

# STRATEGIC LOGISTICS MANAGEMENT

FOURTH EDITION

JAMES R. STOCK & DOUGLAS M. LAMBERT



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Marketing/Advertising Series

FOURTH  
EDITION

# Strategic Logistics Management

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To Bernard J. La Londe

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# About the Authors

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# Preface

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Notable changes occurring in the global marketplace since the publication of the first three editions of this book (1982, 1987, and 1993) have included e-commerce and widespread use of the Internet, increased interest in supply chain management, a continued explosion of computer and information technology worldwide, development of 24-hour markets with many organizations operating worldwide, and a continued corporate emphasis on quality and customer satisfaction. Trade agreements such as North America Free Trade Agreement (NAFTA), European Union, ASEAN, and Mercosur have enabled corporations to implement regional, if not entirely global, logistics strategies.

The fourth edition of *Strategic Logistics Management* has been significantly expanded to reflect these and the many other changes that have occurred, as well as to include state-of-the-art logistics information and technology. The basic tenets of the previous editions have been retained, but new material has been added to make the book more managerial, integrative, and “cutting edge.” *Strategic Logistics Management* is still the only text that takes a marketing orientation and views the subject from a customer satisfaction perspective. While emphasizing the marketing aspects of logistics, it integrates all of the functional areas of the business as well as incorporating logistics into supply chain management.

Logistics is big business. Its consumption of land, labor, capital, and information—coupled with its impact on the world’s standard of living—has enormous implications. During the last quarter of the twentieth century, logistics increased in importance from a function that was perceived as barely necessary to: (1) an activity where significant cost savings could be generated; (2) an activity that had enormous potential to impact customer satisfaction and hence increase sales; and (3) a marketing weapon that could be effectively utilized to gain a sustainable competitive advantage.

*Strategic Logistics Management* approaches the topic from a managerial perspective. Each chapter introduces basic logistics concepts in a format that is useful for management decision making. Of course, the basics—terms, concepts, and principles—are covered, but they are examined in light of how they interrelate and interface with other functions of the firm. In each chapter we have included examples of corporate applications of these concepts to illustrate how logistics activities can be managed to properly implement the marketing concept. These examples are incorporated into the narrative and highlighted in several boxed exhibits within each chapter—*Global*, *Technology*, and *Creative Solutions*.

This book includes a good balance of theory and practical application. All the traditional logistics activities have been included. However, there are several important topics that are unique to this text or are approached in a different way. For example, the financial control of logistics is interwoven throughout all chapters, and specifically examined in a separate chapter, *Financial Control of Logistics Performance*. We have purposely taken this approach because of the impact of logistics on the firm's profitability. Because logistics ultimately affects marketing's ability to generate and satisfy demand—and thus create customer satisfaction—the customer service activity is emphasized early in the book. Customer service can be considered the output of the logistics function. For this reason, customer service provides a focal point for the entire book, and customer service implications are considered in each of the 18 chapters, including a separate chapter, *Customer Service*. Since it is unlikely that great customer service will receive its appropriate level of reward unless it is measured and sold both inside and outside of the firm, this edition also includes a chapter on *Measuring and Selling the Value of Logistics*.

A number of important topics not covered in many other logistics texts, or covered only superficially, are given significant treatment in this book, including: supply chain management; measuring and selling the value of logistics; order processing and management information systems; e-commerce and the Internet; reverse logistics and packaging; financial control of logistics performance; logistics organizations; and global logistics. Our goal in covering these topics, in addition to the traditional activities, is to provide readers with a grasp of the total picture of logistics within the context of supply chain management processes.

There are a number of worthwhile improvements in the fourth edition. We have included many more references and examples from general business and other literature because of the impact of logistics on a variety of business processes. This edition extensively covers the academic and trade literature in the area of logistics, and includes the most up-to-date information and examples. Readers will notice the significant number of citations from the year 2000. We have retained those elements that are “timeless” and those that made the previous editions successful.

There are several new and expanded features in this edition. We have added to and updated the Suggested Readings at the end of each chapter. Margin notes have been increased, and charts, figures, and graphs have been updated and revised where necessary. The use of several boxed exhibits in each chapter highlights key elements of logistics development. We believe that this edition is more readable for both the instructor and student. This edition includes 15 cases, three more than in the previous edition. Several of the cases are new to this edition, while others have been updated and/or modified. Our aim has been to present instructors and students with the best textbook on the market. We believe we have succeeded.

The pragmatic, applied nature of the book, its managerial orientation, and its how-to appendices make it a must-have reference book for present and future logistics professionals. The end-of-the-chapter questions, boxed exhibits, and the case material help readers apply the material presented in each chapter. The questions, problems, and cases are structured to challenge readers' managerial skills. They are integrative in nature and examine issues that are important to today's logistics executive.

The text is the primary element in a complete package of teaching and learning resources. The supporting items include:

- An Instructor's Manual that contains lecture material in the form of additional examples and vignettes, suggested answers to the end-of-chapter questions, and commentaries on the case material.



- A Test Bank of approximately 1,500 objective questions. The questions are coded to indicate the type (definition, concept, application) and text location.
- A PowerPoint presentation of over 270 slides with additional graphics and exhibits for each chapter.
- An Instructor's Resource CD-ROM containing the Instructor's Manual in electronic format, CompuTest (an electronic Test Bank), and the PowerPoint presentation.
- A video program to accompany the text.
- A website with downloadable supplement files, links to additional resources and readings, Internet exercises, You Make the Call, and other online features.

**James R. Stock**  
**Douglas M. Lambert**

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**J. R. S.**  
**D. M. L.**

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