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COURSE: LOGISTICS PROCUREMENT AND SUPPLY CHAIN

MANAGEMENT

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ASSIGNMENT QUESTIONS

1. What is logistics and procurement, and its role in the production process?
2. What is the concept of logistics and procurement in a global supply chain?
3. What is the benefit of implementing logistics and procurement strategy in a supply chain?
4. Analyze the different types of logistics and procurement strategy and the optimization process in a global context?

1. What is risk management in logistics and procurement operations?
2. outline the various types of risk management in logistics and procurement supply chain operations?
3. What is the economy benefit of risk management in a supply chain management?

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1.0 INTRODUCTION

The term procurement and logistics are often used interchangeable in the world of business. Different organizations procure goods at a reasonable cost in other to minimized the risk of on used goods by saving cost. This is while procurement logistics and supply chain are very important to ensure a full optimization of resources. With, regards to this piece of work, we shall be looking at Procurement Logistics and supply chain management in its contest in other to have a balanced system in effective distribution and management of goods and services.

However, the key components of procurement logistics include other management, like transportation, inventory, warehousing and distribution process, therefore all this process must work together in other to create a smooth flow of material for better operation in the supply chain management. The process also involves handling, storing, organizing and shipping of raw materials through the supply chain to the warehouse for production purpose and to consumer door step for final usage.

Other management involves the incoming materials needed for manufacturing purpose, which include bids acquisition, negotiation contracts with third party, in relation to logistics activities. It also involves hiring employees, e.g., drivers, and other professionals like marketers and other business associate in the field of operation. Also includes tracking orders and ensuring updates to current stocks, delivery time, customer addresses, as well as product specifications and inventory management process in other to ensure product are available at the right time for a smooth operation.

Purchasing raw materials and replacement parts, is also a functional duty of procurement and logistics department. They are responsible for product sourcing and selection policy to ensure the right product and quantities is acquired for the right purpose based on terms and conditions of the organization, as well as communication between the purchasing client and the organization to ensure the right materials is acquired and the purchasing strategies in other to minimized cost of acquisition to the lowest level.

Therefore, procurement and logistics, play a vital role in the supply chain management which help in a smooth running of the business. Procurement is the strategic process of sourcing goods at a lowest possible cost for a maximum benefit for the acquisition of raw materials, components or a finished goods and services from external sources. While logistics can be referred to a process of transportation or movement of goods, warehousing and added value services to the final consumer including the outbound and the inbound services throughout the supply chain. In view of this procurement logistics is the acquisition of raw materials needed for the manufacturing of other tangible goods. In other wards this process involves the supply chain through purchasing of raw materials for the purpose of production. ([www.prologis.com](http://www.prologis.com)).

In relation to the supply chain process, looking at some basic concept in other to strategized the operational process such as the transparency, collaboration, adaptability, intelligence

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and speed is needed, in other to ensure effective supply chain in the process of procurement and logistics services. Transparency is a fundamental principle in building sustainable business in any environment, and to superpower and navigate today’s realities. The business operational system should be well defined to each client including the suppliers for batter and accurate performance from time to time. Collaboration, the system of operation should be well power by new technology in decision making in other to reduce the lead time between making plans and implementation.

The use of (AI) artificial intelligent can help, to facilitate the process for better cost minimization, and also help to reduce lead time of operation. Adaptability, the supply chain system should be resilient to changes for better procurement and logistics activities, to resist the impact of any change in the up and downstream activities, to facilitate the operational and decision-making process. intelligence the system of procurement should be well designed in other to leverage the cost of operation. In a procurement, logistics and supply chain, good time management is needed both in the inbound and outbound services. ([www.kinaxis.com](http://www.kinaxis.com)).

According to Lauren, (2015) says that supply chain management is the process of ensuring a flow of goods, data, information and finances related to a product or services, through procurement of raw materials and the delivery of the materials to it final usage. In managing the supply chain process, we must bear in mind the following factors, identify a sustainable goal, create a sustainable policy, evaluating the plans and procedure and taking appropriate action to ensure the plans are sustainable.

