

THE EVOLUTION OF THE LOGISTIC ACTIVITY IN OPTIMAL CONDITIONS - PREREQUISITE FOR AGIP ROMANIA S.R.L. BUSINESS SUCCESS

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Abstract:

The present paper proposes as purpose the presentation of new visions related to the logistics activity and to its analysis at the level of the organization Agip Romania S.R.L.. Also, the paper surprises the manner in which the optimal development of the logistic activity influences the business success in general and S.C. Agip Romania S.R.L., in particular. The new economical crisis conditions force the companies to a stricter surveillance of their activity, including their logistic activity, because any unbalance can “shatter” the organization’s stability.

Key words: *logistics , integration, S.C. Agip Romania S.R.L., crisis*

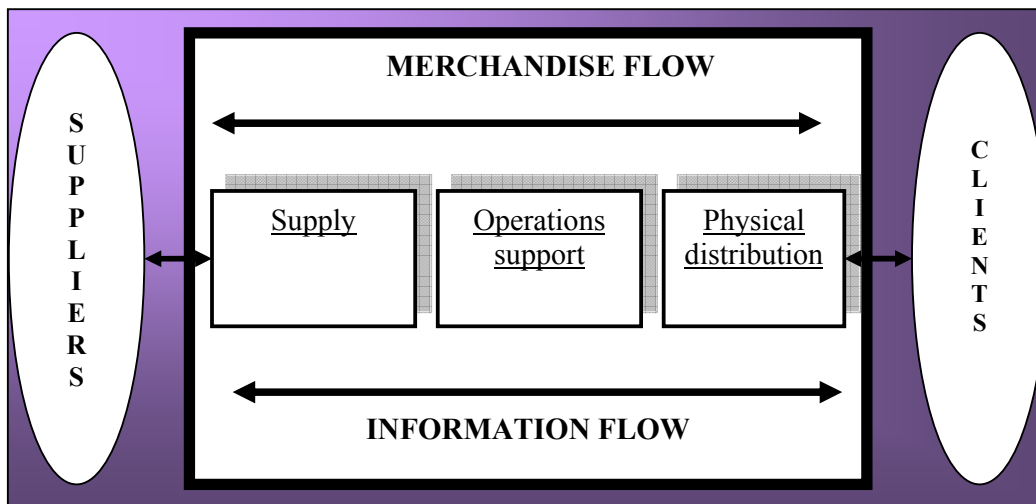
JEL classification: M10, M19, M31

Logistics is a process consisting in the flow planning, performance and control and in the efficient and effective storing of raw materials, of products in course of processing, of finished goods and of interfacing information, from the point of origin to the one of consumption, in order to adapt to the customer’s requirements.

Until recently, logistics was associated with the distribution of finished goods. (the last stage of the production, respectively with the *logistics downstream*). This aspect ignores the role of *logistics up-river* (the assurance of the availability of material resources meant for the company’s activity) and of *internal logistics* (placing the necessary resources at production disposal). In reality, the performance of the logistic mission of providing the goods and services requested at the right moment and place and in the conditions of the smallest costs for the company, assumes the development of an ensemble of intercorrelated operations representing the mix of logistic activities. This mix includes two categories of activities:

- *The basic activities* (purchase, transportation, stocks management, orders processing) are key operations which are developed nearly in every logistic channel;
- *The supporting activities* (storage, products manipulation, packing, the activities related to the logistic informational flows) take place according to the companies’ specific conditions.

The main conception of logistics is the systemic concept (see picture 1), and the purpose – the rational management of material and informational flows for satisfying the demand and for orders shipment on time.



Picture 1. Logistic system

Specialists in the logistic field propose its approach based on the concept of integrated logistics, because the fragmented approach negatively influenced the performance of logistics mission (namely conflicts between the company departments, which develop various logistic activities or other activities, costs more and more expensive and gaps between the logistic service offered by the supplier and the one expected by customers).

The effectiveness of logistic operations must obligatorily be evaluated in proportion to the objectives that establish the company's marketing performance, because the activities of logistic nature are considered adequate only to the extent in which they are concordant with the organization's marketing strategy.

Therefore, marketing and logistics must not be regarded separately within the company, because, otherwise, a real source of competitive advantage would be ignored and the risk of an unfavorable decalogue, as compared to customers' needs would exist.

The logistic objectives of S.C. Agip Romania S.R.L. must inscribe within the general objectives of the organization, which, in their turn, aim at the general strategy of the ENI group.

