

The Strategy of Transformation from Traditional Logistics to Modern Supply Chain Management

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Abstract: With the improvement of social economic system, modern supply chain management mode has become an inevitable requirement for the development of logistics industry. In the process of modern logistics development, reforming the traditional logistics mode and innovating logistics technology become the key to determine whether logistics enterprises can achieve sustainable development. Modern supply chain management can effectively control the cost and improve the economic benefits while realizing the social price of the logistics industry. From the current situation of logistics industry development, the malpractice of traditional logistics has been highlighted, which requires logistics enterprises to speed up the pace of management transformation, and then promote the healthy and sustainable development of logistics industry in China.

1. The Difference between Traditional Logistics and Modern Supply Chain

Under the background of economic integration, if logistics enterprises want to gain more development impetus, they need to start from the management mode and management concept, change the management thinking on the basis of the traditional logistics experience, introduce the information technology into the logistics management, establish a well-functioning information platform, optimize the allocation of enterprise logistics related resources, construct customer-oriented service, improve the management effect of the whole logistics supply chain, excavate the greater competitive advantage, and meet the challenge brought by the modern economic market to the logistics enterprise.

1.1. Different Functions of Traditional Logistics and Modern Supply Chain

Traditional logistics function, mainly concentrated in the circulation of goods. In traditional logistics, products from transportation to warehousing, mainly in the manual mode, centralized and unified adjustment. The modern supply chain takes the information technology as the medium, carries on the advance plan to each link of the entire supply chain, guarantees each logistics link to be able to succeed effectively, thus greatly enhances the modern logistics efficiency. The modern supply chain also increases the service function compared with the traditional logistics, thus can obtain more logistics management satisfaction.

1.2. Different Value of Traditional Logistics and Modern Supply Chain

The traditional logistics enterprise takes the economic benefit maximization as the core, in carrying out the logistics transportation and the warehousing and so on work, considers its own economic benefit level, but does not consider the logistics upstream and downstream participant's demand, has affected the logistics enterprise's long-term development ability. The modern supply chain takes the logistics enterprise as the link, the upstream and downstream participants of the logistics are also effectively incorporated into the integrated logistics management mode, and the modern supply chain management takes the customer service as the core value goal, while controlling the logistics cost, it can also pay attention to the customer satisfaction, and can effectively balance the relationship between the economic benefit and the social benefit.

1.3. Different Management of Traditional Logistics and Modern Supply Chain

In the management mode of traditional logistics, each link of logistics is separated from each other, and the management information is not circulated in different links of logistics, which results in the situation of decentralized traditional logistics management, which is not conducive to the scale and intensive development of logistics. Modern supply chain management is to use information technology as a supporting means to establish effective channels of information communication among all aspects of logistics, and to manage logistics activities as a whole[1]. Through comprehensive physical planning, it can improve the efficiency of supply, packaging, transportation and other links in logistics. The management of modern supply chain is not only the information communication mechanism established in the content of logistics enterprises, but also the information management under the framework of cooperation between suppliers, consumers and so on, which realizes the information integration of physical participants and enhances the close connection of all parties.

2. The Significance of Traditional Logistics Transformation to Modern Supply Chain Management

2.1. Modern Supply Chain Management is Conducive to Scientific and Rational Inventory Management

In the traditional logistics management, because the inventory and demand are independent of each other, the inventory is often difficult to match with the demand, which affects the supply of logistics. Enterprises to market demand information acquisition is not timely, grasp inaccurate, prone to inventory backlog or empty inventory. The backlog of enterprise inventory will occupy a large amount of working capital of the enterprise, and it will be difficult for the enterprise to carry out production under the condition of insufficient capital flow, and will cause huge economic loss to the enterprise when it is serious. The empty inventory will make the enterprise unable to seize the development opportunity, when the business opportunity comes, because the stock quantity is difficult to meet the customer's need, thus affects the enterprise's economic profitability[2] Modern supply chain management, the formation of effective information flow between inventory and market demand, enterprises can timely adjust the library according to market demand. In addition, because the modern supply chain management brings the upstream and downstream enterprises into the unified management system, the cooperative partnership between enterprises is formed, and by using the modern supply chain to share information, the enterprise can dig deep into the market development trend, thus strengthening the ability to respond and realize the effective control of inventory.

