

# Distribution:

## Distribution

### What is needed to achieve a Cost-effective Means of Transport:

Key factors to consider in selecting the means of transport:  
physical characteristics of load  
the number of loads to be moved,  
the distance to be moved  
the required speed of movement.  
do you require proof of delivery

### Other factors which influence the means of transport:

cost of building/dismantling loads  
packaging costs  
space requirements  
interface with other storage, transport and handling systems  
housekeeping issues.

### What is Physical Distribution Management?

Physical distribution is the activity that is concerned with:  
receiving parts or finished goods storing them until they are required and then delivering them to the customer.

### Key Concepts:

Transport operator: The person or company who provides the actual delivery of your orders.

Interposol: interchange point from one transportation mode provider to another.

Consolidation: the process of receiving multiple lots in small quantities, which are accumulated and then repackaged into one larger lot.

Cross docking: unloading the cargo from several trucks and then immediately reload it into one container for delivery to a final destination.

Distribution warehouse: a facility designed to assemble and then redistribute goods in a way that facilitates rapid movement to customers.

Unitization: a technique for grouping boxes on a pallet or skid for later movement by pallet jack, forklift, conveyor and/or truck.

Containerization: the process of combining several unitized loads into a single well-protected load.

### What are the functions of Physical Distribution:

inventory management  
order processing

# Distribution:

## Warehousing:

the set of activities involved in receiving and storing goods and preparing them for reshipment  
materials handling  
transportation.

## Distribution Decisions:

Important distribution decisions:  
Which transport mode?  
Number and location of distribution warehouses?  
Own or contract-out warehousing and transport?

## Transport Modes:

Basis of transport mode selection:  
nature, volume, value and criticality of goods  
flexibility of transport mode: coping with demand change.

## Methods of transport:

### Trucks:

flexible, on-time, low loss and damage, tracing, accuracy and wide geographical coverage.  
Weather and traffic conditions can delay shipments still heavy price competition.

### Rail:

inexpensive for carload lots. Requires more packing material or must allow for rough handling, somewhat slow however freight forwarders, piggyback truck, and double stack containers offer cost savings for users.

### Sea transportation:

ideal for heavy, low-value non-perishables but have high fixed costs weather can be a problem. Containerization and improved ports allow for expansion in new products and markets.

### Air:

high costs, so only suitable for high value or urgent or perishable items:  
weight and locations limited  
saves inventory holding costs  
important in international trade.

### Mail:

low costs, only suitable for non-perishable, non-fragile items  
weight limited  
important in international documents trade.

# Distribution:

## Why would you consider Outsourcing some or all of your distribution:

Decisions for owning or contracting-out transport consider:

total cost reduction

this area is not your core focus

to improve customer service

flexibility

to use the provider of the services management skills

reduce your own staff levels

return on investment.

## Distribution Warehouses

Number and location of distribution warehouses are based on:

customer service needs

available transportation services

cost tradeoff.

## Key Performance indicators:

Performance can be assessed based on:

distribution system flexibility:

response time to special requests

distribution system information:

speed, accuracy and message detail of response

distribution system malfunction recovery:

efficiency to recover from malfunction (errors in billing, damage, claims).

Cost to service your customers.

## Contact Us Today

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Call **1300 – 4 TODAY** (1300 – 486 – 329) or email [info@supplytoday.com.au](mailto:info@supplytoday.com.au) to discuss your distribution needs.

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