

## **Difference Between Corporate Logistics Management and Defense Logistics Management**

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### **Abstract**

*Logistics Management basically starts from logistics management for war. To go to war, you must have good logistics management in order to win the war. Along with the times, logistics management has evolved to be used for a company. Against this background, the title of this study is the difference between corporate logistics management and defense logistics management. The research methodology used in this study is a literature review. The conclusion of this study is that Logistics management in companies with logistics management in defense has the same outline. Basically, logistics management focuses on maintenance planning, workforce and personnel, supply support, equipment support and testing, equipment training and education, technical documentation, computer facilities, contracts, negotiation and Transfer of Storage, Space, Stability and Maintenance. Meanwhile, logistics management in defense focuses on the main areas of logistics and supply chain management in the context of sustainability, inventory management, resilience, procurement, information systems and crisis response.*

**Keywords:** *Corporate, Defense, Logistics, Management*

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## **INTRODUCTION**

Defense management is a unique branch of science compared to other management sciences. Security management is always related to the government's failure and/or success in managing the country's national resources with the aim of becoming a national power. This effort includes the use of management techniques, from planning to winning the war (Supriyatno & Ali, 2014). The definition of the Defense System in Indonesia emphasizes the basic law of how to properly organize national security, referring to the Law of the Republic of Indonesia Number 3 of 2002 concerning National Security and the Law of the Republic of Indonesia Number 34 of 2004 TNI. They explained that national security policy is all activities in the field of policy and planning which includes planning, implementing, controlling and managing national security. According to the resource allocation process, Indonesia already has an idea of how to allocate its financial resources for security (Saputro et al, 2021).

The concept of integrated logistics support can be linked to the concept of management. In defence, the concept of logistics has evolved into Integrated Logistics Support (ILS) or DLT. DLT is defined by Blanchard as all factors that support the performance and economic value of a system or equipment at each stage of maintenance through the design life cycle (Benjamin, 1997). James V. Jones' theory (1994) states that DLT includes the basic elements, namely "maintenance planning, labor and personnel, supply support, equipment support and testing, equipment training and education, technical documentation, computer facilities, contracts. Negotiation and Transferring Storage, Space, Stability and Maintenance".

The effective and efficient logistical support of peacekeeping units, based on the principle of Clear and consistent, not only strengthens the morale of military commanders but also has great consequences. Good for the morale of soldiers who have been trained for military operations. Therefore, the principles of logistical support are essential to provide quality logistical support to military units, regardless of their size. Its importance because support for timely transportation is achieved by adopting the principles of transportation in all transport

structures related to military operations or operations. These principles support the appropriate use of logistical support, and, when strictly followed, increase the likelihood of successful military operations and operational objectives.

In general, uncertainty is a prominent feature in the international strategic environment, directly or indirectly, every country's efforts to guarantee national security, especially the interests of national defense. In terms of these requirements, developing countries that have limited resources or limited ability to manage resources must be careful and comprehensive in solving problems that arise, actively increasing strengthening Expanding the strength of the country in various fields for the better. Make adjustments to the management situation necessary to protect the interests of the state.

The nature of the strategic environment has been widely explained by various groups. For example, the US Army War College abbreviates it with the acronym VUCA (Volatility, Uncertainty, Complexity, and Ambiguity), which is characterized by: A world order in which threats are complex and uncertain, where conflicts arise and are unpredictable, and where it is profitable for protecting and upgrading may have limited material and personnel constraints. These characteristics not only make it difficult to interpret the direction of the strategic environment, but also make it difficult to implement the strategies that have been prepared

## **RESEARCH METHODS**

In this study, literature review research is used. Snyder (2019: 333) refers to the literature review as a research methodology that aims to summarize previous research and analyze various expert reviews written in the text. Snyder (2019: 339) concludes that literature reviews play a fundamental role for various types of research because the results of literature reviews provide an understanding of the development of knowledge, a source of incentive for designing of politics, and initiate the creation of new ideas. and useful as a guide to research in specific areas.

## **RESULT AND DISCUSSION**

Supply chain management is the process of obtaining raw materials, semi-finished products directly from suppliers, while finished products are distributed directly to consumers. The goal is to create services for customers. The main goal of the supply chain is to deliver products on time or to satisfy customers. The effort to manage the supply chain effectively is to make suppliers partners in business strategy (Sarwoko, 2019).

Logistics is the art and science of organizing and controlling the flow of goods, energy, information and other resources such as products, services and people from sources of production to markets in order to optimize the use of capital. Right, at the right time, in the right quantity, at the right position and at the right price, but still profitable for logistics service providers.

There are several definitions of logistics based on references such as:

- a. Logistics is the management of the flow of goods and services between points of origin and points of consumption to meet customer needs (Yasserli, Sumi, Rung, Kornai, & Kertész, 2012);
- b. Logistics management is that part of supply chain management that plans, implements and controls the efficient and effective flow and storage of the flow and storage of goods, services and related information between points of origin and points of consumption to meet customer requirements (García, Hernández, & Hernández, 2013);

- c. Logistics is positioning resources at the right time, in the right place, for the right cost and for the right quality (Walker & Jones, 2012).

