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# Will "Logistics Clusters" Solve Supply Chain Conundrum?

Logistics clusters "add value" by generating industrial activities, argues the author

By Patrick Burnson, Executive Editor

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Why is Memphis home to hundreds of motor carrier terminals and distribution centers? Why does the tiny island-nation of Singapore handle a fifth of the world's maritime containers and half the world's annual supply of crude oil? Which jobs can replace lost manufacturing jobs in advanced economies?

Yossi Sheffi's book *Logistics Clusters: Delivering Value and Driving Growth*, published this month by MIT Press takes an in-depth look to the answers to some of these questions as well as the development of logistics clusters, which are geographically concentrated sets of logistics-related companies, distributors, and the logistics functions of retailers and manufacturers.

According to MIT Press spokesmen, this mass market and "accessible" book, is based on primary research including interviews and data collection from logistics hubs around the world, including those found in Singapore, China, Germany, Holland, Spain, Panama, Brazil, Chicago, New York, Miami, Louisville, Memphis, Dallas/Ft. Worth, Los Angeles, and many more. Sheffi describes the mechanisms necessary to the formation, growth, and success of these clusters. The book not only documents the history and traits of successful logistics clusters—closely examining the leading characteristic of the "positive feedback loop" associated with such clusters—but also explains what differentiates logistics clusters from other industrial clusters, how logistics clusters "add value" by generating industrial activities, and outlines why firms, as well as local and regional governments should invest in such clusters.

*Logistics Clusters* goes beyond the scope of just logistics, however, and argues that the development of and investment in logistics clusters are part of the solution to today's economic problems. Sheffi argues that because [logistics clusters](#) serve a multitude of manufacturers, retailers, and distributors they are not dependent on any one industry and therefore can play a leading role in easing unemployment pressures by not only creating, but sustaining jobs. These jobs, many of which are available to both low- and highly-skilled workers, are concentrated locally and are therefore difficult to off-shore and can bring about economic development.

### About the Author



Patrick Burnson  
Executive Editor

Patrick Burnson is executive editor for *Logistics Management* and *Supply Chain Management Review* magazines and web sites. Patrick is a widely-published writer and editor who has spent most of his career covering international trade, global logistics, and supply chain management. He lives and works in San Francisco, providing readers with a Pacific Rim perspective on industry trends and forecasts. You can reach him directly at [pburnson@ehpub.com](mailto:pburnson@ehpub.com).

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