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# What is Logistics?

By Michael B. Stroh

So what exactly is logistics anyway? And what does someone in logistics actually do? Well I'm glad you asked.

The term logistics has its origins in the military. From that perspective, it applies to the process of supplying a theater of war with troops, equipment and supplies. We in industry borrowed this term and have applied it to the discipline known as "business logistics." In our discussion, we will use the less accurate, but simpler term "logistics" to categorize what we do.

The Council of Supply Chain Management Professionals (CSCMP) has defined logistics as "...that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements." A second, more concise definition offered by CSCMP is "the management of inventory, at rest or in motion." Personally, I like the second definition a lot.

Logistics plays a major role in the U.S. economy. In fact, the 15<sup>th</sup> Annual State of Logistics Report<sup>®</sup> asserts that in 2003 logistics costs accounted for 8.5 percent of the U.S. Gross Domestic Product. Not too shabby!

As a piece of the corporate landscape, logistics covers a broad array of functional areas. At a bare minimum, the scope of logistics entails traffic/transportation, shipping and receiving, warehousing and import/export operations. Many times, the additional areas of inventory management, purchasing, production planning and customer service can fall under the umbrella of logistics as well.

As a career path, logistics can be quite rewarding. I say this from personal experience. I have worked in some sort of logistics capacity for the past 25 years. I didn't make a mistake in my career choice.

According to a joint survey conducted by Ohio State University and the Council of Supply Chain Management Professionals (CSCMP), logistics professionals are a well-educated and well-compensated group. The study indicated that 95% of those surveyed held bachelor's degrees, 41% had master's degrees and 20% achieved some type of professional certification. The same survey stated that the median annual salary for a manager in the field is \$97,000.

How do you achieve this sort of position in the field? Well, a bachelor's degree is almost a prerequisite. And a master's degree is becoming more of a

must have, especially in a tight employment market. While a degree in the field is certainly an advantage, it is not yet a necessity.

With that being said, if you don't have a degree already, I would strongly advise pursuing one in logistics. There are a number of "big name" schools in the U.S. that have great logistics programs. Among them are Ohio State, Penn State, Georgia Tech, University of Wisconsin, Northwestern, University of Tennessee and the U.S. Merchant Marine Academy. If you don't live near one of these fine institutions, Thomas Edison State College in New Jersey has distance-based logistics degree programs which may suit you quite well.

If a full-blown degree is out of the question, then perhaps a certificate program may suit you better. The Institute of Logistical Management offers a host of distance-based logistics coursework. As well, The World Trade Institute of Pace University has a fine program predominantly serving the New York City metropolitan area.

Finally, a number of industry organizations offer certification programs, which can add some luster to your credentials and document the possession of a standard body of knowledge. Some of the more widely known certification programs are offered by the American Society of Transportation and Logistics (CTL), Sole (CPL), Institute for Supply Management (CPM, APP), Institute of Logistical Management (CLP) and APICS (CPIM).

Whatever road you travel, logistics is great career and I wish you much success.

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