

## **LOGISTIC MANAGEMENT IN COMMERCE ENTERPRISES**

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*ABSTRACT: The importance of logistic management for the general development strategy of functioning of the enterprise is a stimulus to consider it in terms of new methodology in enterprise management. Taking into account the up-to-date experiences of logistics, either as a scientific branch or a practice, logistic management cannot be treated in the same way as the system management, through its aims, or the strategic management understood as new method of management.*

*Key words: logistic, management, enterprises*

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### **Introduction**

*Commerce enterprises – features and peculiarities of their activity.* One of types of enterprises is a commerce enterprises. The form of economic organization like a commerce enterprise has appeared in the market at the instant, when the number of wares produced by producers has reached the level exceeding their own selling possibilities. The aim of its activity is being a go-between in the ware exchange between the producer and the consumer (either individual one or a wholesale one). This ware exchange is called commerce. “Commerce is an economic activity consisting in professional going-between in the ware exchange, i.e. their purchase in order to sell it later with profit. The functioning of commerce is based on the activity of numerous enterprises (economic units), which perform many useful functions either for producers (ware suppliers) or consumers, joining the ware distribution process”<sup>1</sup>. In the book “Marketing strategies of commerce enterprises” the authors consider the commerce in the functional and institutional aspects.<sup>2</sup>

The functional aspect refers to commerce at the level of production enterprises, which sell the wares produced by themselves to end users. Man speaks of institutional commerce in reference to enterprises, which purchase wares in order to sell them later. They aim at obtainment of measurable financial effects due to adding margin of profit to the purchase price.

Maria Sławińska defines the notion “commerce enterprise” in the following way: “A commerce enterprise is an economic unit (team of people, system of material and financial assets) unique in its organizational, economic and legal form, specializing in carrying the activity in the sphere of ware exchange i.e. carrying out transactions of ware purchase in order to sell them later”<sup>1</sup>.

Each type of the enterprise: a production one, commerce one or a service one has its characteristic features, which are distinct and constitute its organizational individuality. The following features are accounted to the most important features of commercial enterprises:<sup>1</sup>

- substantial level of dependency from factors related to phenomena and processes occurring in the sphere of demand and supply,
- responsibility for its own offer, thus for shaping consumption,
- observed strong links with the region of its activity.

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Because the processes occurring in a commerce enterprise are variegated and followingly their examination occurs in different spheres, the characteristic features may be divided into three main kinds:<sup>1</sup>

- economic ones: gaining profit as the result of fulfilling the consumers' needs, self-financing of their activity, pledging with owned capital for contracted loans and debts, responsibility for bought and sold wares,
- organizational ones: organization of internal specialization, coordination and control of performed activities, purposefulness of existence and functioning,\
- legal ones: possession of individualized property, possibility to take legal steps.

Commerce enterprises acting on economic market perform a number of important functions. To the most important ones the following may be accounted: focusing different wares in one place, making access to products easier, modifying the offer in dependence on consumers' needs, market control as far as demand is concerned. The market control function influences to much extent the enterprises being producers, making them to produce wares, which are popular and necessary.

The market functions influencing market shaping are in a close relationship with marketing activities taken by commerce enterprises. If, according to the assessment of producers, eventual suppliers and consumers, the commerce enterprise functions properly, then the chance to fulfill its assumed strategic and operational aims increases substantially.<sup>1</sup>

The commerce enterprise is at present one of the most commonly found forms of activity. Due to economic processes occurring in it, which consist in ware-currency exchange with economic partners, the fundamental role is played by activities related to logistic management. The success of mission of this kind of economic subjects is dependent on the situation in the sphere of demand and supply.