This process helps to minimize spending and maximize efficiency, by providing raw materials and the logistics services in a more efficient manner which enable the organization to save time and cost, that can be reinvested into the business. Secondly, a good comprehensive logistics and procurement strategy help in setting a budget, in line with the available resources in other to meet the organizational requirements. It also helps the organization to make proper research about the different logistics method in other to find the most cost effective and reliable solutions and the materials needed for operations. The process also involves negotiation procedure in other to secure the best deal possible for the procurement activities. ([www.freightender.com](http://www.freightender.com)).

The networking system between the procurement logistics and the supply chain, needs to remain open for a better services operation and to avoid delays or interruption in the production process, which may have a negative effect in the global supply chain operation. therefore, it is important to ensure procurement and logistics coexist and work together in a simultaneous way to ensure free flow of information and to minimized the cost of production to ensure smooth running services and a sustainable supply chain operation.

It is important for businesses to prioritize it functionality, in other to improve it efficiency. Procurement logistics and supply chain, can be divided into two procurements planning and execution process. procurement planning is a process of developing a plan for the acquisition of goods and services.

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It also includes preparing budget analysis, identifying suppliers and preparing a purchase order for suppliers. This strategy also enables the organization to purchasing goods based on similarities in other to minimized cost. It also enhances effective management process, in other to ensure inventory are well manage to avoid excess cost of holding inventory, and also help to ensure a better plan of inventory for future needs.

Procurement execution help to ensure purchases are done effectively and efficiently, this entails proper planning, implementing and control to ensure goods are deliver at the right time and at the lowest minimum cost through a proper coordination with the purchasing officer or the suppliers to ensure goods are available for use at the right time, and to monitor and track inventory levels to avoid reshipment of excess stocks. by Lauren (2015).

**1.1 The Role of logistics and procurement in a supply chain**

Procurement and logistics play a major role in production and distribution of goods and services. Procurement process enable organization to analyze cost, quality, and time in other to ensure quality materials are deliver at the right time, at a reasonable cost. It helps to accelerate growth and developing new strategic challenges for business organization, which help to increase productivities by Gartner (2020).

Logistics help in planning, organizing and storage operations which enhance the timely delivery of product to customer, it also helps to facilitate the movement of goods from the production point to the storage facilities and ensure procurement is done in a timely manner through the supply chain process. It also helps to ensure product arrive at the final destination in good condition.

Proper logistics planning help to reduce the costs of shipment by optimizing the supply chain which help to reducing waste in term of transportation. The optimization tools are software which enable organizations to optimize their supply chain from the purchasing sourcing to the delivery point or to the end users. This software enable organization to plan the most effective routes for delivery, tracking purchase, data analysis, in other to enhance customer services. It enhances a better visibility into different supply chain operation, by helping the organization to achieve a greater result, through a competitive advantage in the operational system.

Effective logistics help to improve customers services, which enable business organization to make and received order through a centralized distribution process. this process makes it easy for customer to buy or return product if they are not satisfied. It also helps to enhance customer satisfaction through a less search of different websites or stores for products.

Logistics help to ensure procurement process is carried out more efficiently and effectively, this enables businesses to ensure goods arrived at their destination on time in good condition. With this business are able to coordinate both the internal and the external operations that include supply chain activities. Logistics, help to tracked and monitor goods

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through the process of delivery to ensure products are delivered on schedule with the help of supply chain optimization tools.

Therefore, all procurement activities are power by logistics through the supply chain, this is very important for any business success. A good logistics operation helps to enhance a raped growth and a proper management of the purchasing process, by ensuring products reach their destination on time. Through this process business can easily identified any problem that may occur in the process of distribution and resolved it. ([www.oboloo.com](http://www.oboloo.com)).

**1.2 The concept of logistics and procurement and its value in a supply chain**

Looking at the concept of logistics and procurement in the world of business, the primary goal of any organization is to ensure a better supply chain network in the flow of goods and services from the suppliers to the consumers at a reasonable cost. The core value of a successful integration, is to ensure effective utilization of resources through sourcing, purchasing, transportation, inventory management, warehousing, materials handling, packaging and information technology to ensure organizational needs and customer attain a maximum satisfaction at a reasonable cost, to ensure getting the right product at the right time in the right place. This process enable organization to achieve their competitive position and to meet customer expectations, increase profitability through value added by Patterson (2021).

