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KIBABII UNIVERSITY



**UNIVERSITY EXAMINATIONS
MAIN EXAMS**

**2020/2021 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER**

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCP 321

COURSE TITLE: LOGISTIC MANAGEMENT

DATE: 03/08/2021

TIME: 2.00PM-4.00PM

INSTRUCTIONS TO CANDIDATES

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

SECTION A: COMPULSORY

QUESTION ONE (COMPULSORY)

ACE DAIRIES

Ace Dairies gives a home delivery service for milk, dairy products and a range of related goods. Roger Smitheram has run the dairy for the past twelve years. His product is a combination of goods (the items he delivers) and services (the delivery and associated jobs he does for customers). At the heart of operations is an information system which contains full details of all Roger's 500 customers, including their regular orders, special orders, where to deliver, how they pay, and so on. Every day the system calculates the likely sales of all products in two days time. Roger adds some margin of safety allows for likely variations and passes his order to Unigate Dairy in Totnes in Devon (about 150 km away). This Unigate depot acts as a wholesaler for milkmen in Wales and the southwest of England. The following evening it delivers to a holding depot in Camborne, and then takes Roger's goods 10 km to a cold store in Hayle. At 5.30 the following morning Roger collects the order from his cold store and starts delivering to customers. This normally takes until 1.30 in the afternoon, but on Fridays he spends more time collecting money and often finishes after 5.00 pm. There are several specific problems facing Ace Dairies. There is, for example, some variation in daily demand, so Roger has to carry spare stock. He cannot carry too much, as dairy products have a short life and anything not delivered quickly is thrown away. Roger aims at keeping this waste down to 2 per cent of sales. There are also problems maintaining a service during holidays, or when Unigate has difficulties with their deliveries. Perhaps Roger's main concern is maintaining his sales over the long term. Demand for doorstep deliveries is declining, as people buy more milk at supermarkets. The number of milkmen in Hayle has declined from ten in 1987 to three in 2002. Most of Roger's customers have been with him for many years, but he generates new custom by canvassing, delivering leaflets, special offers, carrying a range of other products, and so on.

QUESTION ONE

- i. Where does Ace Dairies fit into this? What specific activities form the logistics in Ace Dairies **(6 marks)**
- ii. What are the main problems that Ace Dairies has with logistics **(5marks)**
- iii. Explain any four types of logistics for Ace Dairies **(8 Marks)**
- iv. Logistics outsourcing strategy is an important practice that is the focus of many firms seeking to be highly competitive in their industry. Justify this statement in relation to Ace Dairies **(6 Marks)**
- v. Justify the need for an effective logistics performance measurement criterion for Ace Dairies **(5 Marks)**

SECTION B: Answer ANY TWO QUESTIONS

QUESTION TWO

- a) Discuss how logistics management by the organization is used towards achieving competitive advantage **(10 marks)**
- b) Explain the emerging trends and issues in the field of logistics management **(10 marks)**

QUESTION THREE

- a) Information technology is a major source of improved productivity and competitiveness in logistics. explain **(10 Marks)**
- b) Discuss the criteria for selection of a material handling system for a warehouse. **(10 Marks)**

QUESTION FOUR

- a) The primary goal of plant layout is to maximize the profit by arrangement of all the plant facilities to the best advantage of the total manufacturing of the product. Discuss five objectives of plant layout. **(10 Marks)**
- b) There are a number of factors which affect transportation in most organization. Explain any five of them **(10 Marks)**

QUESTION FIVE

- a) Inventory control is a major activity in any manufacturing set up. Explain five ways through which redundancy and obsolescence of stock may be controlled **(10 Marks)**
- b) Discuss the 5RS of logistics and distribution in relation to meeting the customers' requirements **(10Marks)**