



Outbound Logistics Initiatives of Food and Medicine Production during the Enhanced Community Quarantine

Allan F. Galvez

Jose Rizal University, Philippines

Received: 16/08/2021

Accepted: 09/09/2021

Published: 20/11/2021

Representative e-Mail: allan.galvez@jru.edu

ABSTRACT

Outbound logistics is the shipping out of finished products to customers from a warehouse or distribution center. It consists of the order fulfillment process including shipping, customer service and delivery of a product or Finished Goods. (Coyle J, 2018) Despite the imposition of the Enhanced community quarantine, social distancing and strict protocols, the government has reiterated that movement or transportation of goods should be unhampered. Vital businesses such as supermarkets and pharmacies were mandated to remain open to ensure residents continue to have access to essential products. This qualitative research conducted interviews to companies engage in food and medicine production to determine what initiatives or plan of actions they have implemented in their outbound logistics particularly in warehousing, order processing, transportation, customer service and manning requirements during this time of the pandemic. The outbound Logistics initiatives that were implemented to meet customer demands were shifting to limit number of personnel to comply with social distancing. The Distribution Center operation resort to priority list for deliveries due to decrease manpower, maximize online booking of orders, change from normal forwarders to express forwarders to meet customer's requirements. Finished Goods and containers / trucks were sanitized prior loading to the truck. Customer service representative are in work-from-home setup.

Keywords: Outbound Logistics; Enhanced Community Quarantine; Order Processing; Manning; Pandemic.

I. INTRODUCTION

Due to the sharp increase in the number of COVID cases throughout the country and Enhanced Community Quarantine (ECQ) and a stringent social distancing measures were imposed by the Government over the entire Luzon including the National Capital Region.

As part of the guideline "only those private establishments providing basic necessities and such activities related to food and medicine production, i.e., public markets, supermarkets, groceries, convenience stores, hospitals, medical clinics, pharmacies, drug stores, food preparation and delivery services, water refilling stations, manufacturing and processing plants of basic food products and medicines, banks, money transfer services, power, energy, water and telecom supplies and facilities shall be open. In all such open establishments, their respective managements shall ensure the adoption of a strict skeletal workforce to support operations, as well as all strict social distancing measures."

"Outbound logistics refer to the tasks and activities involved with moving the product to the end user. Such logistic duties usually apply to players that operate relatively downstream, which are usually the last party in the supply chain. The duties include the storage of manufactured inventory, the transportation of manufactured goods to the point of sale, and sometimes, the shipping and handling involved to get certain products to the end user", (Wisner, 2019)

"Outbound logistics is defined by the Council of Supply Chain Management Professionals as "the process related to the movement and storage of products from the end of the production line to the end user," and it plays a critical role in a supplier's overall customer relationship management process. Retailers hold their suppliers to very stringent product delivery standards. Failure by a supplier to provide reliable service to its retail customers can result in significant financial penalties and even the de-listing (i.e., the elimination) of a supplier's products from a retailer's active product portfolio. Thus, outbound logistics performance represents a major factor in a retailer's decision whether or not to stock a supplier's products, and therefore, also represents an important determinant of a supplier's supply chain and business success". (Hugos, 2018)

Following this directive by the government, establishments that are engage in Food and Medicine productions shall adopt to this directive and make adjustments on their outbound logistics operation without sacrificing or diminishing their commitment to their external customers of unhampered supplies.

“Outbound Logistics is the process of storing, transporting and distributing goods to customers”. (De du Doit, 2018)
This study will look into the initiatives of these establishments on their outbound logistics functions and practices during the Enhanced community quarantine.

II. LITERATURE REVIEW

According to Trade Secretary Ramon Lopez, “the production and distribution of food and essential items are prioritized during the quarantine period to ensure sufficient supply in the markets. Even under the Enhanced community quarantine food production, manufacturing will continue to make sure we have no shortage of food.” To effect or to ensure sufficient and efficient distribution of goods outbound logistics processes shall not be sacrifice while at the same time complying with Government regulations or directives during the enhanced community quarantine.

The objective of the study is to learn how businesses that were engage in food and medicine productions adjusted, coped and implemented strategies to meet customer requirements and to ensure normalcy during this period of enhanced community quarantine.

III. METHODOLOGY

Interviews were used to collect data from selected companies engaged in Food and Pharmaceutical production. The guide questions that were used focuses on the elements of outbound logistics functions. The manager and personnel in-charge of logistics were interviewed.

A structured interview was used because it strictly adhered to the use of an interview protocol to guide the researcher. It is a more rigid interview style, in that only the questions on the interview protocol are asked.

Data gathered through a structured interview is more objective and easier to analyze unlike the data gathered via an unstructured interview. This is because a structured interview requires the respondents to provide brief and relevant answers to the questions, unlike an unstructured interview.

