



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE (PROCUREMENT)

BMS 319: LOGISTICS MANAGEMENT

DATE: 10/8/2021

TIME: 8.30-10.30 AM

INSTRUCTIONS:

Answer question one and any other two questions.

QUESTION ONE (30 MARKS)

Deere & Company

Deere & Company (brand name **John Deere**) is famed for the manufacture and supply of machinery used in agriculture, construction, and forestry, as well as diesel engines and lawn care equipment. In 2014, Deere & Company was listed 80th in the Fortune 500 America's ranking and was 307th in the 2013 Fortune Global 500 ranking.

Deere and Company has a diverse product range, which includes a mix of heavy machinery for the consumer market, and industrial equipment, which is made to order. Retail activity is extremely seasonal, with the majority of sales occurring between March and July every year.

The company was replenishing dealers' inventory weekly, using direct shipment and cross-docking operations from source warehouses located near Deere & Company's manufacturing facilities. This operation was proving too costly and too slow, so the company launched an initiative to achieve a 10% logistics cost reduction within four years.

Required:

Use the case to answer the following questions;

- a) In five points, analyse logistics management gaps prevalent in John Deere. (10 marks)
- b) Suggest and explain five strategies which may help the company achieve the 10% reduction in logistics cost within the four years targeted by the initiative. (10 marks)
- c) Discuss five advantages John Deere may get if the management decides to automate logistics operations. (10 marks)

QUESTION TWO (20 MARKS)

- d) Discuss five factors a manufacturing firm may consider when selecting the right mode of transport for her products to the market (10 marks)
- e) Discuss five reasons why a good number of firms are moving rapidly to embrace 3PL (10 marks)

QUESTION THREE (20 MARKS)

- a) Explain any five advantages of reverse logistics to electronic manufacturers. (10 marks)
- b) In five points, justify the need for logistics management skills to a purchasing manager. (10 marks)

QUESTION FOUR (20 MARKS)

- a) It has been said that without effective logistic practices, procurement activities will yield nothing that the firms can write home about. In **five** points, assess the contribution of logistics management to the performance of procurement function in a manufacturing firm. (10 marks)
- b) Discuss the **three** elements of logistics given the current business environment. (10 marks)

QUESTION FIVE (20 MARKS)

- a) In **five** points, discuss the impact of COVID-19 pandemic on logistics operation with a singular focus in Kenya. (10 marks)
- b) Discuss five challenges logisticians face especially when dealing with cross border movement of cargo. (10 marks)