According to Scully & Fawcett (1994), says that a required knowledge is needed and special skill, in other to achieved the desired outcome on procurement best practices and strategies, both in the local and the international level. Understanding the concept of logistics and procurement management in relation to supply chain, enhance a better operation and the flow of product from one point to another.

In details the procurement and logistics activities came into focus during the 1950s post war. This came into business after the end of second world war. This concept came, due to a lot of activities that happened at that time, a total system cost emerged during this period through evaluation. But some events were not accountable for during this period of precolonial era of administration, which create rooms for lack of full accountability like the modes of transportation and keeping the total system cost were not accounted for. Due to improvement in technology a new management function emerged in 1960s, the advent of electronic era this create more opportunity for a better accurate data management system.

In 1970s, logistics and procurement supply chain, were more strengthened my IT, which enhance a better transaction and distribution in the management system. This advancement creates better financial management in the process of transaction, planning and monitoring. And the supply chain system was more coordinated in the logistics and procurement operation. In the 1980s, there were more trade advancement which enhance physical distribution management system to a more unified system of operations called logistics management, which include both the inbound and the outbound activities, which

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enable the supply chain process to adopt modern concepts like TQM & TPM, total quality management and total productive maintenance, in relation to procurement and logistics operation. This system enable organization to use a strategic method with the help of system information to make investment policy decisions to achieve a organizational goal within a period of time.

In 1990s, the concept expanded, based on the source of raw material which is the upstream and to the consumer which is the downstream organizational activities emerged and brought closer due to it functionality in the process of operation through a mutual cooperation in the process of manufacturing and distributions through logistical activities to the final consumer by Zulfiqar (2022).

In addition, this concept enables organizations to achieve their competitive position and productivity, in other to meet the end user’s requirements which is the consumer satisfaction which is the most priority in making any sustainable strategic decision. Expectations, improve profitability and more value creation by finding suppliers who meet the organizational strategic goals.

**1.3 The best practices Logistics procurement and supply chain management**

It is a frame work which allows business to define and priorities their actions and cost to ensure logistics procurement process are properly strategize for effective result. It is one of the fundamental elements that enable business to be more competitive in the market. It involves proper risks and resources management in the supply chain process. it also helps to shaping the process of manufacturing materials into a marketable product through monitoring and controlling of procurement and logistics process so as to ensure customer needs are met at a reasonable cost.

Good strategic decision making is the key to the success of any business operation which include both internal and external environment. In the best practices system, order fulfillment is important in other to ensure the supply chain networking are strategically designed. The designing system of the network help to determine the efficiency of performance of the supply chain process.

A strategic decision is required in the inbound and outbound services, in the area of sourcing raw materials for production and distribution process. This includes warehouses, inventory management, transportation modes in operation, as well as identifying the need for third party subcontracting partner in the process of operation. The best practices include a strategic decision in the overall operation of the business, in line with the objectives in other to maximize the full potential of the organizational resources for better performance.

A high-level decision can only be reach, if all the functional unit of the business are involving in decision making and implementation process at every level of operation. This enables the

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organization to achieve its goals in a tactical and strategic manner both in the area of logistics, procurement and supply chain. ([www.linkedin.com](http://www.linkedin.com)).

**2.0 The Relationship Between Logistics and Procurement Strategy**

Logistics and procurement have always played a strategic role in the success of a business, which have transcended to most critical factors in the business world. In the recent years, due to changes in the business environment in the area of logistics and procurement in relation to supply chain have help different organizations both big and small to pay more attention on how this section of the business operate. This have created more respond in developing and formulating different business strategy, because it spells the difference between success and failure of any business organization if not properly strategized.

At this junction, strategy simply refer to a concept which enables business to analyze, evaluate and implement a given policy or plan for growth and development. This involves strategy analysis, strategy formulation, and strategy implementation both in logistics and procurement process. Therefore, effective procurement and logistics management, enable organization to have a proper planning and implementation process which enable organization to;

* Have a fast and efficient procurement process.
* It helps in proper planning in respect to cost management.
* Good time and resources management, which help to improves the image of the business to the public for reliability and good ethical conducts. ([www.resources.purolator.com](http://www.resources.purolator.com)).