Statement of the Problem:

1. What are the Out-bound logistics initiatives of companies engage in Food and Pharmaceutical production during the Enhanced Community Quarantine using the following parameters:
 - 1.1 Warehousing,
 - 1.2 Order processing,
 - 1.3 Transportation,
 - 1.4 Customer Service and
 - 1.5 manning requirements
2. What are the problems encountered related to outbound Logistics operation to conform to government health protocols?

IV. RESULTS AND DISCUSSION

Problem 1: What are the Out-bound logistics initiatives of companies engage in Food and Pharmaceutical production during the Enhanced Community Quarantine using the following parameters:

Outbound Logistics function	Initiatives	
1.1 Warehousing	Food Manufacturing <ul style="list-style-type: none"> Increased of Loading time due to manpower reduction Priority list for deliveries; Truckers allowed to pick-up stocks inside the Warehouse or Distribution Center. Distribution Center target as far as stock level was reduced to 81-85% from a pre-ECQ target of 93%. Thermal scanning and Hand washing provided for suppliers and truckers 	Medicine Production <ul style="list-style-type: none"> Cross-docking scheme Shifting to limit number of personnel Thermal scanning and Hand washing provided for suppliers and truckers

One of the initiatives implemented by the outbound logistics group of a food manufacturing company was to increase loading lead-time due to manpower reduction. Meeting customer requirements as to high order-fill-rate and to have an on-time deliveries form part of the key Performance Indicator (KPI) of the logistics group. Truckers were allowed to help pick stocks inside the warehouse to augment warehouse personnel. Stock level was also reduced. For a Pharmaceutical company, they maximized the use of cross-docking scheme or unloading and loading of materials from a manufacturer or a mode of transportation directly to the customer or another mode of transportation, with little or no storage in between. Shifting to limit number of personnel in the warehouse was implemented. Both Food and Medicine Manufacturer required the use of thermal scanner and hand washing facilities for their suppliers and trucking personnel.

Outbound Logistics function	Initiatives	
1.2 Order Processing	Food Manufacturing <ul style="list-style-type: none"> Earlier cut-offs to maintain pick up schedules. Work-from-home setup 	Medicine Production <ul style="list-style-type: none"> Bulk order booking so it would only be ones a week delivery instead of 2 cycles per week Work-from-home setup

Both industries implemented work-from-home setup in their order processing. Companies has relied in the use of current technology to process the order of their customers. To enable the food manufacturer to meet their delivery commitment and to operate on a limited number of personnel they coordinated that Purchase Orders (PO) from the customer be submitted earlier so the schedule of pick-up of truckers will likewise be made earlier. Those engage in Medicine production they resorted to bulk order booking so that order processing would be made one time instead of 2-cycles per week processing.

Outbound Logistics function	Initiatives	
1.3 Transportation	Food Manufacturing <ul style="list-style-type: none"> Only two (2) trucking personnel were required Truck personnel must present health clearance or certificate issued by accredited Hospitals. Finished goods and containers / trucks are sanitized first before loading. Secure DTI pass for delivery of basic goods. Palletized delivery 	Medicine Production <ul style="list-style-type: none"> Delivery Lead-time was adjusted before lockdown order today deliver the following day. Due to ECQ lead-time was extended to 2 – 3 days Truck personnel must present health clearance or certificate issued by accredited Hospitals. Container Van and trucks are sanitized first before loading

In both industries truck personnel must present health clearance or certificate issued by accredited hospitals. Transportation fleet used for deliveries such as container vans, trailers ten-wheeler trucks and smaller capacity trucks such as elf or forward trucks were sanitized prior to loading of orders.

In the Food manufacturing industry only two (2) personnel were required during deliveries this in compliance with government requirement.

Delivery Lead-time standards was adjusted in order to mitigate the pandemic related disruptions. Delivery lead-time is one of the top key Performance Indicator (KPI) in outbound logistics operation whether you belong in the food manufacturing Industry or in medicine production. Several advantages of online boking were the following: You can effortlessly up-sell add-ons, easier to manage calendar and likewise maximize reservations.

Outbound Logistics function	Initiatives	
1.4 Customer Service	Food Manufacturing <ul style="list-style-type: none"> Work-from-home setup Maximize online booking of orders 	Medicine Production <ul style="list-style-type: none"> Work-from-home setup Maximize online booking of orders. Special delivery of sub-distributors

Home working opens up a new range of possibilities for the way businesses can work and structure themselves. With the outbreak of the coronavirus (COVID-19) pandemic, home working has given some employers the flexibility they need to continue their business operations while prioritizing staff and customer health and wellbeing as part of their public health responsibility.

The online booking landscape has drastically evolved during the pandemic and these has provided a new avenue to all other industries to sell and market their product.

