

# Unit 1

## Introduction to Logistics

### ◆ Knowledge Learning Objectives 知识学习目标 ◆

- To understand the definition of logistics
- To know the importance of logistics
- To learn the activities of logistics

### ◆ Skill Developing Objectives 技能培养目标 ◆

- Communication skills in receiving the customer
- Communication skills in introducing the logistics company
- Writing skills in introducing the logistics company
- Communication skills in establishing the business relationship



## Section 1 Theme Warming-up

### Text 1 What Is Logistics

#### The Definition of Logistics

There are various definitions of different editions. But in general, there are mainly two types of definition in practice.

In *Chinese Logistics Terms*, logistics means the physical movement of goods from the supplier to the receiver. Based on practical need, logistics is integrated organically with the variety of the basic functional activities including transportation, storage, loading and unloading, handling, package, distribution, information management, etc.

The Council of Logistics Management has adopted the following definition of

logistics: Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption in order to meet customers' requirements.

### **Some Interpretation to Logistics**

The logistics function of the system goal is to satisfy customer needs. Therefore, from a customer service point of view, some scholars defined logistics as: To the right cost and the right conditions, the right quality and the right quantity, to ensure the right customer at the right time and right place, for the right product for availability, namely, the concept of logistics 7Rs. The so-called product availability, that is, customers who want to get products may face time and space distance issues. In fact, product availability is a functional assessment of the logistics system, and the primary indicators, is also the main objective of the logistics system optimization.

### **The Importance of Logistics**

Since the beginning of human civilization, there has been the "move" of the goods. So we should say, "Logistics is anything but a newborn baby." However, when it comes to modern logistics, most professionals in the business consider it one of the most competitive and exciting jobs, invisible as it is. "Logistics is a unique global pipeline that operates 24 hours a day, seven days a week and 52 weeks a year, planning and coordinating the delivery of products and service to customers all over the world."

### **Importance of Logistics Management**

In practice, logistics refers to the systematic management of the various activities required from the point of production to the customers. However, logistics management means different things to different organizations. In today's volatile economic environment, logistics management is becoming more important than ever before. It is critical to get the right amount of goods to the right place at the right time, especially in an age when budgets are tight and customers' demands are unpredictable.

A recent US study found that logistics costs account for almost 10% of the Gross Domestic Product. The process itself covers a diverse number of functional areas. Involved in logistics are transportation and traffic, as well as shipping and receiving. It also covers storage and import/export operations.

### **Development of Logistics Management**

Logistics management has evolved over the last three decades from the narrowly defined distribution management to the integrated management and to the global supply chain. The mission of logistics management is to plan and coordinate all activities to achieve desired levels of delivered service and quality at the lowest possible cost. In order to succeed in today's global marketplace, companies must be ever cognizant of

these trends and develop a logistics management strategy that capitalizes on the best-of-breed technology solution available today, so that they can meet the demands of their customers today and be well prepared for the future.



### New Words and Phrases

logistics [lə'dʒɪstɪks] *n.* 后勤学, 物流

definition [ˌdefɪ'nɪʃən] *n.* 定义, 概念

implement ['ɪmplɪmənt] *v.* 履行, 推进

civilization [ˌsɪvɪlaɪ'zeɪʃən] *n.* 文明

professional [prə'feʃənəl] *n.* 专家, 专业人员

pipeline ['paɪpleɪn] *n.* 管道

acquisition [ˌækwi'zɪʃən] *n.* 获得

manufacture [ˌmænju'fæktʃə] *n./v.* 加工, 制造

storage ['stɔːrɪdʒ] *n.* 储存, 仓储

distribution [ˌdɪstrɪ'bjuːʃən] *n.* 配送

maintenance [ˌmeɪntɪnəns] *n.* 维持

disposition [ˌdɪspə'zɪʃən] *n.* 配置

construction [kən'strʌkʃən] *n.* 建设, 构成

provision [prə'vɪʒən] *n.* 供应, 提供

volatile ['vɒlətaɪl] *adj.* 多变的

critical ['krɪtɪkl] *adj.* 关键性的, 决定性的

budget ['bʌdʒɪt] *n.* 预算

evolve [ɪ'vɒlv] *v.* 演变, 发展

integrate ['ɪntɪɡreɪt] *v.* 整合, 综合

cognizant ['kɒɡnɪzənt] *adj.* 知道的, 认识的

capitalize ['kæpɪtəlaɪz] *v.* 变成资本, 作资本用



### Notes

1. There are various definitions of different editions. 物流的定义有很多不同版本。

2. In *Chinese Logistics Terms*, logistics means the physical movement of goods from the supplier to the receiver. Based on practical need, logistics is integrated organically with the variety of the basic functional activities including transportation, storage, loading and unloading, handling, package, distribution, information management, etc. 《国家标准物流术语》中, 物流定义为物品从供应地向接收地的实体流动过程, 根据实际需要, 将运输、储存、装卸、包装、配送、信息处理等基本功能实现有机结合。