**2.1 Developing a Successful Logistic and Procurement Strategy**

Due to the fact that supply chain change often, that will have effect on logistics and procurement. To cope with the changes in supply chain, businesses need to develop a sustainable strategy policy to meet the changes for a better logistics and procurement operations. This will enable business to identify the consequent of the frequent changes, so as to ensure the service level are not affected, by Sudheer (2016).

Looking at each section as a unit in other to differentiate between various type of strategies in operation. Procurement strategy is a process which enable businesses with steps by step process in sourcing or purchasing material resources. This analysis involves strategy implementation, by outline strategy, the procurement team develop a process which enhance excellent quality products, costs minimization and risks, as well as profit maximization in the supply chain process.

In developing a successful logistics and procurement business strategy by looking at some of the following element, strategic, structural, functional and implementation.

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* Strategic: By looking at the business objectives and strategic plan in line with the supply chain, business makes a strategic decision, this includes both the logistics, procurement and supply chain management, to ensure a proper functional implementation of services and a higher level of objectives of operations.
* Structural: The logistics and procurement should align with structure frame work of the entire business process to avoid disruption within the process of operations. This will enhance the supply chain, both the inbound and the outbound services for proper optimization process in the area of cost, customer and time management.
* Functional: A functional logistics and procurement strategy should review how each function should be, in other to achieve a total excellence in all the area of operations, both the inbound and outbound services. This process also involves acquiring or sourcing raw materials for the processing of finished goods, and to provide goods and service through efficient methods of cost management, with the help of supply chain.
* Implementation: The implementation process helps to developed a successful logistics, procurement and supply chain management strategy, on how it is to be implemented in all the functional unit across the organization. This system helps to plan and coordinate all the activities, which includes developing and implementing the strategies in the system of operation. It also involves all the policies and procedures, as well as developing any change in the management plan.

**2.2 The Benefit of Implementing Logistics Strategy**

Logistics strategy is a functional system of using management principles to avoid interruption of services and to ensure effective and efficient use of resources for better optimization of the work flow. This includes planning, implementing and coordinating the activities of the inbound and the outbound services which include, warehouse, inventory management to ensure a flow of services and information within the system of operations.

However, developing a successful logistics strategy should indicate how it is to be implemented in all area of operations, and how the operations should be configured in the system in form of policy and procedures to ensure a full compliance within the system of operations. The goal of formulating any formal logistics strategy or the supply chain strategy is to ensure the business meet customers expectation at a lower cost. It is also important to review the logistics strategics plan from time to time, to ensure it aligned with the changes in the supply chain for better evaluation. Some of the benefits are:

1. Effective Coordination: According to James (1977). Says that logistics strategy helps in effective coordination of the operational system for effective management function. This is one of the fundamentals elements in the strategic formation system

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in the management of inventory levels, to ensure timely delivery of goods and services at the right price, in other to meets both customer and the business needs. Logistics has always played a strategic role in the success of any business, both in a small and larger firm in the transportation of raw materials and the finished products to the end users.

1. Cost Management: Effective logistics strategic management enhances effective cost management. This has been a driving force in the supply chain management, in relation to procurement and sourcing within the supply chain process. This is a function that must be in line with corporate strategy to ensure a sustainable logistics management operation. effective cost management help to bring a balanced approach between the suppliers and the customers, to ensure a free flow of goods in the supply chain process. ([www.talkinglogistics.com](http://www.talkinglogistics.com)).
2. Transportation: effective logistics strategy helps to facilitate the movement, flow and storage of goods and services within the supply chain. This enhances information, product, and services from the production point to the final consumer. This includes both the inbound and the outbound activities. A good logistics strategic frame work helps to increases profitability, through proper planning and coordination of organizational resource by Sarah (2021).
3. Inventory Management: A good logistics strategy is a set of driving forces, principles, that helps to coordinate plans, purpose, goals and policies between all functional units across the supply chain and the entire organization. This enhances a well structure system of inventory management and coordination.
4. Better Customer Services: a good logistics strategy enhances a better customer service; strategy is met to generate more functional system in the management of good and services. This is one of the fundamental factors, in the management of any business organization in relation to supply chain. with the help of this strategy both the logistics and procurement service are aligned with the customer needs for a more supply chain operations.
5. Profits Maximization: A more functional logistics strategy enhances a better profit maximization. Defining the overall goals of implementing the logistics strategies and procurement process, in a business organization is to ensure a better customer satisfaction and cost reduction goals are met. This process helps the organization to have a review of service to ensure the organization is at its most cost-effective services.
6. Strategy Review: strategy review helps to analyses the effectiveness of the strategic process, so as to implement change in the policy and procedure in line with the

