



Global Logistics and Distribution Are More Complicated Than You Think

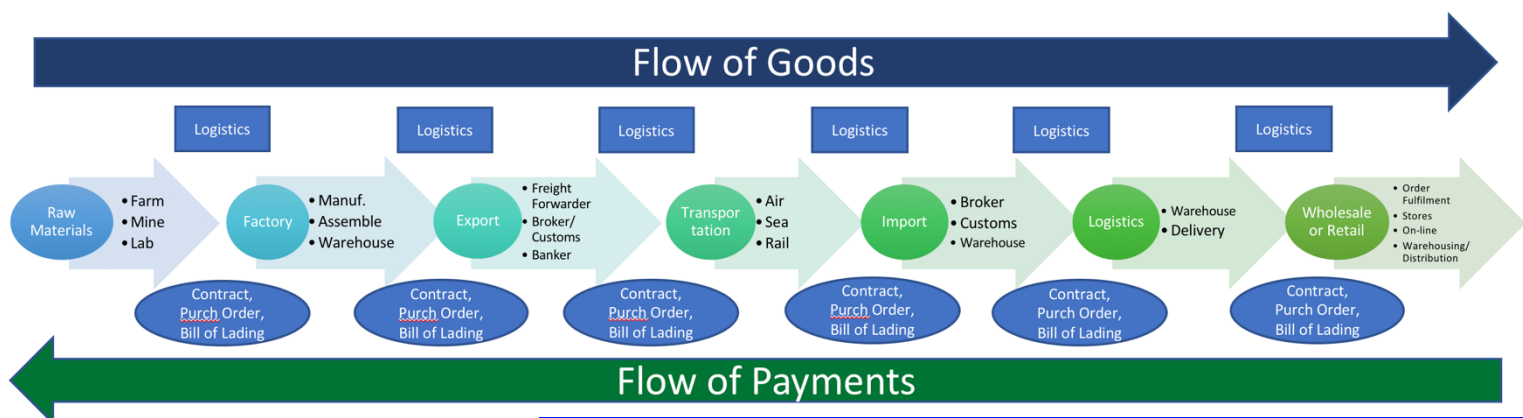
By Rosemary Coates

There is an enormous amount of complexity between partners and facilitators in every supply chain.

Just imagine for a moment that you manufacture a product in America that has quickly become a hot selling item. You decide to expand distribution of your product to China because you know China is a very fast-growing consumer market. But where do you begin? How do you find distributors, retailers, logistics providers, warehouses, and how are you going to control your inventory and oversee the supply chain? How do you export products from the U.S. and import products into China? Is there some kind of service that can help? You don't speak the language and you don't have any contacts there. **Okay, forget that crazy idea, it's too complicated!**

And yet, so many companies try this with little or no expertise, and then end up in legal trouble.

Here's a simple diagram of a typical global supply chain:



Complexity of Supply Chains

Thinking about the complexity of a supply chain in this way should give you some idea about global supply chain management and the distribution of products anywhere in the world. Supply chain complexity exists if you are moving goods inside the U.S., or to/from any place in the world.

Product logistics and distribution are far more complicated than we think about when we grab an item off a grocery shelf, or a dress off the hangar at the department store.

Behind the scenes, supply chains should be frictionless, with supply chain partners smoothly handing off to one another, all the while maintaining control. This way, goods get to market or to industrial customers on time and in perfect condition. But it is rarely this way, because each link in the supply chain has a different function to perform, is measured differently, and is independently operated and managed.

Each Link In the Supply Chain Has A Different Task and Measurements

As you can see in the diagram, there is some sort of agreement or contract between each step, such as a purchase order, bill of lading, or written/verbal contract. There are also logistics between each step, even if that means moving goods from the port to the nearby warehouse. Each of these agreements is likely to be different and subject to interpretation. In addition, performance by each supply chain partner is most likely measured and tracked differently. Some supply chain partners may be measured on cycle time, while others are measured on fulfilment rates, on-time performance, cost control, optimization, or responsiveness. Manufacturing quality measurements are different from all other links in the supply chain. Standards are notably absent in many of the steps.

There is an enormous amount of complexity between partners and facilitators in every supply chain. Along the way there are likely to be breakdowns in expectations, performance, and communications. The best way to avoid these breakdowns is to clearly communicate and memorialize terms, conditions, and expectations, and then closely monitor the performance of every link in your supply chains.

I help my clients (and the attorneys representing them) to understand the nature of doing business in global supply chains. Avoiding and minimizing risk, friction, and conflicts should be major concerns for supply chain executives around the world.



About the
Author:

**Rosemary
Coates**

Rosemary Coates is the President of Blue Silk Consulting, a Global Supply Chain consulting firm, with an impressive list of over 80 clients worldwide. She is a seasoned executive with an MBA and 25 years of experience in industry, consulting and as an Expert Witness. She is also a Licensed U.S. Customs Broker. She is the author of five books on supply chain including Amazon.com Best Seller: [42 Rules for Sourcing and Manufacturing in China](#).

Ms. Coates resides in Silicon Valley

Contact:

Rcoates@BlueSilkConsulting.com
+1 408.605.8867


Blue Silk Consulting
Global Supply Chains

Contact Us:

Mail: PO Box 760, Los Gatos, CA 95031
Phone: +1 408.605.8867
Email: RCoates@BlueSilkConsulting.com
Web: BlueSilkConsulting.com