Outbound Logistics function	Initiatives	
1.5 Manning Requirements	Food Manufacturing <ul style="list-style-type: none"> Resort to skeletal work-force 	Medicine Production <ul style="list-style-type: none"> Shifting to limit number of personnel to comply with social distancing

Due to the pandemic the Government gave the directive that private establishments that provided basic necessities and such activities related to food and medicine productions, operating on a strict skeletal workforce to support operations under strict social distancing measures and/or Flexible Work arrangements. Temporary accommodations or transportation arrangements were provided to workers directly involve in logistics work.

Problem 2: What are the problems encountered related to outbound Logistics operation to conform to government health protocols?

Both Food and Medicine Manufacturer has to adjust with regards to their outbound logistics function of transportation or deliveries to different local government unit (LGU) or municipal ordinances. More often, ordinances differ across LGU, thus sometimes this causes delays in the deliveries.

The difficulties for companies engage in Roll-On, Roll-off (RORO) deliveries were trucking crew from original port of shipments should be replaced by other trucking crew from destination when they deliver to consignee. To comply with these requirements companies, engage in Food and Medicine production has contracted third party logistics (3PL) from destination to deliver their products.

V. CONCLUSION

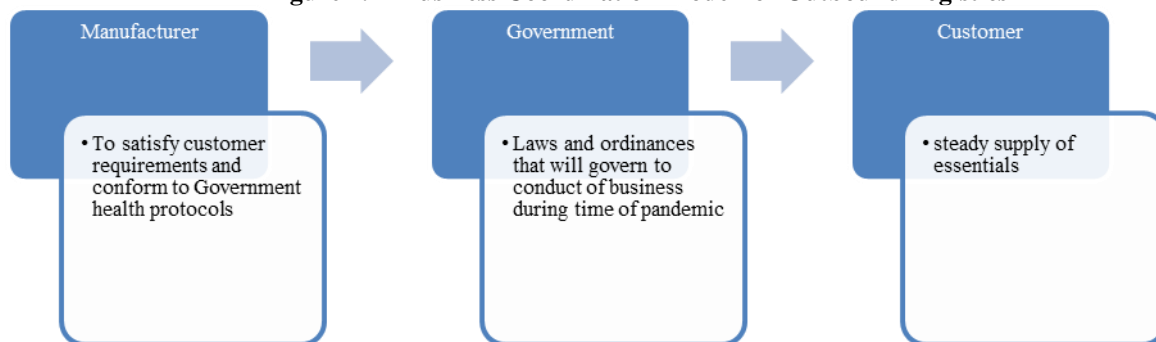
5.1 Conclusion

The following outbound logistics initiatives were implemented by Food manufacturing and Medicine or Pharmaceutical companies:

1. Increased loading time of orders due to manpower reduction; Cross-docking scheme; shifting to limit number of personnel in the warehouse; truckers allowed to pick-up stocks inside the warehouse but under supervision by the checker and implement monitoring; and Thermal scanning and Hand washing provided for suppliers and truckers.
2. Bulk order booking so it would only be ones a week delivery instead of 2 cycles per week; earlier cut-offs to maintain pick up schedules and work-from-home scheme for personnel who process orders.

3. Delivery lead-time standards were adjusted; strict adherence to two personnel per truck during deliveries, the use of palletized delivery and trucks and container vans were sanitized properly before loading.
4. Maximize online booking of orders;
5. Shifting to limit number of personnel to comply with social distancing or use skeletal workforce in the warehouse.

Figure 2. A Business Coordination Model for Outbound Logistics



The Government imposed ordinances and regulations during pandemic but at the same time they are task to make sure essentials or basic necessities are present for the consumers. Manufacturers have to adjust their operations to comply with health protocol standards and at the same assuring the public that food and medicine will be made available.

5.2 Recommendation

A synchronize or uniform local government unit ordinances during pandemic in order to avoid delays due to non-compliance of trucking personnel basically unaware that different ordinances exist on other local government units where they will make the delivery. Likewise, a directive or a circular should be published so that companies engaged in manufacturing essential or basic survival goods be aware of prior to deliveries to the area. A coordination meeting shall be held among transport provider of manufacturer of essential goods and local government units to draw-up how to fast track deliveries without compromising health protocols.

REFERENCES

- Wisner (2019) "Principles of Supply Chain Management: A Balanced Approach 8th Edition. Australia: Cengage
- D. du Toit, (2016) Supply Chain Management: A framework of Understanding, Department of Industrial Engineering.
- Hugos M. (2018) "Essentials of Supply Chain Management 4th Edition".Hoboken, New Jersey. Wiley
- Coyle J. (2018) "Supply Chain Management: A logistics perspective 10th Edition. Australia, Cengage
- Johnson (2015) "Purchasing and Supply Management 15th Edition. New York. McGraw hill Education.