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### Logistics Clusters Drive Value and Growth

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**Professor Yossi Sheffi, director of the MIT Center for Transportation and Logistics, describes the development of logistics clusters and their considerable economic advantages, which include the creation of steady, well paying jobs for both blue- and white-collar workers.**

Logistics clusters typically develop around transportation hubs, such as air or ocean ports, or areas with easy access to highways, railroads and rivers, says Yossi Sheffi, director of the MIT Center for Transportation and Logistics and author of the book, *Logistics Clusters: Delivering Value and Driving Growth*.

As with large industrial clusters, such as the high-tech cluster in Silicon Valley or the entertainment cluster in Hollywood, logistics clusters exhibit a positive feedback loop, meaning that the bigger they become, the more they grow, Sheffi says. "With logistics clusters, the more freight that flows into them, the more efficient the transportation moving in and out becomes, because it is possible to use larger conveyances with higher utilization. This drives costs down, and, at the same time, service improves since there is a higher frequency of moves and it is easier to ship direct to more locations." These advantages attract more and "the cycle just continues," he says.

Logistics clusters also are dynamic job creators, Sheffi notes. "This is one of the main messages of my book because most development agencies around the world are interested in bringing in sexy jobs like information technology or bio-technology. But engineers in these fields don't suffer from unemployment. Real unemployment is among middle-class managers and blue-collar workers and logistics provides jobs for every sector of the population. There are jobs for warehouse workers and truck drivers, but logistics also is one of the deepest users of information technology and it requires very sophisticated financial services."

This is only half the picture, however, since logistics clusters also attract manufacturing operations to assemble and customize products for retail and to repair and refurbish returns, Sheffi says. "There are many examples of logistics cluster that grew to become a manufacturing center as well, and all of these layers create employment and jobs," he says.

Logistics companies, transportation carriers, manufacturing companies, distributors and retailers and real-estate developers all should work together to support the creation and growth of logistics clusters, Sheffi says. The government can help by investing to upgrade crumbling transportation infrastructure and by facilitating trade. "In some ways, government should get out of the way," he says. "Our industry is so dynamic, it will take care of actually building the clusters."

To view video in its entirety, [click here](#)

Keywords: global logistics, logistics management, supply chain jobs, warehouse management, logistics & supply chain, logistics services, supply chain services, supply chain management scm

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