**Discussion Question: You respond to this:** What is involved in global logistics and risk management? What do we need to be aware of?

**Classmates response Tonya:**

**What is involved in global logistics and risk management? What do we need to be aware of?**

**Tonyelle Woody**

**Florida Institution Technology**

Global logistics refers to the flow of resources and information between a business or source and the consumer. It is a management process that analyzes how resources are acquired, stored and transported. To be effective, the process requires detailed analysis of a companys entire supply chain

Effective management of the international supply chain process requires a strategy to effectively store and transport goods, services and related resources to the consumer. Global logistics analyzes and implements efficiencies to streamline this flow of resources from the point of origin to the point of consumption. It is a fundamental business process that includes the management of upstream and downstream relationships between suppliers and consumers

**Risk Management**

Risk management in the financial word, risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in invest decisions. Essentially, risk management occurs any time an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given his investment objectives and risk tolerance.

* Outsourcing and offshoring imply that the supply chain is geographically more diverse and hence

more exposed to various risks.

* Recent trends toward cost reduction, lean manufacturing and just-in-time imply that in a

progressive supply chain, low inventory levels are maintained.

* In the event of an unforeseen disaster, adherence to this type of strategy could result in a shutdown of production lines because of lack of raw material or parts inventory.
* Sources of Risk
  + Natural disasters
  + Geopolitical risks
  + Epidemics
  + Terrorist attacks
  + Volatile fuel price
  + Currency fluctuations
  + Port delays
  + Market changes
  + Suppliers performance
  + Forecasting accuracy
  + Execution problems

**What do we need to be aware of?**

1. Customer Reactions
2. Competitor Reactions
3. Supplier Reactions
4. Government Reactions

Reference

Simchi-Levi, David; Kaminsky, Phillip and Simchi-Levi, Edith (2008). *Designing and managing the supply chain.*New York, New York. McGraw-Hill, Inc.

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**Classmate response #2: Marlene**

Global business and supply chains are continuously become significant. The scale of this trend can be measured using various factors which include the facts that a fifth of U.S firms’ output comes from outside the country and a quarter of the imports of the U.S are between the main companies in the later and its foreign affiliates. Besides, more than a half of the companies based in the used doubled the number of states where they have branches (Simchi-Levi and Kaminsky, 1999). Domestic supply chain management, when spread over a large geographical location, is similar to international distribution link management. However, however international chain management gives vast opportunities when governed effectively. Moreover, people ought to be aware of the various issues or setbacks involved in this field of operation (Manuj and Mentzer, 2008). The systems involved in universal logistics and risk supervision are international suppliers and distribution systems, offshore production, and global supply chain that are fully integrated.

The trend towards globalization is controlled by global market and cost forces, technological, and financial and political forces. Besides, these forces enhance the market opportunities which in turn cause increase in profits and sales as a result of widening of the universal chain of supply. Unfortunately, the enhancements in the opportunities and gains come along with several threats to the current global firms. For example, epidemics, natural disasters, geopolitical threats, terrorism, fluctuations in currency, volatile prices of fuel, market changes, port delays, execution issues, accuracy in forecasting, and performance of the suppliers (Hopkin, 2017). However supply chains can be managed through investing in redundancy, creating adaptive supply link communities, and increasing the speed of sensing and giving response. The regional variations in logistics can be grouped into cultural differences, evaluation and expectations in terms of performance, availability of information system and infrastructure. These factors cause distinct operations in the global supply chain

Reference

Hopkin, P. (2017). *Fundamentals of risk management: understanding, evaluating and implementing effective risk management*. Kogan Page Publishers.

Manuj, I., & Mentzer, J. T. (2008). Global supply chain risk management strategies. *International Journal of Physical Distribution & Logistics Management*, *38*(3), 192-223.

Simchi-Levi, D., Simchi-Levi, E., & Kaminsky, P. (1999). *Designing and managing the supply chain: Concepts, strategies, and cases*. New York: McGraw-Hill.

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