The meaning of the word logistics started in the military sector, but things changed when it was used in business, and since then it has continuously evolved. Brick conducted a bibliographic study of the various meanings associated with the term and the evolution of other related meanings such as supply chain over time in both environments (Sarjito, 2022). The concept of integrated logistics support can be approximated to the theory of logistics management. The concept of logistics in defense has evolved into integrated logistics support (Hartanto, 2016). Integrated logistical support (ILS) is defined by Blanchard as all supporting factors to ensure the efficiency and economic value of a system or equipment at each level of maintenance in accordance with the planned life cycle (Benjamin, 1997). ILS includes several main elements including, "Maintenance planning, manpower and personnel, supply support, support and test equipment, training and training devices, technical documentation, computer resources, packing handling storage and transportation, facilities, reliability and maintainability (James, 1994).

The total logistics (TLC) concept aims to deal with the many different elements that fall within the scope and use of one integrated system. Identification of the relationship between various elements, such as transportation and storage of goods, must be considered from the standpoint of the overall supply. Therefore, it is necessary to consider the entire system, and not just individual elements or subsystems. Understanding the concept of logistics is very important in planning every aspect of distribution and logistics.

This type of trade-off analysis is an important part of logistics planning. There are four different levels of compromise:

- a. In logistics components: refers to offsets that occur within a single function (eg, a warehouse). An example would be the decision to use random storage locations instead of fixed storage locations in a warehouse. The former provide better storage usage, but are more difficult to choose; The second option is easier to choose, but it doesn't provide the same efficient use of storage.
- b. Between Logistics Components: This is the compensation that takes place between different logistics components. To modify the previous packaging example, companies can increase packaging strength and therefore packaging costs, but achieve greater savings through better storage and product storage (eg block stacking rather than stacking requirements).

**Table 1. Trade-off Potency on Logistics**

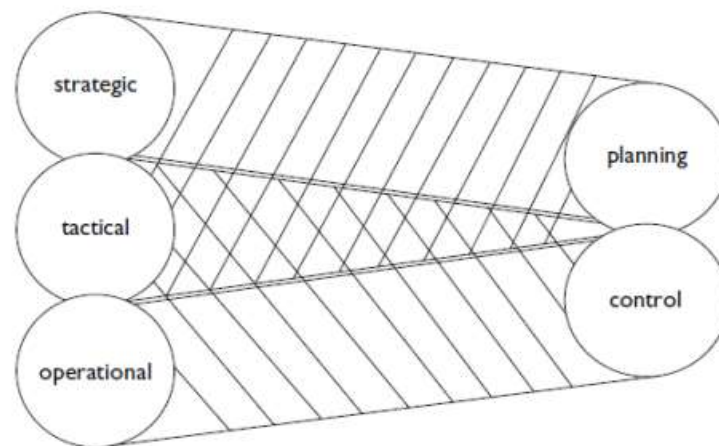
Trade-off	Finance	Production	Distribution	Marketing
Production runs longer	Lower unit production costs	Lower unit production costs	more inventory and storage is required	Lower prices
Fewer deposits	Reducing building costs	No Effects	Less complicated logistical structure	Reduction in service due to increased distance between deposits and customers
Reduction of finished goods inventory	Reduce inventory costs	Fast production results in higher production unit costs	No need to expand storage facilities	Lower product availability for customers

Trade-off	Finance	Production	Distribution	Marketing
Reducing inventory of raw materials and components	Reduce inventory costs	Inefficient production scheduling due to unavailability of inventory	Lower inventory requirements	No Direct Impact
Reducing protective shipping packaging	Reducing packaging costs	No Effects	The choice of modes of transportation is reduced	Improved delivery of damaged goods
Reducing warehouse control	Cost reduction with few employees	No Effects	Reducing efficiency due to less supervision	Lost sales due to under orders

- c. Between Company Functions: There are several interface areas between company functions where compensation can be made. Table 1 lists some of the possible trade-offs and shows how various company functions might be affected. An example is the trade-off between optimizing production time and storage costs associated with storing finished products. Long production runs result in lower unit costs (and thus more economical production), but mean that more product has to be stored for longer periods (which is less economical for storage).
- d. Between companies and external organizations: There may be opportunities for exchange between two companies that are directly related to each other. For example, a change in a manufacturer's product shipped directly to retail stores for delivery through a retailer's distribution depot network could lead to a solution that is generally less expensive for both companies.

Therefore, this type of trade-off is at the heart of the total logistics concept. For distribution and logistics planning, it is important to have an overview of the logistics system and its costs. The other side of this equation is, of course, the need to provide the level of service required by the customer. Balance the total cost of logistics and the level of customer service is very important for logistics success.