### **The essence and aims of logistic management in commerce enterprises**

Management plays a crucial role for any organizational unit acting in the conditions of market economy. Without an efficient management all the positive values of the enterprise are wasted, what can lead to its bankruptcy in the end. High dynamics and level of complicity of phenomena occurring in the neighbourhood of the enterprise cause substantial processes related to management. To these factors, the following ones can be accounted: market globalization and related increased competition level, as well as increasing demands of consumers. As states Z. Sarjusz-Wolski, the management of contemporary enterprises is a complex process, whose most important issues are related to "the multiplicity of ware streams (materials, parts, semi-parts, ready-made products etc.) and corresponding information streams, which cross each other and are complementary to each other"<sup>1</sup>. Management is a wide area, which in dependence on functional scope covers: marketing management, financial management, human resource management or production management.<sup>1</sup>

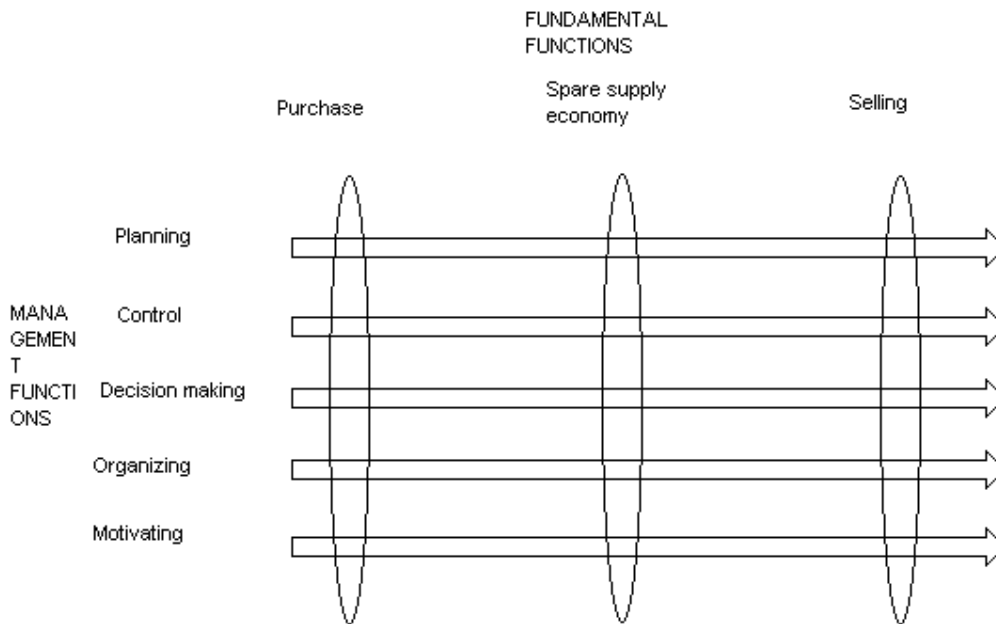
From many different definitions of management the following ones may be exemplified:

- "management is a leader's activity consisting in taking decisions and controlling resources, processes and informations within organizations in order to obtain the optimal effects in the most efficient and frugal way, which is in conformance with social rationalization of economic activities,
- management is a process of planning the activities, organization, employment, leading and controlling, systematically implemented within the enterprise, aimed at attainment of the common goal."<sup>1</sup>
- "management is the process of coordination of common efforts in order to fulfill organizational aims by people, using technique, in organized structures, basing on pre-planned tasks."<sup>1</sup>

Properties of the process like enterprise management are considered from two points of view. The structural view is oriented at people responsible in the firm for management – at each

level of its organizational structure, as well as at their subjects. The fundamental management components with this respect are: the managing component, the component being subject to management and dependencies occurring between them. The functional view on management is based on fundamental activities, which have to be carried out within the enterprise in order to fulfill its mission. Management is treated in this context as a complex activity, joining into one single net of dependencies all the economic and causative processes, as well as all the basic functions. The fundamental management functions are: planning, organizing, decision taking, controlling and motivating.<sup>1,2</sup>

All the management functions are valid for any sphere of activity of commerce enterprise, beginning with the purchases, going through the spare supply economy and finishing up in the final selling process (Fig. 1)



**Fig.no. 1 - Relationships between management functions and fundamental functions of a commerce enterprise**

Source: Own study on the basis of Maria Sławińska, *Management of a commerce enterprise (Zarządzanie przedsiębiorstwem handlowym)*, PWE, Warszawa 2002, s. 62.

