## Contents

1 **Overview** ................................................................. 1  
Reza Zanjirani Farahani, Nasrin Asgari, and Hoda Davarzani  
1.1 Definition of Logistics ..................................... 1  
1.2 Definition of SCM ............................................... 3  
1.3 Background of Logistics and SCM Researches .......... 5  
1.4 Obstacles, Pre-Requisites and Infrastructures of Modernized Logistics and SCM ................. 7  
1.5 Challenges of Union Countries and Global SCM ........ 9  
1.6 Logistics and SCM in Developing Countries ............ 11  
1.7 Research Trends in Logistics and SCM ................. 14  
References .............................................................. 18  

2 **Performance Measurement** ........................................ 21  
Sara Sharahi and Maryam Abedian  
2.1 Importance of Measurement ................................. 21  
2.2 Properties of Performance Measures ...................... 22  
2.3 Process Management System Analysis ...................... 23  
2.4 Process-Oriented Approach ................................. 24  
2.4.1 SCOR Model Level One Performance Measure (Huang et al. 2005) ......................... 24  
2.4.2 Measurement in Strategic, Tactical and Operational Levels (Gunasekaran et al. 2004) .............. 26  
2.4.3 SCP in Transport Logistics (Lai et al. 2002) ........... 29  
2.4.4 Taxonomy of Measure of SCP in More Detail (Shepherd and Gunter 2006) ..................... 31  
2.5 Goal-Oriented Approach ........................................ 35  
2.5.1 Six Perspectives to Measure the Performance of SCM (Otto and Kotzab 2003) .................... 35  
2.5.2 Performance Measures of Perspectives ............... 35  
2.6 Attributes of National Logistics Systems ................ 37
2.7 Using the Balanced Scorecards to Manage SCP
   (Bolstorff 2006) ............................................. 41
References ..................................................... 41

3 Global Supply Chain Management ............................. 43
Mohsen Sheikh Sajadieh
3.1 Global Supply Chain Drivers ............................... 44
   3.1.1 Market Drivers ........................................... 44
   3.1.2 Cost Drivers ............................................. 45
   3.1.3 Government Drivers ................................. 45
   3.1.4 Competitive Drivers ................................ 46
3.2 Global Vs. Domestic Supply Chains ....................... 46
   3.2.1 Differences Between Global and Domestic SCs .... 47
   3.2.2 Selecting Global or Domestic Supply Chain? ....... 49
3.3 Characteristics of Global Supply Chains ................. 50
   3.3.1 Farness ................................................. 50
   3.3.2 Forecasting Complexities ............................ 50
   3.3.3 Economical and Political Worries .................. 51
   3.3.4 Infrastructural Insufficiency ....................... 51
3.4 Global Sourcing ............................................ 51
   3.4.1 Global Sourcing Challenges ......................... 52
   3.4.2 Global Sourcing Dimensions ....................... 53
3.5 Demand Management ........................................ 55
References ..................................................... 56

4 National Logistics Costs ..................................... 57
Mir Saman Pishvae, Hadi Basiri, and Mohsen sheikh Sajadieh
4.1 Importance of Logistics Costs .............................. 57
4.2 Complexity of Calculating Logistics Costs ............... 60
4.3 Components of National Logistics Costs .................. 60
4.4 Factors Affecting National Logistics Costs .............. 62
4.5 Logistics Costs in Agriculture ........................... 64
   4.5.1 Logistics Costs Components Including in Method ... 64
   4.5.2 Result Analysis ..................................... 65
4.6 State of Logistics in America ............................. 67
   4.6.1 Literature Review ..................................... 67
   4.6.2 CASS Methodology .................................. 70
4.7 State of Logistics in South Africa ......................... 80
   4.7.1 South Africa’s Methodology ......................... 80
   4.7.2 Conclusion of State of Logistics Survey ........... 80
    in South Africa ..................................... 80
4.8 Conclusion .................................................. 82
References ..................................................... 83
## 5 Spatial Analysis and Land-Use Planning

