

### **Animation 5.5**

This figure shows the logistics chain for a typical business to business operation. The operation is central to the system with suppliers bringing inbound resources which are then transformed into outbound products or services for onward despatch to the customer.

Suppliers are Upstream and the Customer is Downstream of the operation. Note that in this case the operation is both a supplier and customer. Logistics has become a very important aspect of the supply network and it involves a number of key materials and information flows which must be controlled by the operations manager.

Material flows include warehousing, transport and distribution as well as organising returned goods, known as reverse logistics. Information flows include such activities as shipment planning, traffic management and a dedicated help desk.

It is evident that effective logistics will involve materials and information flows both upstream in the direction of the supplier and downstream towards the customer end of the chain.