Dynamic development of technology, which allows for a free access to many different wares causes the increase of competition between enterprises. A number of factors decides about gaining success by the economic subject. The following factors may be accounted: proper publicity, efficient transport, which allows for ware supplies in determined time and quantity. Quick and efficient distribution of products prepared for selling is a factor, which allows for gaining advantage over competitors. The distribution process is related directly to logistic management in the enterprise.

Constantly observed increase of interest with issues related to logistics, both from the point of view of science, as well as practice, is related above all to economic changes occurring within the organization and in its closer and further neighbourhood. The necessity to organize longer and longer distribution chains, along with increasing consumers' demands, make people responsible for management working on constant improvement of logistic processes.<sup>1</sup>

Together with economic transformations, the role played by logistic processes within the enterprise has also evolved. Initially logistics appeared as the reply to the necessity to transfer goods

and was not related to strategic aims of functioning of the organizational unit on the market. It played a service role. The next step was to place logistic units within the organizational structures. Logistic units coordinated the flow of all logistic activities. This was the result of better understanding the role played by distribution processes in management by the enterprise leaders.<sup>1,2</sup>

The development of market economy has caused finally that at present practically all decisions taken within the enterprises are made taking into account logistic issues. In the literature the phenomenon is referred to as logistic management.

Logistic management attains a special meaning to taking into account the aforementioned activities and functions of commerce enterprises. No commerce enterprise may function properly in market economy conditions without an efficiently organized and well managed system of distribution and supply. If the continuity and punctuality of supplies will not be fulfilled, the enterprise will not finish up its mission. Taking into account the fundamental aim of activity of a commerce enterprise, which is going-between in the ware exchange, the basis for efficient management is supporting a proper logistic management.

According to M. Christopher, the fundamental aims of logistic management are integration and supervision of main logistic activities in order to obtain the most optimal goal from the point of costs and market supplies. To the most important tasks of logistic management the author accounts: supply economy, information economy, warehouse and transport management.<sup>1</sup> Similarly S. Abt writes, that "logistic management pays special attention to making more efficient supply, storage and transport processes in the organizational unit, in reference to the enterprise of a given producer, as well as to modernization of contacts to external consumers."<sup>2</sup> K. Witkowski and P. Kuzdowicz claim that "formulation of strategies, planning, control (carried out in an effective way, that minimizes global costs) of flow processes as well as storing raw materials, supplies of products being processed, ready-made products and proper pieces of information, from the point of their gain to consumption points, in order to accustom best to consumers' needs and their fulfillment" constitute into logistic management.<sup>1</sup> Orientations aimed at individual processes occurring in logistic management is presented by S. Krawczyk, he claims that: „logistic management must be understood as shaping of processes and their coordination, taking into account own and partners' interests"<sup>1</sup>. All these approaches feature paying special attention to mastering and supervision of the whole logistic chain by improvement of individual processes occurring in it. The aim of this action is to obtain maximum satisfaction of consumers and at the same time to minimize the engagement of available financial funds.

The importance of logistic management for the general development strategy of functioning of the enterprise is a stimulus to consider it in terms of new methodology in enterprise management. Taking into account the up-to-date experiences of logistics, either as a scientific branch or a practice, logistic management cannot be treated in the same way as the system management, through its aims, or the strategic management understood as new method of management. Because it lacks its own characteristic tools, it cannot be considered in terms of new management concept. Logistic management avails of already known and systematically applied components of classical management methods and concepts. Taking into account logistic factors when taking strategic decisions for the organization is often called „orientation in management"<sup>1</sup>. In this sense a number of activities, whose aim is to support the process of enterprise management, constitute logistic management.

Processes related to their management may be accounted to activities, which to a large extent decide of fulfilling the mission of any economic subject. These activities are especially important today, when, due to a high competition, the market position of a given enterprise is highly dependent on the speed of taking correct strategic decisions. Among these actions management in the sphere of logistics plays a particular role. Here decisions are taken, whose effect is optimization of ware flow in the whole logistic chain as well as increasing the efficiency of customer service processes.

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