

Section I

GENERAL PROVISIONS ON THE ORGANIZATION OF CARRIAGE OF GOODS

Topic 1. Fundamentals of cargo and commercial work

1. *General information on the transportation process*
2. *Transport logistics*
3. *Cargo and commercial operations*
4. *Management of Transport Logistics*
5. Organization structure of cargo company

1. *General information on the transportation process*

The process of transport of goods associated with the cargo shipment from the manufacturer or producer to a market, customer or final point of distribution.

Carriage of goods necessitates the continuation, free circulation and completion of the production process in industry and agriculture, after which products are ready for consumption.

In most cases, inland carriage as well as international transportation of goods involves several modes even for a single shipment: **surface transport**, such as railway transport, road freight transport and pipeline transport, maritime and air transport.

When sending a transport company to deliver products to the consumer an important legal act occurs - products converted into cargo.

Freight (*cargo, goods*) - an object (including products , items, minerals, materials, raw materials, merchandise or wares), accepted in the prescribed manner for carriage onboard an aircraft, ship, train, truck or container and for which an air waybill, or bill of lading, or other receipt is issued by the carrier.

A *consignor (shipper/sender)* – an individual or legal entity indicated in the conveyance document, who performs the contract of carriage on its own behalf or on behalf of the owner of the cargo, baggage or cargo-luggage. The cargo shall be delivered to the consignee point of destination.

A *consignee* (recipient/*receiver*) - an individual or legal entity, authorized to receive the freight, baggage or cargo-luggage.

A *carrier* - a legal entity or individual entrepreneur, registered in one or several countries, who commits to transport passengers, luggage or freight from the Shipping point to the place of destination, as well as to deliver the goods, luggage or freight to consignee under the contract in accordance with the national and (or) international legislation in force.

Dangerous goods are those which, by virtue of their inherent properties, can under certain conditions during transport, shunting, handling and storage, cause explosions, fires and chemical or other kind of contamination or damage to the technical facilities, devices, equipment and other objects of transport and third parties, as well as endanger the life or health of people and the environment.

Freight Forwarder (for international carriage mostly) – a party entered into a contract of **forwarding** to arrange storage, shipping of freight on behalf of shippers so as providing other services related to transportation. **Freight Forwarder** is familiar with the import and export rules, **customs clearance and formalities**, regulations and documents related to foreign trade, the methods of shipping etc.

It usually provides a full range of services including: tracking inland transportation, preparation of shipping and export documents, warehousing, booking cargo space, negotiating freight charges, freight consolidation, cargo insurance, and filing of insurance claims. Freight forwarders usually ship under their own bills of lading or air waybills (called house bill of lading or house air waybill) and their agents or associates at the destination (overseas freight forwarders) provide document delivery, deconsolidation, and freight collection services.

[<http://www.businessdictionary.com/definition/freight-forwarder.html#examples>].

Transportation process – a set of organizational and technologically interrelated operations performed in the preparation, implementation and completion of the transport of passengers, cargo, baggage and cargo. Transportation process is carried out with the participation of one or more objects of transport infrastructures.

Transportation process associated with the performance of recurring operations: acceptance of goods for the dispatch, Packing, Labelling, Pick up & delivery, handling, **freighters** supply for loading, exercises associated with the cleaning of vehicles, the formation of trains, trucks, containers and their preparation for departure, traffic to the destination station, **transshipment**, , unloading and delivery of goods to the consignee etc.

Transportation process is accompanied by the activities of sending, receiving and processing information about these operations. For multimodal transport **transshipment** from one mode of transport to another is made.

All operations of the transportation process must be carried out with the most efficient method of using the best vehicles with the lowest cost. In modern conditions it is possible, while ensuring traffic control unity from top to bottom and through the use of network technologies, excluding the loss of time and money.

Transport infrastructure - all the industries and transport companies performing the transportation and ensuring its implementation and maintenance.

2. Transport logistics

The most efficient transportation process is carried out by creating integrated transport and technological systems based on transport logistics. In the APICS dictionary, logistics is has definitions in the industrial and military sense and is defined as:

- In an industrial context – the art and science of obtaining, producing, and distributing material and product in the proper place and in proper quantities;
- In a military sense (where it has greater usage), its meaning can also include the movement of personnel [http://www.apics.org/sites/apics-supply-chain-council/research-and-publications/publications/apics-dictionary].

Council of Logistics Management (1991) [Council of Logistics Management (1991) **Definition of Logistics.** <http://www.cscmp.org/>] defined that logistics is ‘*part of the supply chain process 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'.

Johnson and Wood's definition (cited in Tilanus, 1997 [Tilanus, B. (1997) **Information Systems in Logistics and Transportation**. Elsevier Science Ltd., UK.]) uses 'five important key terms', which are logistics, inbound logistics, materials management, physical distribution, and supply-chain management.