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company objectives. A constant review of strategy increases performance activities and create new ideals for better strategy development both in the area of customer satisfaction and achieving the organizational goals “The Author.”

**2.3 The Perspectives of Internal and External Logistics in an organization**

Internal logistics: simply refers to the movement and management of both raw materials and a finished goods within the organizations, the inbound services facilities or within the supply chain network, which involves warehousing, inventory management, order picking, packing and transportation within the internal operations. Efficient internal logistics enhances a smooth operational system, which help to strengthen other services within the organization, good time management and it helps to reduces waste of resources.

External logistics: The external logistics deals with the outbound services, transportation, distribution, the suppliers’ activities. Other activities include different curriers services, aligning different transport system, routes optimization to ensure good time management. Good external logistics enhances the supply chain and create a better customer satisfaction, cost minimization, effective procurement system and build a better competitive advantage within the organization by Bowersox (2019).

**3.0 Different Types of Logistics Strategies in a Supply Chain Management Process**

According to Noman (2022), Logistics as a functional element which enhances the movement of goods from one place to another. This relationship is a co-function between different logistics providers, to ensure the procurement and the supply chain are not interrupted, these activities involve all the process from the souring raw materials, procuring customer orders, transforming it into a finished goods and transporting it to the end users through different channel of transportation in good time. In developing a logistics strategy these functions should be analyzed in other to have a better operative system.

1. Inbound Logistics: This is a process which involves sourcing and transporting raw materials from the supplier through procurement down to the manufacturing point. This activity involves managing the process of suppliers, inventory, cost, warehousing, transportation, distribution, of each component to the manufacturing point, for production activities.

1. Outbound Logistics: This is a process which involves the transportation and distribution of a finished goods from the production point to the customer. The distribution methods and transportation system are very important in the outbound logistics. Without the activities of the outbound the supply chain will be disrupted and the services of the ECommerce will not be complete, which will have a great effect on customer satisfaction.

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1. Reverse Logistics: This form of logistics strategy, helps in the products return from customers who are not satisfied from the procurement of a particular product. This is also known as aftermarket supply chain. Reverse logistics are based on, defective products, simple returns, product recalls, and recycle for end-of-life products. In other to have a reduce cost of products return, logistics policy is needed to have limit on number of product returns and for proper stock control management.
2. Third Party Logistics: also known as 3PL, this is a system whereby organization heired or outsource the services of another organization to carry out a specific duty within the same organization to the end customer. The third-party activities may by in the area of procurement or logistics activities, in relation to supply chain. This activity includes transportation, inventory management, storage, distribution, packing and packaging, forecasting fulfilling orders, purchasing etc. this enable the organization to have a better control in some area of operation, by outsources some of these activities to more professional body, create rooms for better services, profit maximization and cost control management. ([www.linkedin.com](http://www.linkedin.com)).
3. Distribution Logistics: Businesses engaged in difference services to different organization from time to time, this creates a connection between production and marketing services, known as distribution logistics. An efficient and effective distribution channel helps to create a better strategic development for the distribution of goods and services, from the manufacturing point to the final consumer, which includes both the inbound and the outbound services. Distribution logistics is differentiated into strategic, and operational logistics.
4. Fourth Party Logistics: The logistics strategy also known as 4PLs, or Lead Logistics Provider (LLP), this enables business to involves in assessing, designing, running effective tasks for customers. Fourth party logistics partner is a single service provider that help to carry out all the functional service between the manufacturer and the entire customers supply chain. 4PLs acts as a single point solution provider to a multiple logistics company and carriers. They have a large role to play, to ensure the supply chain are not interrupted and to ensure the customer reach its strategic goals of satisfaction. ([www.penskelogistics.com](http://www.penskelogistics.com)).

