕРАТ

Розенталь К. Сутнісна характеристика поняття «логістичний менеджмент» / К. Розенталь // Економіка та управління на транспорті. – К.: НТУ, 2015. – Вип. 1.

Глобалізація сприяє переходу від традиційних до антисипативних підходів в логістиці. Це означає, що логістика стає частиною управлінської науки.

Дистрибутивна функція логістики замінена на антисипативну функцію. Почавши з організації економічно ефективних дистрибутивних процесів, тепер еволюціонує в бік нової концепції управління «Logistik der Distributionspotentiale», заснованої на покращенні попереднього інструмента шляхом додавання стратегічного виміру. Таким чином, логістичний менеджмент також генерує потенціал для управління майбутніми маркетинговими можливостями.

Логістичний менеджмент бере початок від історичної концепції логістики, а саме – знайти ефективне рішення для заданої задачі.

Термін «логістичний менеджмент» орієнтується на новий спосіб мислення, зосереджений на виділенні логістики як такої.

**КЛЮЧОВІ СЛОВА:** ЛОГІСТИЧНИЙ МЕНЕДЖМЕНТ, ГЛОБАЛІЗАЦІЯ, «LOGISTIK DER DISTRIBUTIONSPOTENTIALE», БІЗНЕС-ЕКОНОМІКА, ДИСТРИБУТИВНА ФУНКЦІЯ ЛОГІСТИКИ, ЛОГІСТИЧНІ ЗАВДАННЯ, ОПТИМІЗАЦІЯ ЛОГІСТИЧНИХ ПРОЦЕСІВ.

#### РЕФЕРАТ

Розенталь К. Сушностная характеристика понятия «логистический менеджмент» / К. Розенталь // Экономика и управление на транспорте. – К.: НТУ, 2015. – Вып. 1.

Глобализация способствует переходу от традиционных к антисипативным подходам в логистике. Это означает, что логистика становится частью управленческой науки.

Дистрибутивная функция логистики заменена на антисипативную функцию. Начав с организации экономически эффективных дистрибутивных процессов, теперь эволюционирует в сторону новой концепции управления «Logistik der Distributionspotentiale», основанной на улучшении предыдущего инструмента путем добавления стратегического измерения. Таким образом, логистический менеджмент также генерирует потенциал для управления будущими маркетинговыми возможностями.

Логистический менеджмент берет начало от исторической концепции логистики, а именно – найти эффективное решение для заданной задачи.

Термин «логистический менеджмент» ориентируется на новый способ мышления, сосредоточен на выделении логистики как таковой.

**КЛЮЧЕВЫЕ СЛОВА:** ЛОГИСТИЧЕСКИЙ МЕНЕДЖМЕНТ, ГЛОБАЛИЗАЦИЯ, «LOGISTIK DER DISTRIBUTIONSPOTENTIALE», БИЗНЕС-ЭКОНОМИКА, ДИСТРИБУТИВНАЯ ФУНКЦИЯ ЛОГИСТИКИ, ЛОГИСТИЧЕСКИЕ ЗАДАЧИ, ОПТИМИЗАЦИЯ ЛОГИСТИЧЕСКИХ ПРОЦЕССОВ.

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