

ENTREPRENEURIAL LOGISTICS

VOLUME 1

FUNDAMENTAL CONCEPT

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Sapto J. Poerwowidagdo
Anton Adibroto

ENTREPRENEURIAL LOGISTICS

VOLUME 1

FUNDAMENTAL CONCEPT

**Sapto J. Poerwowidagdo
Anton Adibroto**

1st proof

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Universiti Malaysia Kelantan
Taman Bendahara,
16100 pengkalan Chepa, Kelantan.
tel: 09-771 7181 Faks: 09-771 7182

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It has been a pleasure to me to write a few words to commemorate the publication of two volumes of book entitled Entrepreneurial Logistics. Certainly the publication of the book signifies our commitment to contribute to the building of new knowledge particularly in the new area of entrepreneurial logistics. I think the publication will be able to disseminate the knowledge to students and the general public towards the importance of logistical aspects in the entire value chain of any particular industry.

Logistics as an industry is currently growing at a very rapid pace. In cognizance logistics been identified as one of the national key economic area (NKEA) coupled with the rapid development of the industry, University Malaysia Kelantan thru the Faculty of Entrepreneurship and Business is taking a proactive effort to introduce a new program of study at the undergraduate level i.e. Bachelor of Entrepreneurship (Logistics and Distributive Trades) with honors. The new program will commence its first intake in September 2011. One of the thrust of the program is for students to learn Entrepreneurial Logistics where the books can used as texts or references.

I would like to take this opportunity to congratulate both of the editors for their relentless effort to compile and making the publication a success. I sincerely hope more and more publications of this nature will spur out the faculty as references to the subject matter are very much limited. Entrepreneurial logistics is a new concept, thus the contents of the publication will be able to raise public awareness about the ampleness and exciting opportunity this particular industry can offer.

Sincerely, I hope everyone will get the utmost benefit after reading the books.

Mohamed Dahlan Ibrahim, Ph.D
Faculty of Entrepreneurship and Business
Universiti Malaysia Kelantan
22 June 2011

There is a new program in the Faculty of Entrepreneurship and Business University Malaysia Kelantan in 2011, i.e. Entrepreneurial Logistics or Keusahawanan Logistik. One of the subjects in this program is Seminar in Entrepreneurial Logistics. There are some references in either Entrepreneurship or Logistics area, but it seem there is none in the Entrepreneurial Logistics, yet. The book is trying to expose and elaborate this new terminology. It divide into two volumes: Volume One, is more in introducing the new concept, with some exercises, games, short & mini case studies, and other simple practical matters, Volume Two is more in depth in elaborating the new concept in practice.

Both volumes are done of the collaboration between my self, Prof. Dr. Sapto J. Poerwowidagdo, MSc. and Assoc. Prof. Dr. Ir. Anton Adibroto. We are both lecturers in the Faculty of Entrepreneurship and Business, as visiting professors during the time of 2009-2011, we were indebted to contribute something to the institution.

The book is recommended for both the undergraduate and graduate program of the Entrepreneurial Logistics. Volume One is for the undergraduate program, and Volume Two might be better for graduate program.

Volume One consists of two parts and seven chapters. Part I, which is the Foundation, starts with introducing the basic concept of entrepreneurial logistics in chapter 1, followed by distinguishing the concepts of entrepreneurship and intrapreneurship in brief in chapter 2, Chapter 3 describe some dimensions of logistics. Part II is the Enabling Concept, starts with chapter 4, is discussing the entrepreneurial process in Timmons' model, followed with the three driving forces in the entrepreneurial process, and chapter 6 discussing the supporting factors of the driving forces, while chapter 7 is

describing the initial core business of this book, the entrepreneurial logistics. The application of the entrepreneurial logistics will be discussed more in volume Two.

Volume Two consist of three parts and seven chapters. Part III, is about the entrepreneurial logistics in practice starts with chapter 8, is describing the new product development, followed by the equipment procurement discussion in chapter 9. Part IV is about the entrepreneurial strategic sourcing, starts with global entrepreneurial logistics perspective in chapter 10, followed by entrepreneurial logistics negotiation in chapter 11, and the global supplier development. Part V is about world class entrepreneurial logistics. Chapter 13 is toward world class entrepreneurial logistics while chapter 14 is describing the implementation of world class entrepreneurial logistics.

In the two volumes, five parts, and seven chapters of this book both editors try to introduce and initiate the entrepreneurial logistics concept, hopefully it will meet the expectation in the objective of the writing of this book.

On completion of the edition, the editors would like to express special and sincere thanks to the Vice Chancellor of the Universiti Malaysia Kelantan (UMK), the Dean of Faculty of Entrepreneurship & Business of UMK for giving moral and material supports.

