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## 2012-11-01

in Practice, Theory

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# Logistics clusters (guest post by Yossi Sheffi, MIT)

Logistics clusters play an increasingly important part in logistics & supply chain management. I am happy to share the following guest post by Professor Yossi Sheffi, a distinguished expert in logistics clusters. Thank you for contributing to my blog.

Logistics clusters are agglomerations of firms that come together to share logistics expertise and know-how. As I argue in my new book Logistics Clusters: Delivering Value and Driving Growth (MIT Press, October 2012), these entities have a number of unique, and generally underestimated, attributes. First, they are self-reinforcing in that logistics clusters use the high volumes of freight they generate to capture economies of scope and scale and reduce costs while improving service quality. These benefits attract more companies, which in turn bring further efficiencies within reach. Second, resident companies use the cluster to pool expertise and equipment, which buffers them against fluctuations in demand. Third, logistics clusters are major creators of employment opportunities that tend not to be "offshorable" and not tied to the fortunes of any one industry. Finally, these entities are building considerable expertise in environmental sustainability. These are some of the reasons why I believe that the private and public sectors need to invest more in logistics clusters.

Yossi Sheffi is a professor at the Massachusetts Institute of Technology, where he serves as Director of the MIT Center for Transportation & Logistics.



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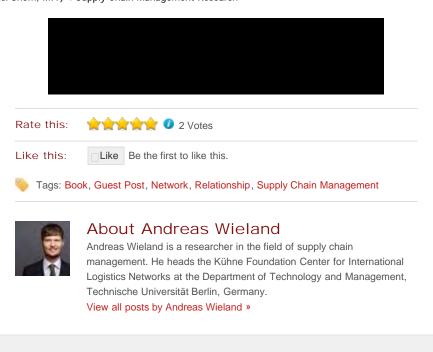
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