

**CAREER
PATHS**

Logistics

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Express Publishing

Table of Contents

Book

1

Unit 1 – Logistics	4
Unit 2 – Logistics Jobs 1	6
Unit 3 – Logistics Jobs 2	8
Unit 4 – Employment Opportunities	10
Unit 5 – Basic Math	12
Unit 6 – Measurements	14
Unit 7 – Safety Issues	16
Unit 8 – Customer Service	18
Unit 9 – Supply Chain	20
Unit 10 – Supplier Planning	22
Unit 11 – Types of Inventory	24
Unit 12 – Inventory Costs	26
Unit 13 – Third-Party Logistics	28
Unit 14 – Inbound Logistics	30
Unit 15 – Outbound Logistics	32
Glossary	34

Book

2

Unit 1 – Procurement Logistics	4
Unit 2 – Production Logistics	6
Unit 3 – Distribution Logistics	8
Unit 4 – Disposal Logistics	10
Unit 5 – Food Logistics	12
Unit 6 – Reverse Logistics	14
Unit 7 – Emergency Logistics	16
Unit 8 – Ordering and Scheduling	18
Unit 9 – Planning Information	20
Unit 10 – Material Handling Systems	22
Unit 11 – Material Handling Equipment	24
Unit 12 – Material Transport Units	26
Unit 13 – Storage Areas	28
Unit 14 – Storage Analysis	30
Unit 15 – Storage Equipment	32
Glossary	34

Book

3

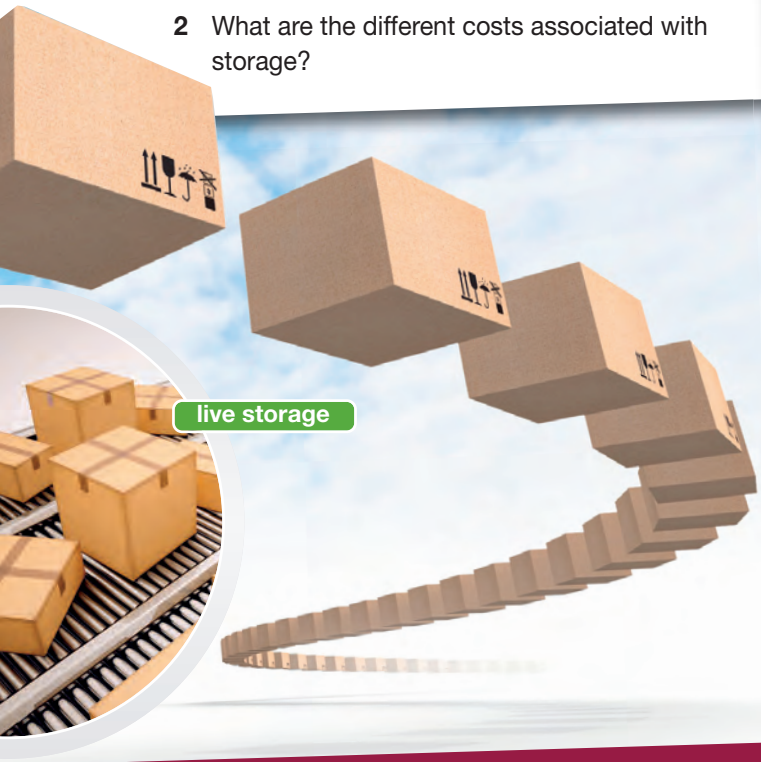
Unit 1 – Information Systems	4
Unit 2 – Warehouse Management Systems	6
Unit 3 – Distribution Centers	8
Unit 4 – The Loading Dock	10
Unit 5 – Customs	12
Unit 6 – Cargo Insurance	14
Unit 7 – Shipping Documents	16
Unit 8 – Transportation Load Planning	18
Unit 9 – Air Freight Transportation	20
Unit 10 – Rail Freight Transportation	22
Unit 11 – Motor Freight Transportation	24
Unit 12 – Ocean Freight Transportation	26
Unit 13 – Logistics Problems	28
Unit 14 – Security	30
Unit 15 – Sustainability	32
Glossary	34

14 Storage Analysis

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What are the four classes of storage and handling?
- 2 What are the different costs associated with storage?