May God Bless Us All

Prof. Dr. Sapto J. Poerwowidagdo, Mse
Assoc. Prof. Dr. Ir. Anton Adibroto

PART 1 THE FOUNDATION

Chapter 1

INTRODUCTION TO ENTREPRENEURIAL LOGISTICS

Learning objective

- To understand the ontological, epistemological, and axiological aspects of the entrepreneurial logistics
- To differentiate the meanings of entrepreneurial logistics and logistics entrepreneurship
- To define the driving forces and the supporting forces of the Timmons's entrepreneurial process model
- To understand and be able to make a very simple business plan to initiate a simple business project

To find out the essence of something such as a concept, we need to elaborate the ontologic, epistemologic, and axiologic aspects of the concept, to make it scientifically accepted. The ontologic aspect will expose anything about this concept, and anything related to it. The axiologic aspect try to explore what are the importance of this concept in other things. And, the epistemologic aspect shows how the concept is doing, the process of its existence, and how it will apply to anything else related to this concept.

What is entrepreneurial logistics (and logistics entrepreneurship)?

The ontologic approach try to discuss what entrepreneurial logistics is, and anything that related to this concept. This term consist of two in one concept, the entrepreneurship and its derivative concepts, such as entrepreneurial, entrepreneurs, etc., and logistics/supplychain and its derivative concepts such as logistician, etc. Venn

diagram visualizes the intersection of the two concepts, as shown in figure 1.

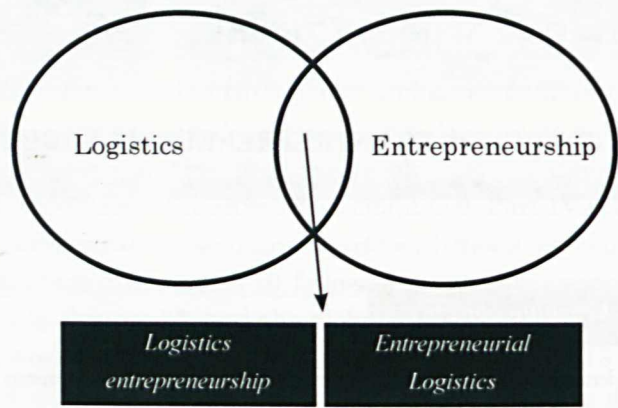


Figure 1 Venn diagram of the entrepreneurial logistics

The two-in-one concept can be called either **logipreneurship** (**logistics entrepreneurship**) or **entrepregistics** (**entrepreneurial logistics**). Both twin concepts are like two sides of a coin, and eventhough a two-in-one concept, they might have close but different meanings.

The chosen name of the intersection is depended upon the bigger thrust of the subject upon the other. If entrepreneurship is more stressed in the terminology, so it should be called 'logistics entrepreneurship' or '**logipreneurship**', but, if the logistics is considered more important, so it should be called 'entrepreneurial logistics' or '**entrepregistics**'.

We can differentiate the two 'new' terms with some interpretation, that is:

Entrepreneurial Logistics - Doing logistics (logistician) business with entrepreneurial perspective, process and strategy.

Logistics Entrepreneurship - (Entrepreneur) exercising entrepreneurship using logistics pattern, model, and strategy in the business.

We can compare this with another two-in-one words, mathematical magic and magical mathematic. The first word is magic that manipulate mathematical pattern, model, or formula. The second word is mathematic that uses magical touch or inspiration.

What entrepreneurial logistics (and logistics entrepreneurship) for?

With the two terms in one concept, we have to decide which term we are going to use, entrepreneurial logistics or logistics entrepreneurship. From the definition of each term, we can elaborate the use of each in any application. In the ententrepreneurial logistics, it is assumes that the logistics or supply chain concept is already comprehended (fully), and in doing the logistics operations or businesses, the entrepreneurial process is used. On the other hand, the logistice entrepreneurship assumes that the entrepreneurship concept is comprehended, and it is applied in the logistics businesses and operations. It is rather confusing, but please have in mind that it is a two-in-one concept.

Entrepreneurial logistics is used for the logisticians and anyone who is doing logistics business, by applying the entrepreneurial processes in their works. Though the logistics operations is considering efficiency and effectiveness, by using entrepreneurial processes, the *optimal results of the operations* is the ultimate objective.

Logistics entrepreneurship is used for the entrepreneurs and anyone want to be entrepreneur, in joining or starting their new orientation of their business, in the logistics operations. All of the characteristics of entrepreneurs should be used in managing the operations of the 'new' business, i.e. logistics operations. The *added value of entrepreneurship* is the ultimate objective.

The next chapters will discuss more on the importance of entrepreneurship and logistics & supply chain, and the intersection and the interconnection of the two concept, as well.