El Kaz Miandoabchi and Nasrin Asgari

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Spatial Planning and Development</td>
<td>85</td>
</tr>
<tr>
<td>5.2 Logistics, Space and Geography</td>
<td>87</td>
</tr>
<tr>
<td>5.3 Core Geographical Dimensions of Logistics</td>
<td>89</td>
</tr>
<tr>
<td>5.3.1 Flows</td>
<td>90</td>
</tr>
<tr>
<td>5.3.2 Nodes and Location</td>
<td>91</td>
</tr>
<tr>
<td>5.3.3 Networks</td>
<td>92</td>
</tr>
<tr>
<td>5.4 Role of Public Sector</td>
<td>93</td>
</tr>
<tr>
<td>5.5 Spatial Planning for Logistics</td>
<td>94</td>
</tr>
<tr>
<td>5.5.1 Spatial Planning for Logistics Terminals</td>
<td>94</td>
</tr>
<tr>
<td>5.5.2 Spatial Planning for Public Logistics Terminals</td>
<td>97</td>
</tr>
<tr>
<td>5.5.3 Spatial Planning and Logistics Centres</td>
<td>99</td>
</tr>
</tbody>
</table>

References                                                                102

## 6 Supply Network Design

Hoda Davarzani and Shabnam Rezapour

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Classification of Network Design Problems</td>
<td>106</td>
</tr>
<tr>
<td>6.2 Network Design Models</td>
<td>109</td>
</tr>
<tr>
<td>6.2.1 Basic Model</td>
<td>109</td>
</tr>
<tr>
<td>6.2.2 Model with Capacitated DCs</td>
<td>111</td>
</tr>
<tr>
<td>6.2.3 Model with Service Considerations</td>
<td>112</td>
</tr>
<tr>
<td>6.2.4 Model with Parameter Uncertainty – Scenario Based Approach</td>
<td>112</td>
</tr>
<tr>
<td>6.2.5 Theory in Application: Distribution Network</td>
<td>113</td>
</tr>
<tr>
<td>for Fresh/Dry and Frozen Food (Ambrosino and Sciomachen 2007)</td>
<td></td>
</tr>
<tr>
<td>6.3 Closed-loop Network Design</td>
<td>115</td>
</tr>
<tr>
<td>6.4 International Distribution Network Design</td>
<td>119</td>
</tr>
<tr>
<td>6.4.1 Influential Factors in International Distribution Network Design</td>
<td>119</td>
</tr>
<tr>
<td>6.5 National and Governmental Distribution Networks</td>
<td>121</td>
</tr>
<tr>
<td>6.5.1 Comparison Between International and National-Governmental Distribution Networks Design</td>
<td>122</td>
</tr>
<tr>
<td>6.6 Distribution and Logistics Development in China</td>
<td>122</td>
</tr>
<tr>
<td>(Jiang and Prater 2002)</td>
<td></td>
</tr>
<tr>
<td>6.6.1 China’s Traditional Distribution System</td>
<td>122</td>
</tr>
<tr>
<td>6.6.2 China’s Current Distribution System</td>
<td>123</td>
</tr>
<tr>
<td>6.6.3 Chinese Company Perspective</td>
<td>123</td>
</tr>
<tr>
<td>6.6.4 Future Prospects of China’s Distribution/Logistics</td>
<td>125</td>
</tr>
<tr>
<td>6.6.5 Distribution and Logistics Development in Japan</td>
<td>125</td>
</tr>
</tbody>
</table>

References                                                                127
7 Privatization .................................................. 129
  Ameneh Moharery-Esfahani, Sara Hosseini, and Hoda Davarzani