**3.1 Procurement Strategy in Relation to Supply Chain Management**

The most important steps are to developed a strategy in line with the plans and purpose of the business in other to achieve the end result. Goods strategies always produce a good result if properly managed and inefficient strategy maybe compiling, but may not always be the best for business success. The following includes some procurement strategies;

1. Cost reduction: This is one of the most common procurement strategies, which help

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to reduce cost and maximize profits by saving money. Cost reduction principle is complex, and it involves negotiation and maximum use of resources, by reviewing internal and external expenses of the business and ensure all unit of the business involves in the decision-making process. ([www.plslogistics.com](http://www.plslogistics.com)).

1. Risk Management: strategy development is a means of cost reduction; risk management is a fundamental concept in managing procurement. Business tries to navigate the uncertainty through a strategy formulation and implementation, which help to reduce the impact of negative outcomes and prepare for a better possibility through the supply chain management. Different business organization use this strategy to control the supply chain risk.
2. Vendor Development: Developing a mutual relationship is the idea behind this strategy, which help to create a good partnership between the two party. By developing a positive business relationship with the vendors enable a better collaboration and understanding between them, for better operation to achieve organizational goals.
3. Global Sourcing: This strategy enables business organization to source for raw materials both local and international market. It encourages good cost management and economically viable products, as well as worldwide possibilities and discourage monopolistic competition and enhances more profit-oriented policy.
4. Corporate Social Responsibility: This form of initiative attracts other benefit in the corporate world, it is a strategy that benefit the community and the society were they business operate. Many businesses organization want to know if the company they want to partner with have CRS before partnering, to know if they align with their system. This strategy also encourages environmentally friendly policies.
5. Green Purchasing: Most business organization use green purchasing procurement strategy as a means of sourcing materials more frequently, which is more environmentally friendly. Business who prioritizing purchases, by using sustainable suppliers help to reduce the cost of shipments which has effect on total cost of production. Therefore, green purchasing strategy help to reduce cost and also leads to lower greenhouse gas emissions which is CO2.
6. Quality Management: With the help of total quality management is a strategic method which enable businesses in the optimization process of procurement. With the help of this strategies, the organization is able to focused on quality management system, on the entire production process from purchasing services to the final consumer who is the final usage. All strategy is good as long as it meets the goals of the business, therefore it is good to combine different strategies to meet the

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organizational needs by creating more opportunity for business growth.

1. Supplier management and relationship building: With this concept, the organization randomly chooses a group of suppliers and maintains a good relationship with them. In other to keep this supplier the company must keep a good relationship with this selected supplier, in other to deliver the best products and cost to the company, in other to build a strong supply chain, in relation to procurement.
2. Procurement officer: Different organization build a good supply chain operation with the suppliers through the procurement officer. This strategy helps to ensure that, the local purchasing officer work along with the company suppliers, in other to have a better understanding of the market, and developing a good relationship with the suppliers for quality products supply and good cost management. This process helps the organization to improve the procurement process and take appropriate actions if needs arise and to monitor procurement strategies independently for improvement by Pierre (2022).

With a proper implementation of the procurement strategy, in line with the organizational goals, the organization will achieve the highest possible development in the procurement process.

**3.2 Risk Management in Logistics and Procurement operation**

According to Adger (2006), Says that, risk happened on a daily bases in the business world, both controllable and uncontrollable risk that have serious effect on supply chain process through logistics and procurement operations. Risks encompass a range of disruptions and threats across the globe, such as, suppliers’ bankruptcies, economic downturns like COVID-19 pandemic and inflation, environmental risks e.g., Flooding, Fire, climate change etc. We also have political risks like political instability, trade agreement policy changes. Ethical risks, like conflict of interest, corruption, fraud, cybersecurity threats which prevents growth and development on businesses.

