



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 319: LOGISTICS MANAGEMENT

DATE: 9/12/2019

TIME: 8.30-10.30 AM

INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

QUESTION ONE (30 MARKS)

DENNISTON SPICES

Founded in 1903 by Walter J. Dennisston, Dennisstone Spices was a global leader in food industry - manufacturing, marketing, and distributing a wide variety of spices, mixes, condiments, and other seasoning products to the retail, commercial, and industrial markets. Headquartered in Chicago, the company had sales revenues of \$5.5 billion and sold its products in more than 100 countries worldwide. Its customers included retail outlets, food manufacturers, restaurant chains, food distributors, and food service businesses. Dennisston Spices was also a leading supplier of private label items.

The Phoenix plant manufactured and distributed spices, herbs, extracts, and seasoning blends to retail and industrial customers in the southwest United States. Amy Lin was responsible for managing approximately 300 stock – keeping units (SKUs) consisting of spices and compounds, purchased from Whittingham Foods which was the sole supplier for these products. All SKUs supplied to the Phoenix plant came from their Indianapolis facility.

Amy Lin, material planner at Denniston Spice, in Phoenix, Arizona, was faced with an important problem caused by a supplier who was implementing a new ERP System. It was Tuesday, April 9, 2014, and during a call the previous day from Juan Aranda, sales manager at Whittingham Foods, Army learned that potential problems might occur starting in September as the new system was implemented at the Whittingham's Indianapolis Plant. Using the case as a reference point:

- Explain, **in five points**, how logistics management skills you have acquired this semester may be valuable in addressing the issues in the case (10 marks)
- Discuss **five logistics management strategies** Amy should deploy to evert the problem (10 marks)
- Discuss **five ways** in which information communication Technology may be used to solve the problem (10 marks)

QUESTION TWO (20 MARKS)

Globalization has opened up global markets such that no market is far enough for a buyer or a seller. As a result, logistics complexity has increased. Consequently, some managers have adopted ICT in managing the emerging complexity in logistic practices. As result, you are required to:

- a) Explain five contributions of effective logistics management to the profitability of a retail chain operating in several countries (10 marks)
- b) Explain five challenges in global logistics management (10 marks)

QUESTION THREE (20 MARKS)

It has been said that without third party logistic practices, firms will face high operational costs in managing their logistics activities which may potentially force a number of them to close down or down size their operations. Explain:

- a) Five ways in which the use of third party may significantly reduce operational costs of the firms (10 marks)
- b) Five problems of using third party logistics (10 marks)

QUESTION FOUR (20 MARKS)

- a) Select any five modes of transportation and briefly explain one advantage of each mode (10 marks)
- b) Explain any five functions of a warehouse to a manufacturing firm (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss five reasons for keeping inventory by the retail firms (10 marks)
- b) Discuss five advantages of automated material management system to a manufacturing firm (10 marks)