The main objective of the Agip Romania company management is to extend the network of combustibles distribution station on the entire Romanian territory, to increase the Wholesale business line turnover and costs rationalizing.

„We have a very ambitious quadrennial plan (Nicola Meuli sustains) which will be also performed by the performance of the following strategy lines: the set up of new stations and acquisitions of existing stations from third parties. The investments budget approved by shareholders for the next four years is coherent to our strategic objectives. This will allow us to double the penetration on the market and to be present in other areas of the market than the ones in which we are today. The increase of the critical mass of combustibles distribution stations is the first objective in order to guarantee for the company a stable and durable presence on the market”.

Agip Romania involves in the high quality combustibles distribution which lead to the reduction of the general consumptions of the rolling stock and of the generated pollution.

Agip Romania makes efforts in order to reduce the quantity of wastes resulting after the trading activity and their adequate collection for recycling.

The main objectives of the logistic activity are:

- The development of a more flexible production strategy;
- The continuous improvement of the relation with suppliers and client;
- The thorough support for stocks reduction;

- The increase of products density ;
- The development of central deposits;
- The postponement of products completion;
- The identification of sources as close as possible which leads to major changes in storage and distribution;
- The production localization as close to the customers as possible ;
- The exchange of merchandise with the other competitors in order to reduce the necessary for transportation.

On the materials quality and of the introduced information also depends the quality of company's own products/services. In order to perform qualitative products and services, the first step is represented by the performance of supplies of qualitative products and services, according to the customers requirements. The requirements for the products that must be supplied are established by the necessary of supply for internal use (by the heads of the departments). These are communicated to the suppliers before the contracts conclusion. For services contracts, these are communicated to the services companies acting on the Agip Romania territory.

The supply in the classical sense is extended also to services, human resources, rentals, services subcontracting due to the impact they have on the quality of the finished good, the requirements concerning the clear definition without ambiguities of the supply data, the suppliers evaluation and selection, as well as the ones referring to the verification of the supplied product.

For suppliers evaluation and selection certain criteria for the evaluation, selection and acceptance of the products, services, subcontracting suppliers regarding their capacity to comply with the requirements specified in the supply documents related to quality, environment safety, protection and occupational health, terms and established prices.

The persons responsible for supply have the task to perform the evaluation and the selection of potential suppliers and to perform and to re-update de systematically the accepted suppliers list. The suppliers selection is made by using specific methods such as :

- The prior prospecting for quality and for certain prior evaluations;
- The evaluation of the management system practiced by suppliers;
- The statistical processing of the control-reception activities results;
- Evaluations of the products or samples tests results;
- Analysis of the information from the users of supplied products (nonconformities).

For the suppliers evaluation and selection activities the management allots adequate resources (material means, trained personnel).

The responsibility for suppliers offers evaluation under the aspect of compliance with the technical requirements from the supply documents as well as for the elaboration and transmission of orders and for contracts conclusion is incumbent on the Purchase Manager in collaboration with the Supply Manager.

The orders and the contracts include provisions in agreement with the ones from the necessary of supply relating to: the object of the order (products, services supply), with quantities and delivery terms; technical requirements concerning quality; environment, safety and occupational health, such as: instructions for manipulation, storage, safety charts, technical charts, requirements concerning wastes, requirements concerning biodegradability; requirements concerning products composition etc.; requirements concerning reception verification/test methods and requirements concerning management systems.

The contracts and the requirements included within them are studied preferably together with the suppliers so that all explicit requirements be clearly expressed, with

no ambiguities. The supply documents (contracts and orders) are approved by the General Manager. The supplied products are verified at reception by the reception commission designated by the decision of the general manager. When it is considered necessary, in the contracts with the suppliers provisions concerning the free access to the supplier for performing audits of secunda parte, as well as for inspections of the product in course of production and /or at the end are also included.

The production/execution of the products and services requested by the client is performed in controlled conditions starting from its planning. The conditions of maintaining the execution of a product/service under control include: the availability of the information describing the characteristics of the product from the specifications in the technological chart and /or list of recipes for alimentary products ; the availability of the work instructions; rules for environment safety, correlated with the identified environment aspects; rules of work safety and health, correlated with the identified risks; the use of adequate equipment; the availability and the use of measuring and process monitoring devices; the implementation of monitoring and of production activities measuring and of those generating environment aspects and potential risks for the human factor, the pursuit of the works performance stage; the implementation of the delivery activities.