Planning should be done according to a certain hierarchy reflecting the different planning timeframes. These are generally classified as strategic, tactical and operational. There is overlap between the different levels, which emphasizes that there are several factors that can be considered at different stages in this planning hierarchy. The relative importance of these various elements may differ from company to company. For example, choosing which mode of transportation may be a strategic decision for a company setting up a new global logistics operation, but it may only be a tactical decision for another company that is primarily a supplier to the local market and only occasionally exports over long distances. Choosing a mode of transportation can even be an initial strategic decision and a subsequent tactical decision for a single company.



**Figure 1. Logistics Planning Hierarchy**

Figure 1 also shows the interrelationships of planning and control in this hierarchy. Both of these elements are essential for the effective and efficient operation of logistics operations. One way to predict the difference between these two concepts is as follows: planning is to ensure that operations are set up to work properly or to prepare and plan operations "effectively". Control is about managing operations the right way or making sure operations are carried out "efficiently." Most of the elements need to be planned properly first and then they need to be monitored and controlled to ensure that the operations are running as they should.

Planning and controlling operations can also be described in the context of the larger planning cycle. This emphasizes the need for a systematic approach whereby ongoing review takes place. This is a very important concept in logistics because most operations must be highly dynamic—they are subject to continuous change as the demand for and supply of goods and products varies regularly as customer requirements for new products change, and better product availability. The main stages of the cycle are as follows:

- a. The cycle begins with the question "Where are we now?". Here the goal is to provide an image of the current position. This may be through regular information feedback procedures or through the use of certain logistics or distribution audits.
- b. The second step is to define the objectives of the logistics process to identify what the operation must achieve. These objectives should relate to elements such as customer service requirements, marketing decisions, etc.
- c. The third stage of the cycle is the planning process which includes the strategic and operational levels discussed earlier.
- d. Finally, monitoring and control procedures are needed to measure the effectiveness of the distribution operation against the plan. This should be done weekly, monthly and yearly.

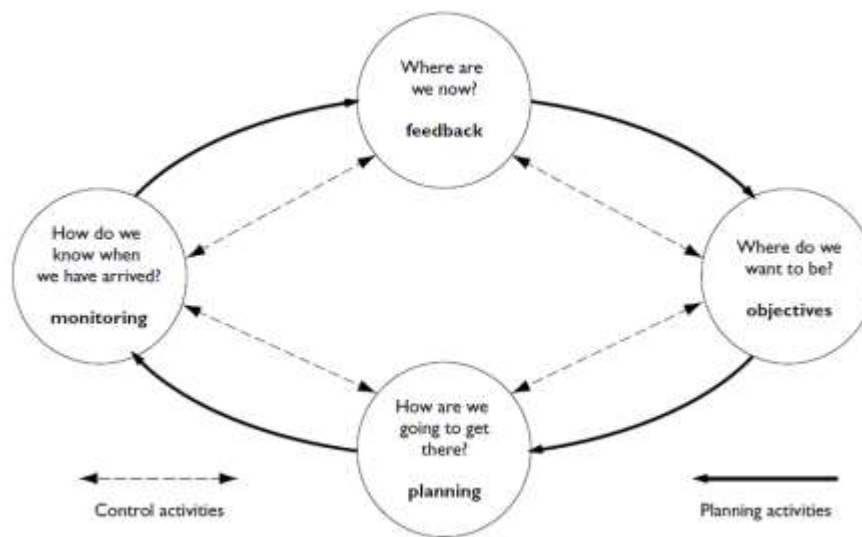


Figure 2. Planning and Controlling Cycle

Procurement is part of supply chain management which systematically and strategically processes the procurement of goods and services from the source of goods to the destination, source and place, to meet customer needs (Siahaya, 2013). From the procurement dimension, there are 5 indicators as follows (Sarwoko, 2019) :

- a. Supplier selection;
- b. Analyzing supplier performance;
- c. Purchasing raw materials and components;
- d. Supplier supervision;
- e. Cooperate with suppliers

## CONCLUSION

Logistics management in companies with logistics management in defense have the same outline. Basically, logistics management focuses on maintenance planning, workforce and personnel, supply support, equipment support and testing, equipment training and education, technical documentation, computer facilities, contracts, negotiation and Transfer of Storage, Space, Stability and Maintenance. Meanwhile, logistics management in defense focuses on the main areas of logistics and supply chain management in the context of sustainability, inventory management, resilience, procurement, information systems, and crisis response.

Logistics, regardless of scale, is a very complex field, involving significant costs and losses, and significant financial resources are devoted to its role. Therefore, the field of logistics has the greatest potential to improve the business and functions of any military, physical and technical organization and to generate savings. Today's military and commercial organizations are trying to increase and increase their value accordingly, using the potential of logistics personnel and introducing some technical, technological and organizational changes in the logistics system.

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