Logistics describes the entire process of materials and products moving into, through, and out of firm. Inbound logistics covers the movement of material received from suppliers. Materials management describes the movement of materials and components within a firm. Physical distribution refers to the movement of goods outward from the end of the assembly line to the customer. Finally, supply-chain management is somewhat larger than logistics, and it links logistics more directly with the user's total communications network and with the firm's engineering staff. (Tilanus, 1997). Simply to say, 'logistics is customer-oriented operation management'[Proceedings of the Eastern Asia Society for Transportation Studies, Vol. 5, pp. 1657 - 1672, 2005].

Summing up the above-stated information, we will give definition of logistics:

Logistics – is the theory and practice of material and information management in the process of goods movement and planning of material demand of the consumer.

Delivery of products from the producer to the consumer "just in time" at the lowest cost of freight and material resources is the basis of transport logistics. The classical scheme of transport logistics unites three parties: the supplier (consignor) - carrier (mode of transportation) - consumer (consignee).

3. Cargo and commercial operations

In the course of the organization of transportation of goods cargo operations and commercial transactions are carried out.

Cargo operation — cargo loading from warehouses into vehicles and unloading from them to warehouses, freight handling from one transport mode on another so as movement of freights in warehouses for availability or weight checking, etc.

Commercial transaction includes drawing up, handling of carriage and transfer documents, registration of accounting and reporting documentation, collection of all payment types and charges for transportation of goods with participation of different types of transport. Besides, preparation of vehicles for transportation of various freights, their survey regarding readiness and the admission for transportation (creation of the surveyor act) belongs to commercial transactions; forwarding servicing for consignors and consignees, contractual claim management; creation of tariff managements.

Weighing of freights, sealing of cars and containers, creation and ensuring safety of documentation connected with cargo loading, etc. are also commercial transactions.

Effective transport support is instrumental to the success of any event. Companies engaged in transportation should have an experience in the provision of transport services for different aims, not only cargo transportation is demand, but also for such events as: major forums, congresses, and sporting events. Professionalism and high efficiency of transport support specialists enable companies engaged in transportation to deliver excellence at top-level events of any complexity and scope.

Such activities include:

- Establishment of the transport network of an event: points of arrival of participants, hotels for participants, venues of the main event, cultural program venues;
- Maximized efficiency of routes based on information about road construction and congestion;
- Evaluation of the traffic environment on routes and immediate optimization;
- Planning of transport operation at the event: number, capacity, traffic regime;
- Scheduling of transport operation on routes.

Companies engaged in management of Transport Logistics on Routes have to develop their proprietary software solution enabling professional and easy accreditation of all vehicles involved in an event, security checks, as well as issuance of passes of various categories and clearance levels.

- Development of traffic plans;

- Approvals of special routes/traffic modes by municipal authorities, the State Traffic Safety Inspectorate, Directorate of Traffic Organization etc.;
- Development of operational navigation systems: stationary for marking assembly points for guests, stops, etc. and mobile for marking vehicles involved in events;
- Organization of vehicle escort by road police;
- Development of parking schemes at venues and interaction with the State Traffic Safety Inspectorate to approve the layout of parking lots;
- Training and management of a team of supervisors of the transport block of an event, coordination of volunteers;
- Branding of vehicles at an event.

A special software solution developed by the companies' specialists makes it possible to effectively manage car fleets in real time: monitor the current vehicle status (interface similar to airport boards showing flight statuses), assign drivers based on individual information and passengers' requirements, and dispatch vehicles, including printing trip tickets.

Traffic Control and Transport Management deal with:

- Establishment of a traffic control service to manage all vehicles involved — real time monitoring of utilization and availability;
- Making reports for all trips;
- Provision of vehicles for every guest in accordance with regulations and provision concerning the status of participants;
- Call centers accepting and processing transport requests from all participants in events.

Work with Sponsors' Fleets is also highly demanded. The transport division of companies engaged in management of transport logistics must be ready to organize a temporary car fleet to effectively service vehicles and ensure:

- Acceptance / transfer of vehicles under handover acts;
- Delivery of vehicles by car transporters;
- Organization of parking / garages for vehicles;

- Organization of 24/7 mechanical service;
- Pre-trip driver checks;
- Regular vehicle wash;
- Fueling of vehicles;
- Production, placing and removal of logos on vehicles.

Selection of Drivers

The drivers assigned by the companies in transport logistics to work at events are to be top professionals who have experience of working with chief executives and VIP guests within the framework of major national and international projects. Drivers are to be fluent in English and other European languages and can be able to effectively communicate at respective events.

Drivers' services are supplied based on civil law contracts. Remuneration schemes include payments of the income tax and mandatory insurance premiums in accordance with the applicable legislation of the State. Each driver engaged in projects should pass mandatory daily pre-trip inspection conducted by competent certified medics.

Rental of Cars and Vans. The companies engaged in management of transport logistics should own a fleet of business and executive class vehicles and vans, assignment of experienced qualified drivers who have taken proficiency training courses; replacement of vehicles in case of technical failures and emergencies.

