## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>Foreword by Marc Goetschalckx</td>
<td>xi</td>
</tr>
<tr>
<td>Preface</td>
<td>Preface</td>
<td>xiii</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>Acknowledgements</td>
<td>xv</td>
</tr>
<tr>
<td>About the Authors</td>
<td>About the Authors</td>
<td>xvii</td>
</tr>
<tr>
<td>List of Abbreviations</td>
<td>List of Abbreviations</td>
<td>xix</td>
</tr>
<tr>
<td>1</td>
<td>Introducing logistics</td>
<td>1</td>
</tr>
<tr>
<td>1.1</td>
<td>Definition of logistics</td>
<td>1</td>
</tr>
<tr>
<td>1.2</td>
<td>Logistics systems</td>
<td>1</td>
</tr>
<tr>
<td>1.2.1</td>
<td>Logistics activities</td>
<td>5</td>
</tr>
<tr>
<td>1.2.2</td>
<td>Information flows and logistics networks</td>
<td>5</td>
</tr>
<tr>
<td>1.2.3</td>
<td>Case of more products</td>
<td>7</td>
</tr>
<tr>
<td>1.3</td>
<td>Reverse logistics</td>
<td>9</td>
</tr>
<tr>
<td>1.4</td>
<td>Integrated logistics</td>
<td>10</td>
</tr>
<tr>
<td>1.5</td>
<td>Objectives of logistics</td>
<td>12</td>
</tr>
<tr>
<td>1.5.1</td>
<td>Measures of the service level</td>
<td>14</td>
</tr>
<tr>
<td>1.6</td>
<td>Management of the logistics system</td>
<td>18</td>
</tr>
<tr>
<td>1.6.1</td>
<td>Planning phase</td>
<td>18</td>
</tr>
<tr>
<td>1.6.2</td>
<td>Organizational phase</td>
<td>19</td>
</tr>
<tr>
<td>1.6.3</td>
<td>Control phase</td>
<td>28</td>
</tr>
<tr>
<td>1.7</td>
<td>Case study: The Pfizer logistics system</td>
<td>33</td>
</tr>
<tr>
<td>1.8</td>
<td>Questions and problems</td>
<td>36</td>
</tr>
<tr>
<td>2</td>
<td>Forecasting logistics requirements</td>
<td>44</td>
</tr>
<tr>
<td>2.1</td>
<td>Introduction</td>
<td>44</td>
</tr>
<tr>
<td>2.2</td>
<td>Qualitative methods</td>
<td>46</td>
</tr>
<tr>
<td>2.3</td>
<td>Quantitative methods</td>
<td>48</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Graphical representation of time series</td>
<td>48</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Classification of time series</td>
<td>48</td>
</tr>
</tbody>
</table>
# CONTENTS

## 2.4 Data preprocessing
- 2.4.1 Insertion of missing data 52
- 2.4.2 Detection of outliers 52
- 2.4.3 Data aggregation 53
- 2.4.4 Removing the calendar variations 55
- 2.4.5 Deflating monetary time series 56
- 2.4.6 Adjusting for population variations 57
- 2.4.7 Normalizing the data 58

## 2.5 Choice of the forecasting method
- 2.5.1 Notation 59
- 2.5.2 Casual versus extrapolation methods 59
- 2.5.3 Decomposition method 60
- 2.5.4 Further time series extrapolation methods: The constant trend case 71
- 2.5.5 Further time series extrapolation methods: The linear trend case 75
- 2.5.6 Further time series extrapolation methods: The seasonal effect case 80
- 2.5.7 Further time series extrapolation methods: The irregular series case 88
- 2.5.8 Sporadic time series 91

## 2.6 Advanced forecasting method

## 2.7 Accuracy measure and forecasting monitoring
- 2.7.1 Accuracy measures 99
- 2.7.2 Tuning of the forecasting methods 100
- 2.7.3 Forecast control 102

## 2.8 Interval forecasts

## 2.9 Case study: Forecasting methods at Adriatica Accumulatori 109

## 2.10 Case study: Sales forecasting at Orlea 110

## 2.11 Questions and problems 112

## 3 Locating facilities in logistics systems

### 3.1 Introduction 122

### 3.2 Qualitative methods 126

### 3.3 Quantitative methods 127
- 3.3.1 Single-commodity single-echelon continuous location problems 128
- 3.3.2 Single-commodity single-echelon discrete location problems 132
- 3.3.3 Single-commodity two-echelon discrete location problems 155
- 3.3.4 The multicommodity case 159
- 3.3.5 Location-covering problems 163
- 3.3.6 p-centre problems 168

### 3.4 Hybrid methods 174
3.5 Stochastic location models 175
3.6 Case study: Container warehouse location at Hardcastle 179
3.7 Case study: The organ transplantation location—allocation policy of the Italian National Transplant Centre 183
3.8 Questions and problems 185

4 Selecting the suppliers 193
4.1 Introduction 193
4.2 Definition of the set of potential suppliers 194
4.3 Definition of the selection criteria 194
4.4 Supplier selection 198
4.5 Case study: The system for the selection of suppliers at Baxter 202
4.6 Questions and problems 205

5 Managing a warehouse 210
5.1 Introduction 210
  5.1.1 Performance parameters 213
  5.1.2 Decision-making problems 216
5.2 Warehouse design 216
  5.2.1 Choice of warehouse systems 217
  5.2.2 Choice of warehouse layout 230
  5.2.3 Sizing of the storage zone 234
  5.2.4 Sizing of the receiving zone 240
  5.2.5 Sizing of the shipping zone 241
5.3 Tactical decisions for warehouse logistics planning 242
  5.3.1 Product allocation to the storage points 242
  5.3.2 Inventory management 249
5.4 Operational decisions for warehouse logistics management 276
  5.4.1 Package picking from the storage zone 276
  5.4.2 Package consolidation in load units 285
5.5 Case study: Performance evaluation of an AS/RS system conducted by Wert Consulting 303
5.6 Case study: Inventory management at Wolferine 305
5.7 Case study: Airplane loading at FedEx 306
5.8 Questions and problems 309

6 Managing freight transport 318
6.1 Introduction 318
  6.1.1 Modes of transport 318
  6.1.2 Classification of transport problems 323
6.2 Freight Traffic Assignment Problems (TAPs) 326
  6.2.1 Minimum-cost flow formulation 327
  6.2.2 Linear single-commodity minimum-cost flow problems 328
  6.2.3 Linear multicommodity minimum-cost flow problems 336
6.3 Service network design problems 342