Storage Analysis

Storage equipment is used to hold and handle materials between operations. There are four handling methods. Each requires different equipment:

- **Simple storage** allows easy access for put-away, picking, and retrieval. Yet, it requires more space per unit. This is due to larger aisle **allowances** and less vertical space. Simple storage uses bin shelving and pallet racking.
- **Complex staging** is good for temporary **accumulation**, presentation, or picking. It is good for low-flow materials with large inventories. Sometimes, it is mechanized for speed. Complex staging often uses shuttle systems.
- **High-density storage** minimizes space by using more vertical space. However, it is slower and costlier than other methods. Bulk floor stacking is an example of high-density storage.
- **Live storage** uses conveyor belts and live rollers. Its purpose is to allow easier accumulation.

All storage methods require **handling costs**. **Holding costs** and **occupancy costs**, including **housekeeping**, may also be incurred. Logisticians also need to consider **intangibles**. These include needs for **expandability** and **versatility**.

Reading

2 Read the textbook excerpt. Then, choose the correct answers.

- 1 What is the purpose of the excerpt?
A to list examples of mechanical equipment
B to explain how to minimize space during storage
C to describe handling methods and their costs
D to contrast simple storage with complex staging
- 2 Which of the following is NOT a storage cost?
A handling C occupancy
B holding D accumulation
- 3 Why do logisticians sometimes use live storage?
A to permit easier accumulation of materials
B to include versatility and expandability
C to use more vertical space during storage
D to allow for larger aisle allowances

Vocabulary

3 Match the words or phrases (1-7) with the definitions (A-G).

- | | |
|----------------------------|----------------------|
| 1 ___ live storage | 5 ___ holding cost |
| 2 ___ simple storage | 6 ___ handling cost |
| 3 ___ complex staging | 7 ___ occupancy cost |
| 4 ___ high-density storage | |
-
- | |
|--|
| A a system that allows easy access for putting away items, picking, or retrieval |
| B the price that is paid to put an item in storage and to retrieve it |
| C the cost of using a space |
| D a system that is designed to reduce space per storage position |
| E the price that is paid to keep a stock of goods in storage |
| F the process of storing items on a conveyor belt or live rollers |
| G a mechanical system for short-term accumulation, presentation, and picking |

- 4 Fill in the blanks with the correct words or phrases from the word bank.

Word BANK

intangibles allowances versatility
accumulation housekeeping expandability

- A good storage method should include both adaptability and _____.
 - Unlike simple storage, complex staging allows for temporary _____.
 - The storage analysis guide considers costs and _____, such as safety.
 - High-density storage lowers aisle _____.
 - _____ allows for an increase in inventory.
 - Cleanliness and organization are key aspects of _____.
- 5 Listen and read the textbook excerpt again. Which handling system incurs higher costs?

Listening

- 6 Listen to a conversation between a professor and a student. Mark the following statements as true (T) or false (F).
- ___ The man explains the meaning of a handling cost.
 - ___ Occupancy costs include taxes, insurance, and housekeeping.
 - ___ Versatility and expandability are intangibles.

- 7 Listen again and complete the conversation.

Student: The first storage cost is a 1 _____.
This is the price of putting an item in storage, then retrieving it at a later date.

Professor: Right. What else?

Student: There's a 2 _____. This is the cost of maintaining inventory. That basically means that the items will remain in storage until they are needed.

Professor: Right. And what else?

Student: I can't remember the last one.

Professor: No problem. It's an 3 _____.

Student: Right! That includes taxes, insurance, and 4 _____.

Professor: Yes, but a logistician must always consider 5 _____. Such as ...?

Student: Such as the needs for 6 _____, both of which depend on space allowances.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

This is the price of ...
That basically means that ...
Such as the needs for ...

Student A: You are a professor. Talk to Student B about:

- storage costs
- how to describe each cost
- intangibles

Student B: You are a student. Talk to Student A about storage costs and intangibles.

Writing

- 9 Use the conversation in Task 8 to complete the chart.



Storage Costs

Handling Costs: _____

Holding Costs: _____

Occupancy Costs: _____