



**RIARA SCHOOL OF BUSINESS
NURTURING INNOVATORS
SEPTEMBER-DECEMBER 2023 TRIMESTER
EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
EVENING/PROGRAMME**

RPS 308: LOGISTICS MANAGEMENT

DATE: 29TH DECEMBER, 2023

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

- i. Students are **NOT** permitted to write on the examination paper during reading time.
- ii. This is a closed book examination. Text book/Reference books/notes are not permitted.

SPECIAL INSTRUCTIONS

1. Write your REGISTRATION NO. Clearly on the answer booklet(s).
2. Answer Question One and ANY other TWO questions.
3. Questions in all sections should be answered in answer booklet(s)
4. PLEASE start the answer to EACH question on a NEW PAGE.
5. For the questions, write the number of the question on the answer booklet(s) in the order you answered.
6. Write on both sides of each leaf and indicate number of each question at the top of each page.
7. Write the answers in a paragraph form unless stated otherwise.
8. Marks allocated to each question are shown at the end of the question.
9. All rough work must be done on the answer booklet and crossed through!
10. Use supplementary pages only when you have exhausted those in this book.
11. Fasten the supplementary pages to the inside back cover of this booklet.

QUESTION ONE: COMPULSORY (30 MARKS)

Read the case below and answer the questions that follow:

CASE

Impact on Relationships in the supply chain for soft toy manufacturing in Asia

Trudi is a leading European toy producer and had a yearly turnover of almost 25 million euro (approx £18m) in 2004. Its core business is the production and marketing of toys, the designs of which are created by its Italian designers. The toys are sold under Trudi's own brand as well as mascots and promotional materials for third party companies such as Walt Disney and the Harry Potter franchise.

The final product, in the past made in Italy, is now made in Asia. Trudi spends around £5 million a year, with 80% of its suppliers being located in China and 19% in Indonesia. The lower labour cost of the Far East was the major factor in shifting production. This is because the soft toys are made almost entirely by hand. The toys are produced by companies that are often Korean-owned, something valued by Trudi since they believe Korean management to be more dynamic and entrepreneurial than Chinese management.

The purchase of raw materials is delegated to Trudi's suppliers of finished goods, as long as samples can be evaluated against a technical specification sent by Trudi. The company is aiming to concentrate its production in a single region of China, Shenzhen. This is due to the logistics advantages of the region being located close to Hong Kong and the high concentration of experienced suppliers to be found there. As Trudi is famous for its high quality goods, the suppliers have to commit to meeting strict European safety standards as well as adhering to a code of conduct over employees' working conditions. Moreover, because of the highly technical hand stitching involved in the manufacturing process, Trudi employs quality sourcing of materials all over the world and control costs necessitates the multinational company to use Incoterm pricing methods to operate economically. The company primarily follows two popular price terms while importing goods as per International Commercial Terms namely, CIF and FOB.

Sources: Nassimbeni, G. & Sartor, M. (2006), Sourcing in China: Strategies, Methods and Experiences, Houndmills, Palgrave Macmillan, www.trudi.it (2008).

Required:

- a) Distinguish the following terms as applied in Logistics Management:

- i. Inbound Logistics (2 marks)
 - ii. Materials Management (2 marks)
 - iii. Physical Distribution (2 marks)
 - iv. Reverse Logistics (2 marks)
- b) 'The toys are sold under Trudi's own brand as well as mascots and promotional materials for third party companies such as Walt Disney and the Harry Potter franchise. Discuss this statement by applying the THREE distribution systems used in logistics management (9 marks)
- c) Discuss the characteristics of the groups that INCOTERMS specified in Trudi's case are categorized (3 marks)
- d) Explain the INCOTERMS on F.O.B and C.I.F and discuss the rationale for Trudi's applying these two INCOTERMS (6 marks)
- e) Outline FOUR logistics activities outlined in this case (4 marks).

QUESTION TWO:

- (a) Elaborate FIVE operating characteristics used to classify the various transport modes (10 marks)
- (b) Discuss THREE (3) Key logistics Processes (6 marks)
- (c) Outline FOUR (4) future Challenges and Areas for Logistics Performance Improvement (4 marks)

QUESTION THREE:

- a) Distinguishing the following terms as used in Logistics management:
- i. Value advantage and Cost/productivity advantage (2 marks)
 - ii. Supply Chain and Closed-Loop Supply Chain (2 marks)
- b) Logistics adds value by creating utility; explain FOUR utilities created in logistics Management (8 marks)
- c) Elaborate FOUR types of warehousing models (8 marks)

QUESTION FOUR:

- a) Explain FOUR factors that influencing effective use of a warehouse. **(8 marks)**
- b) Distinguish SIX categories of reverse flows as applied in Logistics Management **(6 marks)**
- c) Explain the following strategies recommended for management of reverse logistics processes:
 - i. Avoidance **(2 marks)**
 - ii. Gatekeeping **(2 marks)**
 - iii. Returns Centers **(2 marks)**