  7.1 A Literature Review on Privatization and its Definition .......... 131
  7.2 Steps to Privatization (Shehadi 2002) ................................ 132
    7.2.1 First Phase: Getting Ready .................................. 133
    7.2.2 Second Phase: Moving to Sale .................................. 133
  7.3 Privatization Methods ........................................... 134
    7.3.1 Asset Sale or Long Term Lease .................................. 134
    7.3.2 Contracting Out (Outsourcing) .................................. 135
    7.3.3 Corporatization .................................................. 135
    7.3.4 Franchise ...................................................... 135
    7.3.5 Internal Market .................................................. 135
    7.3.6 Joint Venture ................................................... 136
    7.3.7 Management Contracts ........................................... 136
    7.3.8 Private Infrastructure Development and Operation ............. 136
    7.3.9 Partnership ..................................................... 136
    7.3.10 Public–Private-Partnership (PPP) ............................ 137
    7.3.11 Anchor Investor Sales .......................................... 137
    7.3.12 Performance Based Contract .................................... 137
    7.3.13 Self-Help ....................................................... 138
    7.3.14 Volunteers ..................................................... 138
    7.3.15 Vouchers ....................................................... 138
  7.4 Selecting the Appropriate Method (Shehadi 2002) .................. 139
  7.5 Impact of Privatization (Shehadi 2002) ............................ 139
    7.5.1 Company Performance ........................................... 140
    7.5.2 Fiscal Adjustment ............................................... 140
    7.5.3 Foreign Investments ............................................. 141
    7.5.4 Capital Market Development .................................... 141
    7.5.5 Employment ..................................................... 141
    7.5.6 Poverty ........................................................ 142
  7.6 Managing Privatization Program ................................... 142
    7.6.1 Political Commitment from the Top
      Political Leadership ................................................. 142
    7.6.2 Transparency and Fairness of the Privatization Process ....... 143
    7.6.3 A Desirable Legal Environment .................................. 143
    7.6.4 Liberalization and Competition before Privatization .......... 143
    7.6.5 Establish Strategies for Employees ............................. 144
    7.6.6 Establish Regulatory Framework ................................ 146
    7.6.7 Evaluation and Monitoring ..................................... 146
  7.7 New Opportunities ................................................. 147
  7.8 Challenges (See http://www.knownet.hhs.gov) ....................... 148
  7.9 Case Studies ....................................................... 149
    7.9.1 Port Privatization, Efficiency and Competitiveness
      (Heng 2005) ....................................................... 149
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.9.2</td>
<td>Rice Milling and Textile Industry in Egypt after Privatization</td>
<td>151</td>
</tr>
<tr>
<td>7.9.3</td>
<td>Textile and Garments</td>
<td>151</td>
</tr>
<tr>
<td>7.9.4</td>
<td>Institutional and Structure Changes in Air Navigation Service-Providing Organizations (Button and McDougall 2006)</td>
<td>152</td>
</tr>
<tr>
<td>7.9.5</td>
<td>Bank Privatization in Argentina (Clarke and Cull 2005)</td>
<td>154</td>
</tr>
<tr>
<td>7.10</td>
<td>Conclusion</td>
<td>155</td>
</tr>
<tr>
<td>References</td>
<td>156</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Export Clusters</td>
<td>159</td>
</tr>
<tr>
<td></td>
<td>Seyed Vahid Moosavi and Mahdi Noorizadegan</td>
<td></td>
</tr>
<tr>
<td>8.1</td>
<td>Cluster Definition</td>
<td>159</td>
</tr>
<tr>
<td>8.2</td>
<td>Export Oriented Clusters</td>
<td>161</td>
</tr>
<tr>
<td>8.3</td>
<td>The Four Gears Model of a National Export Strategy</td>
<td>162</td>
</tr>
<tr>
<td>8.4</td>
<td>Cluster Life Cycle</td>
<td>164</td>
</tr>
<tr>
<td>8.5</td>
<td>Structure of Clusters</td>
<td>166</td>
</tr>
<tr>
<td>8.6</td>
<td>The Role of Public Sector and Financing in Clusters</td>
<td>167</td>
</tr>
<tr>
<td>8.6.1</td>
<td>Ottawa’s Silicon Valley North</td>
<td>168</td>
</tr>
<tr>
<td>8.6.2</td>
<td>India’s Bangalore Software Cluster</td>
<td>168</td>
</tr>
<tr>
<td>8.7</td>
<td>Cluster Success Factors</td>
<td>170</td>
</tr>
<tr>
<td>8.7.1</td>
<td>DTI Report</td>
<td>171</td>
</tr>
<tr>
<td>8.7.2</td>
<td>The Cluster Initiative</td>
<td>172</td>
</tr>
<tr>
<td>8.8</td>
<td>Measuring Cluster Development</td>
<td>173</td>
</tr>
<tr>
<td>8.8.1</td>
<td>Measuring the Success of Interventions</td>
<td>174</td>
</tr>
<tr>
<td>8.8.2</td>
<td>Establishing Targets</td>
<td>176</td>
</tr>
<tr>
<td>8.9</td>
<td>Cluster Policy Vs. Industrial Policy</td>
<td>177</td>
</tr>
<tr>
<td>8.10</td>
<td>Cluster Initiatives Require a Catalyst</td>
<td>177</td>
</tr>
<tr>
<td>8.11</td>
<td>Case Studies</td>
<td>179</td>
</tr>
<tr>
<td>8.11.1</td>
<td>Turkey</td>
<td>179</td>
</tr>
<tr>
<td>8.11.2</td>
<td>Pakistan</td>
<td>181</td>
</tr>
<tr>
<td>8.11.3</td>
<td>Tirupur</td>
<td>183</td>
</tr>
<tr>
<td>8.11.4</td>
<td>Greater Boston</td>
<td>187</td>
</tr>
<tr>
<td>8.11.5</td>
<td>Economic Over View</td>
<td>189</td>
</tr>
<tr>
<td>References</td>
<td>193</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Green Supply Chain Management</td>
<td>195</td>
</tr>
<tr>
<td></td>
<td>Ehsan Nikbakhsh</td>
<td></td>
</tr>
<tr>
<td>9.1</td>
<td>GrSCM Origins</td>
<td>196</td>
</tr>
<tr>
<td>9.1.1</td>
<td>Supply Chain Management</td>
<td>196</td>
</tr>
<tr>
<td>9.1.2</td>
<td>Environmental Management</td>
<td>196</td>
</tr>
<tr>
<td>9.1.3</td>
<td>Green Supply Chain Management</td>
<td>197</td>
</tr>
<tr>
<td>9.1.4</td>
<td>A Note on Sustainable Supply Chain Management</td>
<td>198</td>
</tr>
<tr>
<td>9.2</td>
<td>GrSCM Advantages and Barriers</td>
<td>199</td>
</tr>
<tr>
<td>9.3</td>
<td>GrSCM Initiatives</td>
<td>200</td>
</tr>
<tr>
<td>9.4</td>
<td>Green Design</td>
<td>201</td>
</tr>
</tbody>
</table>
### Contents

