

To Your Doorstep: The Logistics Journey from Container to Customer

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Ever play “Follow the Container?” High school students in and around Savannah, Ga., did just that during a recent field trip. They started at the Georgia Port’s Garden City Terminal, where containers full of merchandise arriving via ship were unloaded onto trucks, then followed one of the containers through customs and security and over the highway to a designated warehouse/distribution facility. There, they watched as it was unloaded and “cross-docked” — palletized, repackaged and reloaded for shipping to the final customer. Many of the same students are now preparing to return to the port and warehouses for a 10-week internship that starts in February.

These students – from such Savannah-area schools as Groves, Jenkins and Johnson High Schools, as well as Woodville-Tompkins Technical and Career High School – are learning what it takes to get merchandise from manufacturer to store shelf – commonly known in the business world as logistics.

‘Connective Tissue’

Logistics is as essential to the holiday season as the Christmas tree and the menorah – and as prominent if you know where to look. Highways crowded with 18-wheelers, UPS trucks double parked on busy streets, Fed Ex vans pulling in and out of your neighbors’ driveways, even those Amazon boxes stacked atop your daily mail delivery. Logistics is about moving the right product in the right quantities to the right place at the right time, and has been described as the “connective tissue” that makes the global economy work.

While logistics is fundamental to the retail industry, it is also an important business process to many other industries, whether it involves getting parts to a factory for assembly, or for service that happens after a product is sold. For instance, networking giant Cisco Systems’ after-sales service group delivers hundreds of thousands of spare parts to the company’s manufacturing facilities. “If you can’t coordinate to get the right part to the right place at the right time, then you have shortages, delays and dissatisfied customers, and eventually you go out of business,” says Morris Cohen, a Wharton professor who specializes in supply chain, operations management and logistics.

Supply chains involve the network of facilities and activities associated with making things, all the way from the procurement of the raw materials and the assembly of the components to the distribution. Logistics is the flow of

material within the supply chain. “Logistics is an essential component of any effective supply-chain strategy and has become critically important as our economy has become globalized,” adds Cohen. “A lot of manufacturing has been outsourced to foreign locations and suppliers are located in [other parts of the world].”

Even before those package-filled trucks hit the highways to deliver products to businesses and consumers, a crucial step in the logistics lifecycle is fulfillment and distribution, which typically involves a warehouse where an order is filled and from where a product is packaged and shipped out. This has become even more critical with the rise in popularity of e-commerce, or buying products over the Internet.

Perhaps you were one of the 20 million shoppers to order online on November 26, otherwise known as Cyber Monday – a huge day in terms of logistics. Online sales boomed this year on Cyber Monday, many of them captured by online retailer Amazon.com, which brought in 50,000 seasonal workers to deal with the demand. Last year, Amazon sold 17 million items – that’s 204 per second – on Cyber Monday. After consumers place orders, Amazon’s 80 fulfillment facilities around the globe go to work to get those products to consumers’ doorsteps. The company’s largest warehouse – the size of 28 football fields – is in Phoenix, Ariz., and new logistics hubs are being built in California and France, to name just a few locations.

Logistics, notes Cohen, is a key competitive strategy for online retailers. The better their logistics process, the more satisfied their customers. “What is the main cost to us for buying something over the Internet? It is that we have to wait for it to be delivered,” says Cohen. “If you want something right away, then you go to the retail store to pick it up. The benefits of buying over the Internet could be price or convenience, but you trade that off against how long you have to wait to get the products in your hands. The logistics system is what solves the problem of getting the product in the customer’s hands. To be competitive, Internet retailers have to give next-day delivery. Now they are even starting to offer same-day delivery with couriers who will get it to you the evening of the day you order it.”

Truckers, Automation and Algorithms

So, back to that game of “Follow the Container,” which is resulting in Georgia high school students exploring different logistics jobs through internships. Logistics offers varied opportunities for employment. For one, a new generation of young, eager truck drivers is in great demand. According to an *Associated Press* article from November, trucking accounts for 80% of how cargo is moved in the country. U.S. companies are expected to create more than 115,000 truck driver jobs per year through 2016, but the number of Americans getting trained to fill those jobs each year is barely 10% of the total demand.

Other logistics jobs include warehouse workers, air cargo supervisors and many more technology-heavy positions, as well, that incorporate robotics and automation. Think logistics managers, logistics analysts and IT logistics specialists. “Logistics’ importance is growing and therefore its employment will grow,” notes Cohen. “There is real-time monitoring of conditions and solving complex challenging technical problems about how to manage logistics that involve very sophisticated methodologies and advanced computer algorithms. People might say, ‘I don’t want to be a truck driver.’ Well, there are all kinds of opportunities that involve management and decision-making and that have a strategic impact [on business]. It’s a great place to look.”

Questions

What are logistics and the supply chain and how are they related?

Why is logistics especially important to e-commerce?

Do you have to be a truck driver to work in logistics?

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