

MANAGEMENT OF PHYSICAL
DISTRIBUTION AND
TRANSPORTATION

Seventh Edition

Charles A. Taff

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1984
Seventh Edition

RICHARD D. IRWIN, INC.
Homewood, Illinois 60430

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ISBN 0-256-03022-7

Library of Congress Catalog Card No. 83-81775

Printed in the United States of America

1 2 3 4 5 6 7 8 9 K 1 0 9 8 7 6 5 4

To Jennifer, Robert, Christopher, and Andrew

Preface

In the time since the publication of the last edition of this book, the marketplace has undergone dramatic changes. Competition, technological changes, and a deep recession have had lasting effects on business management. The established ways of conducting business have been critically challenged, and management is recognizing the need to depart from the traditional ways to a more adaptable and flexible posture. Foreign competitors, in particular Japan and Western European countries, have moved fast in embracing the new technology and new management techniques, and U.S. business has to respond in order to remain competitive. A cooperative and concerted effort must be undertaken by management and labor to improve productivity and develop pride in a first-class product and/or service at a competitive price. Each component of the corporate organization should be totally committed to a cost-effective operation, and the recent years of slackened demand should impress management with the need to be more anticipatory in decision making.

As an important segment in the management system, physical distribution management is well established and accepted. The advantages of the integrated systems approach in the management of the subsystems of physical distribution—transportation, warehousing, inventory control, material handling, industrial packaging, order processing, and location analysis—have been recognized, and the promised tradeoff potentials of physical distribution management have been realized. It has been shown that employee participation, when actively sponsored by management, can result in higher morale, greater cooperation, more pride in the company image, and often lower costs. When input is sought at all levels and performance standards developed cooperatively, gains in productivity are achievable.

In this 7th edition, each of the components is thoroughly treated, with particular attention to the application of new managerial techniques. In the management chapter, such techniques as Materials Requirements Planning, Kanban, and Quality Circles are discussed in detail. The use of computers, from the microcomputer to the mainframe computer, is described in the areas of research and development and analytical techniques, and the applications of computers to each area of physical distribution are included. The means and the importance of

achieving improvement in productivity are discussed throughout the book.

Particular attention is given to the wide range of opportunities available to the physical distribution manager created by the broad legislative changes enacted in recent years, beginning with the Airline Deregulation Act of 1977, followed by the Railroad Revitalization and Reform Act of 1978. Surface motor and rail transportation, both regulated and private, have undergone substantial changes following the enactment of this legislation and ensuing deregulation included in the Staggers Rail Act of 1980, the Motor Carrier Act of the same year, and the Bus Regulatory Reform Act of 1982.

The make or buy decisions of physical distribution managers in the future will reflect the liberalization of regulation governing private motor carriage through compensated intercorporate hauling, through commingling of freight, and through the transfer of jurisdiction over motor carrier securities from the Interstate Commerce Commission to the Securities and Exchange Commission.

The growing importance of international trade makes it imperative for the physical distribution manager to be prepared to expand trade horizons, and a knowledge of the special requirements of international trade and international sourcing will be invaluable in this phase of business. The particular aspects of international distribution, and the provisions of the Domestic International Sales Corporation (DISC), the Western Hemisphere Trading Corporation (WHTC), and the Export Trading Act of 1982 are covered. The latter legislation is expected to encourage small and medium-sized firms to enter the export trade. The continuing expansion of containerization in international distribution and the intricacies of intermodal claims and liabilities are among the many areas that receive thorough attention.

Each chapter has been completely updated. Such areas as performance standards and evaluative procedures, order picking systems, and incentive programs are covered, as is the handling and transportation of hazardous materials, which has become a matter of grave concern.

More than 20 new cases are included throughout the book, as well as discussion questions and problems. These have been designed to develop reasoned judgment and to demonstrate the application of text material to business situations.

In addition to the cases included in the text, there are as many more included in the accompanying teaching materials. The latter have been prepared to aid in the presentation of physical distribution and include, in addition to the cases and solutions, a summary and comprehensive outline of each chapter; the discussion questions and problems that appear in the text and additional questions and problems; and true-false and multiple choice questions for each chapter.

I particularly want to express my thanks to Robert A. Curlette, Don-

ald R. D'Argento, Wayne C. Lenart, and Michael G. Blanchard of the Ceco Corporation, Robert A. Propf of Hormel Company, Jack Farrell of *Traffic Management*, Keith Clark of Toro Company, Paul Chagnon of the Military Traffic Management Command, William Taff of Johnson & Johnson, and Christopher S. Monte Carlo of Combustion Engineering for their assistance and suggestions. I am also indebted to George Gecowets of the National Council of Physical Distribution Management for his responsiveness and helpfulness in numerous instances.

Suggestions of my colleagues Richard F. Poist and Joseph G. Mattingly, as well as those of Peter M. Lynagh, Donald V. Harper, Edward R. Bruning, and Milton Glisson, who used earlier editions, were most helpful. For invaluable aid in the preparation of the manuscript, I am indebted to my wife, Glatha M. Taff.

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