9.4.1 Life Cycle Assessment ................................. 201
9.4.2 Environmentally Conscious Design .................. 204
9.5 Green Operations .......................................... 205
  9.5.1 Manufacturing and Remanufacturing ............... 205
  9.5.2 Reverse Logistics and Network Design ............. 206
  9.5.3 Waste Management ................................... 207
9.6 Green Procurement ....................................... 208
  9.6.1 Green Public Procurement ......................... 208
  9.6.2 European Commission GPP Model .................. 209
9.7 GrSCM Framework ....................................... 209
  9.7.1 EPA Lean and Green Supply Chain Model .......... 210
  9.7.2 GreenSCOR Model .................................. 210
9.8 Role of Governments and International Organizations .... 213
  9.8.1 European Union .................................... 214
  9.8.2 United States ..................................... 214
  9.8.3 ISO 14000 Series .................................. 215
9.9 Conclusion ............................................... 215

References ..................................................... 216

### 10 Logistics Management and SCM in Disasters .............. 221
Marjan Aslanzadeh, Ehsan Ardestani Rostami, and Laleh Kardar
10.1 Types of Disasters ....................................... 222
10.2 Why Disasters Should be Given Closer Attention ........ 223
10.3 Disaster Operations Life Cycle .......................... 224
10.4 Humanitarian, Relief, or Emergency Logistics? ......... 224
10.5 Humanitarian Relief Supply Chain Vs. Commercial
  Supply Chain ............................................... 227
10.6 Decision Flow for Disaster Management Supply Chain .... 230
10.7 Strategic Fit and Scope .................................. 231
10.8 Challenges for Relief Chain Management ................. 231
10.9 Relief Logistics as a System ............................ 233
  10.9.1 Planning Subsystem ................................. 233
  10.9.2 Procurement Subsystem ............................ 236
  10.9.3 Transportation Subsystem .......................... 236
  10.9.4 Inventory Subsystem ............................... 237
  10.9.5 Control Subsystem ................................ 239
  10.9.6 Information and Communication Subsystem ....... 239
10.10 Case Studies ............................................. 241
  10.10.1 Case Study 1: Marmar Earthquake ................. 241
  10.10.2 Case Study 2: Tsunami ............................ 248