2.2. Modern Supply Chain Management is Conducive to Improving Order Processing Efficiency

In traditional logistics management, the processing of logistics orders mainly depends on manual completion. Due to the limitation of labor efficiency and skills, when the logistics season, a large number of orders are difficult to complete in a short period of time, in addition, due to the process of manual processing of orders, errors are also inevitable, which greatly affect the quality of work of logistics enterprises, and the contradiction between logistics enterprises and customers will be stimulated. Modern supply chain management is beneficial to improve the efficiency of order processing. With the help of information technology, order processing is done in the information platform, especially the emergence of automatic and intelligent order processing system, which makes the demand for labor fall. Information technology has the advantage of large-scale information processing, which shortens the order processing time, reduces the labor cost of logistics enterprises, and improves the economic benefits of logistics[3] The use of information technology to process orders can also enhance the control of logistics links, order information is visible to upstream and downstream enterprises, can help suppliers accurately grasp market trends.

2.3. Modern Supply Chain Management is Conducive to the Formation of Linkage of Various Links

Logistics is a more complex work flow, traditional logistics enterprises because of the lack of logistics link linkage, can not give full play to the full role of logistics resources, restricting the development of logistics industry. Modern supply chain management mode can effectively link up the whole logistics process and realize the integration of logistics resources. The supply chain management of logistics enterprises includes logistics procurement content, logistics process management control, logistics order management, logistics warehousing management, logistics service quality management, logistics customer relationship management and so on. These items are the basic elements of logistics linkage. Modern supply chain management enables logistics enterprises to strengthen their grasp of logistics resources and promote logistics enterprises to develop intensively.



Figure 1 Supply chain management links

3. The Transformation of Traditional Logistics to Modern Supply Chain Management

3.1. Establish a Fully Functional Information Platform

With the rapid development of information technology, more and more industries apply information technology development. In modern supply chain management, we can establish an information-based logistics platform to enhance the efficiency of obtaining and processing logistics information, based on information resources, to provide movement for the development of logistics enterprises. The establishment of a fully functional information platform can improve the application value of all kinds of logistics information, through in-depth mining of economic value factors in information, and comprehensive analysis and judgment of information, can help logistics enterprises to fully grasp the internal logistics management and logistics market development. Taking advantage of the powerful functional advantages of the information platform, it can collect and sort out the advanced logistics management mode at home and abroad through the way of database, help the logistics enterprises to update the management concept in time, improve the management technology, optimize the management process, and realize the transformation and upgrading of the logistics enterprises.



Figure 2 Functional information supply chain platform

3.2. Optimizing the Allocation of Enterprise Logistics-Related Resources

Modern supply chain management needs logistics enterprises to be able to actively and effectively allocate related resources and improve the integrated water of logistics resources. In the process of optimizing the allocation of logistics resources, enterprises should strengthen the internal management and control ability, and form the high efficiency and benefit of resources on the basis of a comprehensive understanding of the quantity, types and characteristics of resources. In addition to optimizing the internal resources, logistics enterprises also need to combine relevant enterprises to carry out the overall use of external resources, through strengthening the effectiveness of cooperation between upstream and downstream enterprises to enhance the competition of the whole supply chain. Logistics enterprises should also actively carry out service innovation, and provide additional services on the basis of basic logistics services, so that logistics enterprises can form a greater attraction to customers.



Figure 3 Optimal allocation of enterprise logistics supply chain resources

3.3. Building Customer Demand-Oriented Services

The transformation and development of logistics industry, need to build a customer demand-oriented service system, all from the customer's point of view, reflect customer-oriented service essence. Customer demand-oriented service, need logistics enterprises to fully understand customer characteristics, and reasonable classification of customers, from which to find key customers of logistics enterprises, and formulate targeted service parties. Logistics enterprises also need to integrate people-oriented ideas into modern supply chain management, think of customer's thinking, urgent customer's urgent, enhance customer experience effect, strengthen customer's recognition of logistics enterprise service, and form scientific customer relationship dimension. In the provision of additional services, logistics enterprises can learn from the advanced management experience at home and abroad, improve the value and practicability of additional services, improve the attraction

of logistics comprehensive services to customer groups, gradually establish their own brand and word of mouth in the logistics market, and promote the promotion of competitive strength of logistics enterprises.

4. Conclusion

The transformation of traditional logistics to modern supply chain management is the inevitable trend of modern logistics market development. Modern supply chain management mode has strong functional advantages, value advantages and management advantages, which can form a strong enterprise promotion in the increasingly fierce logistics competition. Modern supply chain management is beneficial to scientific and reasonable management of inventory, improve the efficiency of order processing, form the linkage of each link, effectively solve the disadvantages of traditional logistics management, and have a positive work on the optimization and improvement of logistics process. With the help of information technology, logistics enterprises can take customers as the center, improve the level of logistics service and enhance the development ability of logistics enterprises.

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