The current means of production include : machinery, equipment and work installations; transportation and manipulation equipments; inspection, measuring and testing equipment; utilities (water, electric energy, gas); means for assuring and protecting the surrounding environment; work safety equipments.

The final verification of the products/services is made by comparing the results to the client requirements and by recording the results in the technological file, which lead to acceptance or to rejection.

The special processes whose resulted exit data cannot be verified by subsequent measuring or monitoring or to which the deficiencies can interfere only in the subsequent functioning, are submitted to internal validation.

The special processes and the ones involving materials and /or technologies new or improved based on the experience accumulated by the technical personnel, are internally qualified.

The identification and the assurance of products and services traceability is performed by the registrations kept in the company archive (order/contract, model, technological file).

When from the contract come out also other explicit client requirements, concerning the identification and the traceability of products/services, instructions related to the method of performing such requirements are elaborated.

S.C. AGIP ROMANIA S.R.L assures the product compliance maintaining. This includes the products identification, manipulation, packing, storing and protection.

The manipulation which is performed within the stations refers to the manipulation of products in storage facilities and during the internal processing in order to avoid their deterioration.

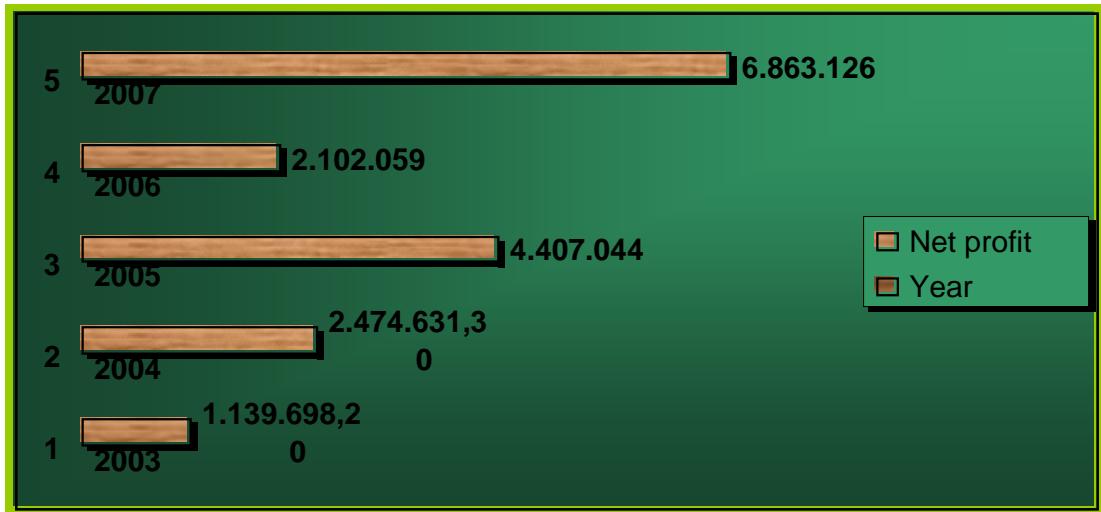
In order to maintain the quality characteristics, the materials supplied for production performance are stored in rooms arranged accordingly so that to provide the compliance with the environment requirements and with those regarding safety and health.

The used packing comply with the following requirements: contains the packed product in the desired quantity, protects the product against exterior actions, presents an attractive design for the sale, can be reused or valorized.

The idea of order is the one to conserve the level of works quality in conditions of complete workforce safety , of losses and wastefulness elimination in conditions of strict compliance with clients requirements.

The preservation is necessary both in storage premises and in the flow of production activities and is falls into the idea of order.

From the things presented herein, it comes out that the logistic activity at the level of Agip Romania organization is developed in optimal conditions, fact that represents a fortunate premise for the business success in general. And this success was not long in coming, the company recording a substantial net profit during the period 2003-2007 (see chart 2).



Graph. 2 The evolution of net profit within S.C. Agip Romania S.R.L.

Unfortunately the economic crisis seems to have affected this company also, in this sense an important question mark existing related to the fact that the organization did not communicate the situation of the profit for 2008. Nevertheless, the management of S.C. Agip Romania S.R.L. hopes that this crisis affects the organization as little as possible and it is aware of the fact that it must make sustained efforts during the years to come, including in the logistic activity.

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