4. Management of Transport Logistics

According to Wikipedia, transportation is defined as the movement of people, animals and goods from one location to another. Modes of transport include air, rail, road, water, cable, pipeline and space. The field can be divided into infrastructure, vehicles and operations. Transport is important since it enables trade between people, which in turn establishes civilizations. I find it an interesting point that transportation is an enabler of civilization, but this makes sense, as it enables the ability to trade and communicate. According to the APICS dictionary, logistics is defined as 1) In an industrial context, the art and science of obtaining, producing, and distributing material

and product in the proper place and in proper quantities. 2) In a military sense (where it has greater usage), its meaning can also include the movement of personnel. The Council of Supply Chain Management Professionals (CSCMP) defines logistics as the process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. This definition includes inbound, outbound, internal, and external movements.

If you have read the above academic definitions, you will see that that after Asking "What is Transportation and Logistics Management" it seems rather easy to see the difference between the two. Transportation is the driver of logistics, but logistics is the race car driver in the seat of transportation. In fact, it's easy to see from that sentence alone, the pure difference. Logistics requires planning, transportation is just the mode to execute the planning, when getting freight from point A to point B. Clearly, they are not the same thing, but transportation is just simply a part of logistics. When it comes to logistics, logistics executives must make further decisions beyond the mode of transportation to include:

- Packaging
- Containerization
- Documentation
- Insurance
- Storage
- Importing and Exporting Regulations
- Freight Damage Claims
- Working & collaborating with other executives within the supply chain
- Managing vendors and partners
- Responsible for mitigating risk and mitigating expenditures

This is another reason it is vital within the logistics departments of both small and large businesses, that executives don't see software, such as transportation management system software, as the end all be all of logistics management. TMS software is helpful,

but as you can see, beyond transportation procurement and management via software, there are many things a logistics executive faces. Often, outsourcing logistics to an expert provider, who can not only offer software, such as a transportation management system, but also integrated services to deal with accounting, claims, and building custom inbound freight programs will allow logistics executives to have more meaningful collaborations with others in the supply chain and company at large. Rather than focusing on all of the details and complexity of both transportation and logistics management, it allows the logistics executive to really focus on results and strategy for further optimization, as opposed to tactics. When you can focus on results, and have a trusted partner help you, often both hard and soft costs savings are realized at a much more efficient and quicker pace. What are your thoughts on the importance of transportation and logistics management?

Logistics management activities typically include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply/demand planning and management of third party logistics services providers. To varying degrees, the logistics function also includes sourcing and procurement, production planning and scheduling, packaging and assembly, and customer service. It is involved in all levels of planning and execution - strategic, operational, and tactical. Logistics management is an integrating function which coordinates and optimizes all logistics activities with other functions in supply chain and logistics management, including marketing, sales, manufacturing, finance, and information technology. Do you think this is defined appropriately?

In our globalized world with the ever increasing product and services cycle times, companies need to adopt to market requirements quickly. Creating intelligent products enabled by Internet of Things allows creating new business models at the same time - a complex offering that requires to be orchestrated accordingly - across the overall supply chain. With that respect, companies need to treat product innovation and product development as an integral element of the supply chain. Not only current products need to be in the Supply Chain Management equation, but also the future products and

offerings. Product Innovation and Product Development requires collaboration with suppliers, check for manufacturability - and managing iterations of current products and components in the ever changing product definition, so they can achieve Change Control Excellence. With that in mind, it can be said that Product Lifecycle Management must be seen and treated as part of Supply Chain Management.

5. Organization structure of cargo company

In general, organization structure in Cargo companies is as follows.

General Directorate

Being used centrally, general directorate consists of the following sections.

Cargo Operations

It enables company's all units to carry out productive studies, follows up the activities of the company within the scope of Cargo operation, monitors and directs the studies of all the units in its field.

Sales and Marketing

It is responsible for fulfillment of all sales, marketing and customer relations activities in accordance with the Quality Management System, carried out within the scope of Sales & Marketing Procedures; and for coordination of such activities.

Financial Affairs

It ensures accounting and financing processes to be conducted orderly in accordance with the related laws and legislation, and conducts all financial processes.

Administrative Affairs

It ensures administrative works to be conducted orderly in accordance with the procedures and instructions.

Data Systems

It follows national and international developments, the best practices in the IT sector and Logistics sector, threats and opportunities emerging in or out of the organization; orients them according to the requirements of the work; presents them to the company's management and enables them to be applied.

Human Resources, Training

It is responsible for application of all human resources functions in some subject such as employment process, performance and career management, pricing and social rights, and training.

Quality Assurance and Internal Audit

It coordinates the activities intended for establishing, developing and sustaining Quality Management System, in the name of the top management.

Regional Directorates and Affiliated Units

In the structure of a general cargo company, there are also regional directorates affiliated to general directorate. As for the organization structure in regional directorates contain the following constituents.

- a. Sales and Marketing
- b. Financial Affairs
- c. Human Resources, Training
- d. Cargo Operations
- e. Administrative Affairs
- f. Branch Managers