

MONDAY: 1 August 2022. Morning paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

SECTION A

QUESTION ONE

- (a) Explain the following terms as used in logistics management:
- (i) Logistics. (2 marks)
 - (ii) Logistics strategy. (2 marks)
 - (iii) Reversed logistics. (2 marks)
 - (iv) Third party logistics. (2 marks)
 - (v) Activity Based Costing (ABC). (2 marks)
- (b) Outline FIVE approaches an organisation can use to evaluate the level of customer service offered by its logistics operations. (5 marks)
- (c) Highlight FIVE factors that should be taken into account when developing an inventory policy for an organisation. (5 marks)
- (Total: 20 marks)**

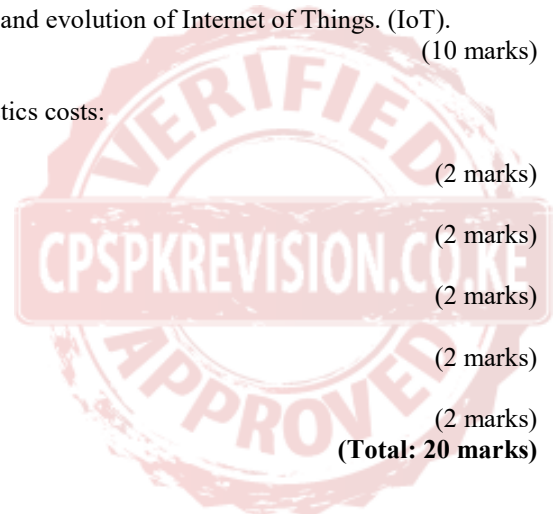
SECTION B

QUESTION TWO

- (a) Describe FIVE characteristics of a good logistic information system (LIS). (10 marks)
- (b) Outline FIVE importance of monitoring logistics performance in an organisation. (10 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Explain FIVE logistics capabilities that are due to the discovery and evolution of Internet of Things. (IoT). (10 marks)
- (b) Explain the effects of the following logistics costs on other logistics costs:
- (i) Packaging costs. (2 marks)
 - (ii) Transportation costs. (2 marks)
 - (iii) Warehousing costs. (2 marks)
 - (iv) Location costs. (2 marks)
 - (v) Inventory costs. (2 marks)
- (Total: 20 marks)**



SECTION C

QUESTION FOUR

Case study

ADO FANCY COMPANY (AFC)

Ado Fancy Company (AFC) is an upcoming winery distribution firm located in East Africa region. The company markets and distributes a variety of wine products such as sparkling wine, champagne among others and wine accessories such as wine chillers, wine racks, glassware and corkscrews largely drawn from foreign market. The company is riding on robust wine prospect in the economy. The company plans to set up a distributorship with an estimated value of 300 million shillings.

The Chief Executive Officer (CEO) Mr. Khan is working with a team of leading consultants to put up a lean and efficient organisation structure comprising of the following functions; Finance, Human Resources and Administration, Supply Chain and Logistics, Business and Development. Within the supply chain function, AFC plans to put up a central warehouse and five regional distribution centres (RDCs). Since the supply chain function is considered a key driver of value for AFC, serious attention will be given to the inventory and logistics operations. In particular, Mr. Khan considers a strong logistics unit a critical success factor for the business because it will deliver focus, cost and differential advantage in the market place. In this regard, he plans to bring on board a team of consultants to deliver on the following focus areas:

1. Craft a robust logistics strategy capable of delivery, efficiency, effectiveness and economy (3Es).
2. Develop the procedure manual for the key logistics processes that will ensure seamless flow of products into and out of the organisation.
3. Rationalise between outsourcing the logistics function or putting in place an in-house logistics function.
4. Advising on the applicable logistics management information systems and technologies that can afford AFC differential competitive advantage.
5. Measures that AFC can put in place to monitor logistics performance including customer service offering.

Required:

- (a) Outline FIVE focus areas AFC might consider when developing its logistics strategy. (10 marks)
- (b) Supposing AFC opt to outsource its logistics function, recommend FIVE ways the performance of the service provider could be monitored. (10 marks)
- (c) Suggest FIVE logistics network design choices available for AFC as a commercial entity. (10 marks)
- (d) Give FIVE justifications for the use of radio frequency identification devices (RFID) at AFC. (10 marks)

(Total: 40 marks)

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