



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2016/2017**

**FOURTH YEAR FIRST SEMESTER EXAMINATION FOR DEGREE  
OF BACHELOR OF BUSINESS ADMINISTRATION WITH  
INFORMATION TECHNOLOGY**

**MAIN CAMPUS**

**ABA 438: LOGISTICS MANAGEMENT**

Date: 6<sup>th</sup> December, 2016

Time: 8.30 - 11.30am

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**INSTRUCTIONS:**

- Answer Question ONE (Compulsory) and any other TWO.



## QUESTION ONE (COMPULSORY) (30 MARKS)

### CASE STUDY: MWIMUTO DAIRIES

Mwimuto Dairies gives a home delivery service for milk, dairy products and a range of related goods. Roger Sultani 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 Uthiru Dairy in Torome (about 150 km away). This Uthiru depot acts as a wholesaler for milkmen in Watende. The following evening it delivers to a holding depot in Chula, and then takes Roger's goods 10 km to a cold store in Hargesi. 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 Mwimuto 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 Uthiru 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 Hargesi has declined from ten in 2001 to three in 2016. Most of Roger's customers have been with him for many years, but he generates new customers by canvassing, delivering leaflets, special offers, carrying a range of other products, and so on.

### Required

(i) Describe the supply chain for milk

[6 Marks]

- (ii) Explain where and how Mwimuto Dairies fit into this [8 Marks]
- (iii) Briefly explain the specific activities forming the logistics in Mwimuto Dairies [8 Marks]
- (iv) Identify the main challenges that Mwimuto Dairies has with logistics [8 Marks]

### QUESTION TWO

- (a) Explain the meaning of the following terms:
- (i) Logistics [5 Marks]
  - (ii) Bill of lading [5 Marks]
- (b) Using any product you are familiar with, illustrate the benefits of a well-designed supply chain [10 Marks]

### QUESTION THREE

- (a) Examine the factors that drive executives in modern business enterprises to re-examine their emphasis on the logistics function [10 Marks]
- (b) Describe how the logistics function can contribute to and support an organization's strategic planning process [10 Marks]

### QUESTION FOUR

- (a) Trace the important trends observable in the development of logistics in modern business organizations [10 Marks]
- (b) Explain the functions of warehousing in a logistics system [10 Marks]

### QUESTION FIVE

- (a) Explain the purposes of transportation [5 Marks]
- (b) State the factors to be considered in a transportation strategy [5 Marks]
- (c) Discuss the factors influencing transport economics [10 Marks]