References ..................................................... 251
11 Military Logistics and Supply Chains

Mohammad Hadji Molana and Reza Zanjirani Farahani

11.1 Definitions

11.1.1 Military Supply

11.1.2 Military Supply Chain Management

11.1.3 Military Logistics

11.2 Fundamental Differences between Corporate and Army SCM

11.2.1 Corporate Supply Chain Management

11.2.2 Military Version of Supply Chain Management

11.3 Anticipatory Logistics: The Army’s Answer to Supply Chain Management (See http://www.dtic.mil/doctrine)

11.4 Investigating SCM Implementation in DoD

11.4.1 About DoD (See https://acc.dau.mil & http://www.wikipedia.org)

11.4.2 PBL and SCM

11.4.3 How Does DoD Think about SCM?

11.4.4 Relating SCOR Model to DoD Logistics Chain

11.4.5 Logistics Customer Relationships across DoD

11.5 Revolution in Military Logistics (See Piggee (2002))

11.5.1 Automation

11.5.2 Communications

11.5.3 Best Business Practices

11.5.4 Infrastructure and Reduced Logistical Footprint

11.5.5 Distribution-Based Logistics

11.6 Logistics Systems for the Finnish Defense Forces

11.6.1 Demographics

11.6.2 Finland’s Defense System

11.6.3 The Changing Environment

11.6.4 Comparison of Tasks and Doctrines

11.6.5 Characteristics of Logistics

11.6.6 Principles and Functions of Logistics

11.6.7 US Army CSS Transformation Tenets

References

12 Logistics and Supply Chain Management Information Systems

Shabnam Rezapour, Reza Sadeghi, and Majid Alerasoul Dehkordi

12.1 Literature on IT in SCM

12.1.1 Strategic Planning for IT in SCM

12.1.2 Virtual Enterprise in SCM

12.1.3 E-Commerce and SCM

12.1.4 Infrastructure for IT in SCM

12.1.5 Knowledge and IT Management in SCM

12.1.6 Implementation of IT in SCM
12.2 A Framework for the Development of IT for Effective SCM ........ 285
12.3 Roles of E-Government in Business .......................... 285
12.4 How ICTs Lead to Successful Use of E-Government .......... 287
12.5 E-Government Architecture Framework ..................... 289
  12.5.1 Access Layer ........................................... 290
  12.5.2 E-Government Layer ..................................... 290
  12.5.3 E-Business Layer ....................................... 290
  12.5.4 Infrastructure Layer .................................... 292
12.6 Barriers to E-Government Adoption ........................... 293
References ............................................................. 294

13  Case Studies ..................................................... 299
Maryam Abedian and Sara Sharahi
13.1 A Bitter Pill at Hershey (Sridharan et al. 2005) ............... 299
13.2 Assessing Supply Chain Management Success Factors
  (Tummala et al. 2006) .......................................... 301
13.3 An Assessment of the Danish Pork Supply Chain
  (Hobbs et al. 1998) .............................................. 304
  13.3.1 Strengths .................................................. 304
  13.3.2 Weaknesses ............................................... 304
  13.3.3 Opportunities ............................................ 305
  13.3.4 Threats .................................................. 305
13.4 A Study of Supplier Logistics Performance Measurement
  in the Automotive Industry (Schmitz and Platts 2004) .......... 306
13.5 Comparison of Asian and European Logistics Systems
  (Bookbinder and Tan 2003) ..................................... 308
13.6 Challenges to Bangladesh Logistics Development
  (Abdur Razzaque 1997) ......................................... 308
13.7 Strategic Logistics Management in Singapore
  (Sum and Teo 2001) ............................................. 310
13.8 Logistics Management Practices and Development
  in Thailand (Goh and Pinaikul 1998) .......................... 311
References ............................................................. 311

Index ................................................................. 313
Supply Chain and Logistics in National, International and Governmental Environment
Concepts and Models
Zanjirani Farahani, R.; Asgari, N.; Davarzani, H. (Eds.)
2009, XVIII, 316 p. 57 illus., Hardcover
ISBN: 978-3-7908-2155-0
A product of Physica-Verlag Heidelberg