All this are part of the global risks businesses face on a daily bases, which has a lot of impart on the global supply chain, in terms of financial costs, interruption in the supply chain distribution process. However, how we plan for this uncertainty will determine the effect on the business.

**Logistics and Supply Chain Risk Management**

Logistics and supply chain risk management process, covers a range of activities in the logistics and supply chain operations. This activity includes procurement and inventory management, warehouse operation, distribution and transportation, which demand a

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thorough proper monitoring to ensure a smooth operation. This process involves formulating contingency plans and anticipating potential disruptions, so as to prepare for the unknown in the logistics and supply chain process.

According to Geodis (2019), report say that risk can be managed with the help of supply chain and logistics software system design in other to enhance a better planning, through strategic formulation. Like the use of (ERP) Enterprise Resource Planning, this is a software which help to manage supply chain process. It helps to simplified the process of operation for more efficient result and for better growth, in the following areas

* A smarter decision making in the area of strategic and implementation process.
* Better coordination and a unified management system of operation.
* Comprehensive structural design for better visibility of the business operations
* Good tasks management and risk avoidance system of operations.

The system contains a comprehensive view of the frame work of the entire logistics and supply chain management process. which will help in developing a better strategic policy to ensure all the supplies and the service providers, play a better role in the process of risk management. In detail the risk management process should be tailored to the overall objectives of the business, in other to have a better view on how risk should be managed and to stay focused on the business goals. ([www.targetintegration.com](http://www.targetintegration.com)).

Furthermore, risk can also be managed through a contingency plan by anticipating a potential critical issue that may course disruptions in the process of logistics and supply chain management operations. This can be avoided through proper planning and forecasting in other to mitigate it. Risk can also be managed by using conventional spreadsheets to analyzed and manage the operational system, however most businesses are now using a Logistics and Supply Chain Management Software Systems (LSCMSS), for better management decision making, and to navigate risk. With the help of this software organization are able to collect information or data from different sources, through a decentralized system of operations and analyzed them for better decision making by McCue (2023).

In addition, corporate demand planning in the process of operation, good inventory management, predictive analytics system of supply chain process and streamline each operation, to ensure logistics activities and supply chain are carry out without disruption and products get to customer at the right time. It is important to know that risk and reliability are fundamental factors to analyzed when making a strategic decision relating to supply chain and logistics operation as well as procurement and adapting to changes

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accordingly for a smooth-running operation. ([www.netsuite.com](http://www.netsuite.com)).

**3.3 Procurement Risk Management**

Risks management in procurement is an essential element in the supply chain process, and managing risks throughout every stage in the process of procurement can be of great challenges. It is important to identified and controlled the risk at the early stage to avoid waste of resources. Therefore, risks management in procurement is the potential to prevent failure within the procurement process and the supply chain. The risks include quality control, fraud, compliance, cost control and delivery risks. Procurement risk may vary across different sectors of the economy or sector in various businesses.

Proper management of risk in a procurement process can help attain the following:

* Good resources management in the area of cost and time.
* It helps to minimize waste and maximize profit.
* It helps to improve service delivery, both in the operational system and services performance.
* It helps to bring about new ideals, in the procurement and supply chain process.
* It improved supplies and client relationship in the process of operations
* A better customer services within the supply chain system.
* It enhances quality control and better maintenance activities.
* Enhances a better decision making throughout the supply chain and other logistics activity.

Understanding this principle in the procurement process helps to create more robust atmosphere for the work environment of the business and to reduce financial losses, avoid delay in the production process and irreparable harm like reputation damage to the business. Therefore, it is important to pay the same level of attention to the procurement process just like every other section of the business both internal and external management operations to avoid disruptions and financial losses. Maintaining a proper risk managed procurement process and supply chain is paramount to developed a highest quality service to the customer as well as managing the day-to-day operational system of the business. “The Autor”

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**4.0 Managing Logistics and Procurement Risks in a Supply Chain**

1. Risks Identification: This is a crucial step to have uninterrupted work flow environment, is through proper risk management in the logistics and procurement supply chain process. Identify the risk the business is pro to gives you the opportunity to avoid so many challenges, that many course the business damages, harms, or losses both in the present and in the future. It is important to ensure both the internal and the external work environment are highly monitored, in terms of risks assessment throughout every step of operations to avoid uninterrupted services that may affect the business in terms of waste resources. Identifying the risk early enough enhance growth and development of the business.

