



## Case study – Logistics Outsourcing

Logistics encompasses all of the information and material flows throughout an organization. It includes everything from the movement of a product or from a service that needs to be rendered, through to the management of incoming raw materials, production, the storing of finished goods, its delivery to the customer and after-sales service. The scope of logistics has changed since the emergence of new technologies and strategic alliances in order to compete on flexibility and responsiveness. The growing importance of logistics arises from companies becoming globalized to gain access to new markets, realize greater production efficiencies, and tap technological competencies beyond their own geographical borders.

Logistics is a one of the common functions that companies usually outsource. The decision to keep this function in-house or contract with one or many third-party logistics (3PL) companies is entirely strategic and can dramatically impact any organization's bottom line. 3PL users report an average of 44% of their total logistics expenditures are related to outsourcing. 72% of firms are increasing their use of outsourced logistics services in 2015, which is up slightly from the average reported in recent years. Most developed outsourcing logistics market belongs to the U.S. with 88%. It is followed by Asia 48%, and Europe – 46% (O'Reilly).

***>> There are several reasons for which companies decide to outsource, consider what would be the main motives for a company to outsource logistics.***

***>> Reflect on why the US would have far more companies outsource their logistics compared to firms in Europe and Asia.***

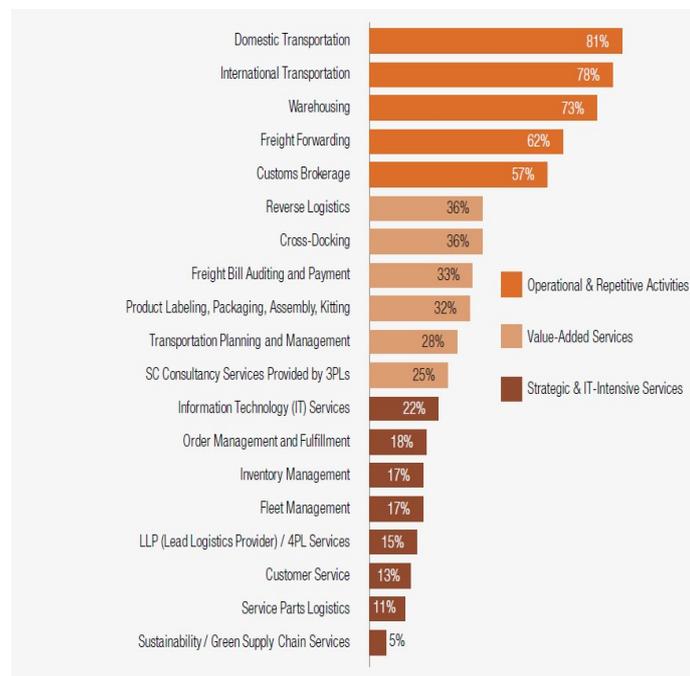
There are many researches about logistics and large enterprises. There are less studies about small and medium-sized enterprises (SMEs) and logistics outsourcing though. SMEs are characterised by a low degree of outsourcing, according to research.



>> **Consider what could be different for the SMEs decision to outsource logistics or not compared to large firms.**

3PL companies conventionally provide services like transportation, warehousing and Information technology in the logistics process. Due to the influence of globalization and competition to provide cost effective solutions, now 3PL providers are focusing on different functions.

>> **Consider the other functions provided by 3PL providers below, which would you find the most attractive ones for small firms?**



Source article: **Logistics**

**Outsourcing and SMEs in Italy. Results from an analysis. By Andrea PAYARO, Ph.D. and Anna Rita PAPA**

[http://www.google.nl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&uact=8&ved=0ahUKEwisqrjQ-5jXAhWCOxoKHZfoB7lQFghOMAQ&url=http%3A%2F%2Fwww.unwe.bg%2Fuploads%2FDepartment%2FFormUploads%2Fef79ourcing2520SME%2520in%2520Italy\\_B..docx&usg=AOvVaw3KmVJZj1deTYw1GenpvqKD](http://www.google.nl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&uact=8&ved=0ahUKEwisqrjQ-5jXAhWCOxoKHZfoB7lQFghOMAQ&url=http%3A%2F%2Fwww.unwe.bg%2Fuploads%2FDepartment%2FFormUploads%2Fef79ourcing2520SME%2520in%2520Italy_B..docx&usg=AOvVaw3KmVJZj1deTYw1GenpvqKD)

