



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

COURSE CODE: HPS 2207

COURSE TITLE: DISTRIBUTION AND WAREHOUSING MANAGEMENT

DATE: 10TH DECEMBER, 2015

TIME: 2 Hours

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory

Answer TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities

QUESTION ONE

Read the story of Wal-Mart and answer questions which follow.

Wal-Mart operates 170 stores in Canada, where its logistics is managed by Tibbett & Britten. In 2000, they opened a new distribution centre in Cornwall, Ontario. This centre serves the 61 stores in eastern Canada, joining two other centres that serve the rest of the country. It also specialises in the supply of linen and shoes throughout Canada, as these need special inspections and finishing which are best centralised. The Cornwall distribution centre covers 100,000 square metres, stocks 10,000 different items, with storage for 55,000 pallets and 10,000 cases. An order management system analyses all demand met by the centre, forecasts future sales, and places orders with suppliers. These deliveries are received in 80 docks, with bar codes added to each pallet and case to allow automatic movement. Most goods arrive on pallets and are put onto conveyors for movement into storage and there are 19 docks for articles that cannot use conveyors. There is some cross docking, with items going from the receiving area to the departure docks in 15 minutes. Sixty high-volume products are kept near to conveyors, and stay in stock for less than a day. The average stay for remaining items is two weeks. The centre breaks pallet loads into cases, with a throughput of 115,000 cases a day. Orders are automatically received from the stores' point-of-sales systems; the cases are picked, put onto a conveyor and sent to the departure docks (automatically guided by bar codes). There are 79 departure docks, so one dock with its conveyor is used for each store. This makes sorting very easy. Some goods that cannot go on the conveyors are handpicked and moved by forklift. Independent carriers, or one of the centre's small fleet of vehicles, deliver to stores, usually within 24 hours of ordering.

- a. In 2000 Wal-Mart opened new warehouse in Cornwall and Ontario. Briefly discuss four major functions this warehouse would have **(10mks)**
- b. What advantages and disadvantages would Wal-Mart have over his competitors in the transport if he decides to use (i)airways (ii) railways, as the main artery for feeding the depots **(10 mks)**
- c. What benchmarking factors would Wal-Mart consider prior to the selection of a middleman? **(10 mks)**

QUESTION TWO

- a) Assume you are a logistics manager for a Fast Moving Consumer Goods (FMCG) Company. You are faced with the problem of distributing your product in the whole of Muranga North so as to achieve either of the three objectives (Minimise costs, Minimize capital, Maximize customer service levels)
Discuss five major issues that are likely to influence supply chain management of this logistics firm **(10 mks)**

- b) Write brief explanatory notes on the following terminologies as used in distribution and warehousing **(10 mks)**
- i. Demurrage
 - ii. Wharfage
 - iii. Bonded warehouse
 - iv. Free trade zones

QUESTION THREE

- a) The foundation for developing a successful channel is based on fully understanding the underlying economics of distribution. In light of the above discuss the major roles of intermediaries. **(10 mrks)**
- b) Each participant in a channel enjoys rewards or suffers losses as a result of total channel operations. Lack of channel coordination would lead to degradation of services and an increase in cost within the supply chain. Describe other major consequences of bull-whip effect. **(10 mks)**

QUESTION FOUR

Channel selection must be given considerable thought because once uninitiated it is difficult to change. The channel process includes all activities beginning with the manufacturer and ending with final consumer. Discuss the major factors affecting the choice of the channel of distribution. **(10 mks)**

Distribution structure in Japan is considered to be the most efficient and effective in the whole world. Describe its salient characteristics **(10 Mks)**