3. The Council of Logistics Management has adopted the following definition of logistics: Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption in order to meet customers' requirements. 物流管理协会修订了物流的定义: 物流是供应链过程中的一部分, 是以满足客户需要为目的的, 为提高产品、服务和相关信息从起始点到消费点的流动储存效率和效益而对其进行计划、执行和控制的过程。

4. However, when it comes to modern logistics, most professionals in the business consider it one of the most competitive and exciting jobs, invisible as it is. 说到现代物流, 业内专家认为, 尽管看不见摸不着, 却是最富挑战性和最激动人心的工作之一。

5. In practice, logistics refers to the systematic management of the various activities required from the point of production to the customers. 实际上, 物流是指从生产地点到客户所需各种活动的系统管理。

6. It is critical to get the right amount of goods to the right place at the right time, especially in an age when budgets are tight and customers' demands are unpredictable. 尤其是在资金预算紧张和客户需求无法预测时,在正确的地点和时间得到正确数量的货物才显得颇为关键。

7. Logistics management has evolved over the last three decades from the narrowly defined distribution management to the integrated management and to the global supply chain. 物流管理在最近 30 年中从狭义的配送管理到一体化管理,最后发展为全球供应链管理。

8. In order to succeed in today's global marketplace, companies must be ever cognizant of these trends and develop a logistics management strategy that capitalizes on the best-of-breed technology solution available today, so that they can meet the demands of their customers today and be well prepared for the future. 为了赢得全球市场,在现有的资金和技术条件下,公司必须清楚地知道自己的发展意向以及相关的物流战略,以便公司能够满足客户需求并为未来的发展做好充足的准备。



### Exercises

#### I. Pair work: Discuss the following questions.

1. What is logistics?
2. Why is logistics so important?
3. Is logistics anything new? Why?
4. What is the main function of logistics?
5. How do you understand the development of logistics management?

#### II. Fill in the blanks with the words in the following box. Change the forms if necessary.

route	location	movement	originate	importance
inventory	purchase	flow	storage	logistics

1. The aim of \_\_\_\_\_ management is to minimize the amount of material in stock.
2. \_\_\_\_\_ is a hot topic in China and the whole world.
3. If the ship had sailed along the recommended \_\_\_\_\_, it would have been able to avoid the heavy weather.
4. People generally consider logistics as the \_\_\_\_\_ of goods, it is partly right, but logistics is much more than that.
5. Logistics involves the \_\_\_\_\_ of goods, but also of people, as well as housing and feeding them.
6. The foreign company has to \_\_\_\_\_ 500 TEU of garments from China every year.
7. The meaning of the word "logistics" firstly \_\_\_\_\_ from the military.
8. The \_\_\_\_\_ expenses will be for your account if you place an order of 100000 tons

of roll steel at a time. My workshop uses ten tons a month.

9. With the development of modern economy, people become more and more aware of the \_\_\_\_\_ of logistics.

10. Whether facilities are owned or rented, the \_\_\_\_\_ of warehouses is extremely important.

### III. Translate the following sentences into Chinese.

1. Modern logistics is one of the most challenging and exciting jobs in the world.
2. Every company that sells products need the service of logistics.
3. Many experts hold the opinion that logistics is an iceberg, only the top of which is seen, what is unseen is much bigger.
4. As logistics manager's roles and value have been grown, the need for well-educated, talented professionals with a diverse array of skills is emerged.
5. Logistics is a unique global "pipeline" that operates 24 hours a day, planning and coordinating the transport of products to customers all over the world.

### IV. Translate the following sentences into English.

1. 物流的整体目标是以最低成本获得预期的顾客服务水平。
2. 在物流专家的指导下,公司利润明显上升。
3. 国际物流公司计划、协调和控制着全球产品的运输和交付。
4. 最近几年,我国在物流结构、组织和运作上取得了很大的进步。
5. 海运一直是国际贸易中最重要的运输方式。

### V. Read the following passages and answer the questions.

After completing a commercial transaction, logistics will execute the transfer of goods from the supplier (seller) to the customer (buyer) in the most cost-effective manner. This is the definition of logistics. During the transfer process, hardware such as logistics facilities and equipment (logistics carriers) are needed, as well as information control and standardization. In addition, supports from the government and logistics association should be in place.