1. Maintain Good Quality Assurance: Quality assurance is one of the key factors in defining any product or services, in other to minimize risk. Total quality management (TQM) must be observed and in managing risk in a logistics and procurement operations, total quality management control help to minimize the waste level in the process of operation. according to Robert (2004), seen maintain good quality assurance, as a process of doing things right first time to specification. This helps to control cost, save time and minimize risks of wastage as well as creating good customer satisfaction. From the consumer theory of satisfaction or expectancy theory analysis, service performance must meet customer expectation for better profit maximization and satisfaction. Therefore, in maintain good quality assurance, quality control and monitoring process should be the watch world to ensure proper risk management at all time.
2. Managing the Suppliers Relationships: In building a risk-free logistics and procurement services a good supplier’s relationship is required. This enhances a good and robust communication between the organization and the suppliers and to avoid conflicts of any kind, to achieved a sustainable development in the logistics and procurement operations process. Creating a better atmosphere for suppliers, help to reduce the risk of lower quality procurement within the supply chain process, on a long run have a positive effect on the production process and customer satisfaction, as well as cost minimization and profit maximization. Therefore, it is important to check suppliers’ activities regularly to ensure full compliance process based on their services in other to avoid risks of any kinds, and to save the business from any potential damages.
3. Understand the Global Markets: It is important the business understand what is going on around the functional area, for a better risk management and control both in the logistics and procurement supply chain process. For any business to grow the functional environment must be favorable to the business, e.g., policy, regulations, cultures and the working environment. This has a positive or negative effects on the success of the business and poses risks or threat to the growth and development of

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the business locally or in a global context.

1. Working Collaboratively with the Supply Chain: Logistics and procurement professionals are always in a high pressure when managing disputes, working peacefully with one another, both in time of dispute by create excellent result. Both parties need to work together in a collective effort for a better and more sustainable result within the supply chain process.

There are more challenges in the logistics and procurement today like never before due to globalization and technological advancement in the business world, the supply chain is facing a lot of challenge that needed a more unified approach between the professionals in the field of supply chain in relation to risk management. By developing and maintaining a good relationship with each other will help to formed a better strategic risk management process. By so doing the business will be able to mitigate risks for better growth and development. ([www.bramwithconsulting.co.uk](http://www.bramwithconsulting.co.uk)).

1. Assess and Document the Risks the Business is Exposed to: The business risks should be documented and assigned a level of potential impact on the business and the supply chain if neglected. This have to be communicated to each sectional head the impact on the business, such as operational risks, compliance risks, legal risks, reputational risks, financial risks, and strategic risks. The consequent of failure to managed these risks should be well define by the company and well communicated to every employee regularly for a better performance.
2. Effective and efficient management of invoicing and payment systems in order: It is important to ensure all the payment and purchases are well define through a proper invoicing to ensure the cost are well documented for proper accountability. This enable the company to have a better financial record control and to know if the business is making profit or loses. This will also help to prevent anti-fraud processes within the system of operations. It will also enable the account section to have excellent record of the finance of the business checked to avoid risk of invoices wrong payments slipping through the net and to encourage external auditing at the end of each financial year.

In conclusion: Effective Logistics and Procurement operation and supply chain management is important in achieving organizational success. The supply chain effectiveness is crucial for better performance and for strategy development both in a local and global supply chain. The key fundamental issues are understanding the organizational goals, so as to developed the right strategy in other to meet the dynamic requirements of the business, both in the internal and external environment. This called for effective strategic formulation and implementation.

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It must be responsive, to satisfy both the company and customer demands, so as to achieved the overall goals of the business.

With the help of this study more knowledge of innovative ideas has been acquired through the research work for effective and efficient application of business strategy, and risk management both in the logistics, procurement and the supply chain management, in the local and international market. And successful application of strategy enables businesses to keep service levels high despite any changes that may occur within the supply chain. Therefore, with the help of this study more resilient and sustainable business development through collective responsibility for effective performance and sustainable growth and development.

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