Three major functions of logistics:

(1) Creating time value: same goods can be valued differently at different times. Goods often stop during the transfer process, which is professionally called the storage of logistics. It creates the time value for goods.

(2) Creating location value: same goods can be valued differently at different locations. The value added during the transfer process is the location value of logistics.

(3) Distribution processing value: sometime logistics create distribution processing value, which changes the length, thickness and packages of the goods. Like popular saying, "cutting into smaller parts" is the most commonly seen distribution processing form. Most processing within logistics create added value for goods.

1. What is the meaning “cost-effective”? (      )
  - A. Cost reduced.
  - B. Economically.
  - C. Cost evaluate.
  - D. To add cost.
2. (      ) creates time value.
  - A. Transportation
  - B. Good flow
  - C. Different location
  - D. Storage
3. What is the same meaning of location value? (      )
  - A. Different value.
  - B. Different value of same goods at the different places.
  - C. Different good.
  - D. Different value of different goods at the same place.
4. What is the distribution processing value? (      )
  - A. Distribution.
  - B. Processing.
  - C. Sales and processing.
  - D. Changing the length, thickness and the package of the goods.
5. The distribution process value is available in all logistics activities. Is it correct or not? (      )
  - A. Both.
  - B. Yes.
  - C. Not.
  - D. Not clear.

## Dialogue 1 Introduction to Logistics Company

(Li Jian, the sales representative of Zhongji Shipping Company, is talking with Eric, a potential customer.)

**Li:** Welcome to our company, Eric. Nice to meet you.

**Eric:** Nice to meet you, too.

**Li:** Eric, my name is Li Jian. Here is my card.  
I'd like to introduce my company.

**Eric:** Thank you.

**Li:** Our business covers import and export container transportation and agency, door to door pickup and delivery, customs clearance, warehousing and consolidation.

**Eric:** I see.

**Li:** Zhongji has become one of the market leaders in China's freight forwarding and logistics industry today.

**Eric:** Uh-huh.

**Li:** We have helped Ford to substantially reduce logistics costs.



**Eric:** Can you tell me more?

**Li:** Of course, that was one of the best achievement in the beginning of the 2000s.

**Eric:** One of the best results? In what way?

**Li:** We improved their management by optimizing the plans of demonstration before plunging into action. As a result, the overall utilization raised considerably.

**Eric:** It's amazing.

**Li:** If you are concerned about logistics questions, you can ask anyone here. We have a reputation for top service.

**Eric:** I hope so.

**Li:** If you have a moment, I hope I can talk to you later.

**Eric:** Well, you are welcome, I'd like to hear your suggestion.



### New Words and Phrases

container [kən'teɪnə] *n.* 集装箱

transportation [ˌtrænsˈpɔːtɪʃən] *n.* 运输

warehouse [ˈweəhaʊs] *v.* 仓储, 储存

consolidation [kənˌsɒlɪˈdeɪʃən] *n.* 集货, 配货

freight [freɪt] *n.* 运输, 运费

forward [ˈfɔːwəd] *v.* 发送, 递送

optimize [ˈɒptimaɪz] *v.* 优化, 充分利用

demonstration [ˌdemənsˈtreɪʃən] *n.* 运营

utilization [ˌjuːtɪlaɪˈzeɪʃən] *n.* 利用

pickup and delivery 货物交接

customs clearance 通关, 清关

plunge ... into action 把……投入



### Notes

1. Our business covers import and export container transportation and agency, door to door pickup and delivery, customs clearance, warehousing and consolidation. 我们公司业务涵盖了集装箱进出口运输和代理, 门到门交接货物, 仓储和配货。

2. We improved their management by optimizing the plans of demonstration before plunging into action. As a result, the overall utilization raised considerably. 我们通过在运营计划投入前对其进行优化, 来提高管理水平, 从而使整体利用率得以大幅度提升。



### Exercises

**I. Speaking practice:** Practice the above dialogue with your partner until you can learn the lines by heart.

**II. Team work:** Have a dialogue according to the following situation and practice it with your partner.

**Situation:**

Gary is a clerk of a logistics company. Now he is introducing the company to Jack, who is paying a visit to the company.

**Tips:**

1. Excuse ...
2. Nice to meet you.
3. It's very kind of you to ...
4. Our business covers ...
5. Our company provides logistics services such as ...
6. I've come here today to see whether you have interest in our service.
7. If you have any questions, please feel freely to contact me anytime.
8. I'm looking forward to our next meeting.

**Ⅲ. Write an E-mail to your customer, telling them about the following information.****Contents:**

1. 为有合作意向的客户介绍你的公司及主营业务。
2. 附上公司的详细资料。
3. 洽谈初步的合作意向。

**Ⅳ. Fill in the blanks with the words in the following box. Change the forms if necessary.**

manager	deal with	establish	luggage
honestly	representative	corporation	a good idea

(Mr. Zhang, a representative of Beijing Textiles Products Corporation, is coming to a logistics company. He is talking to Miss Wang, the secretary ...)

**Wang:** Hello!

**Zhang:** Hello!

**Wang:** What can I do for you? I am the secretary.

**Zhang:** Yes. Glad to meet you. I am the \_\_\_\_\_ of Beijing Textiles Products \_\_\_\_\_.

**Wang:** Please have a seat, and what would you like to drink, coffee or tea?

**Zhang:** Thanks, coffee please, and little sugar.

**Wang:** OK, just a minute.

**Zhang:** As a representative of Beijing Textiles Products Corporation, I \_\_\_\_\_ hope to \_\_\_\_\_ business relation with you.

**Wang:** We also hope to \_\_\_\_\_ you. But our \_\_\_\_\_ is not in at the moment. He will be back in an hour, and would you please wait for him for a while. I'm very sorry.

**Zhang:** It doesn't matter.

**Wang:** But if you don't mind I can take you to our restroom and put your \_\_\_\_\_.

**Zhang:** That's \_\_\_\_\_.

**Wang:** This way please.



**V. Read the following introduction, and introduce the company “HIT International Transportation Co. , Ltd.” in your own words.**

**HIT International Transportation Co. , Ltd.**

Founded in 1994, HIT is a state-owned enterprise under the HIT Group. Within the short span of 9 years, HIT has become one of the market leaders in China’s freight forwarding and logistics industry today. HIT prides itself as

—Class A license holder with full authorization from the government to conduct space booking, customs brokerage and other related services.

—One of the first companies in China to be awarded the ISO 9001/9002 certificates.

—One of the first companies in Shanghai to launch full line of services including nationwide logistics service, project cargo handling, bonded trucking, bonded warehouse facility, city-pair trucking service, exhibition logistics in addition to the air & ocean freight business.

Annual Figures (2003)

Operating revenue	1.65 billion RMB
No. of jobs	200600 Jobs
FCL	75898 TEUs
LCL	10800 TEUs
Air freight	90678 Tons
Employees	1100 People
Customer/auditor complaint ratio	0.025%
Damage ratio	0.0001%

Our Capability & Facility

Air Freight

—24-hour air freight operation  
 —the customs bonded warehouse (the biggest in Shanghai)  
 —two operation facility in both Hongqiao & Pudong airport  
 —involvement in Cargo Terminal Management  
 —securing the most export space during the peak season with block-space and pallets

Ocean Freight

—HIT’s own station at every terminal of the Shanghai port  
 —EDI linkage with the Customs  
 —own trucking fleet and CFS warehouse

—service contracts with major carriers

Logistics Services

—providing customized, state-of-the-art solutions offering complete logistics services

—customizing information system to support logistics needs

—daily pick-up service, stock & store with IT scan in/out, pick and pack, inventory, logistics services and other various warehousing facilities around the country.



## Section 2 Elevating Vision

### Text 2 Activities in Logistics System

A logistics system can be made up of many different functional activities, some of which are described briefly below.

#### Customer Service

In a broad sense, customer service is the output of the entire logistics system. It involves making sure that the right person receives the right product with the right quantity at the right place at the right time in the right condition at the right cost. At present, many logistics companies may have a customer service department that handle complaints, special orders, damage claims, returns, billing problems, etc.

#### Demand Forecasting

Demand forecasting estimates the need for precise amount of products and services that customers will require in the future. The logistics system can ensure the right products or services are available to meet those requirements. It involves in forecasting how much should be ordered from its suppliers, and how much of finished products should be transported in each market.

#### Transportation

Transportation refers to the physical movement of goods from one place to another place. It includes specific activities such as selecting the transport mode, choosing the particular route, selecting the right carrier, and complying with various local transportation regulations. Transportation is usually the most costly logistics activity. It may account for 40%—60% of a company's total logistics cost.

#### Warehousing

Warehousing is an integral part of every logistics system. It plays an important role in providing a desired level of customer service at the lowest possible total cost. It refers