



MURANG'A UNIVERSITY COLLEGE

(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

MAIN CAMPUS

SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

YEAR TWO SEMESTER ONE EXAMINATIONS

COURSE CODE: HPS 2207

COURSE TITLE: DISTRIBUTION AND WAREHOUSING MANAGEMENT

DATE: 29TH JUNE, 2016

TIME: 2 HOURS

INSTRUCTIONS TO THE CANDIDATES

THIS PAPER CONSIST OF FOUR QUESTIONS

Question one (1) is Compulsory

Answer Any Other Two (2) Questions

MRUC observes ZERO tolerance to examination irregularities

This paper consists of 2 printed pages. Please turn over. ⇨

QUESTION ONE

Kenya had a centrally planned economy for close to forty years, with most economic activity controlled by government. By the 1990, commercial and industrial organizations were in efficient, outdated and falling further behind competitions from other countries. Political and economic reforms started in the 1990s with the aim of transferring most organizations back to private sector. Transport had been tightly controlled but was substantially privatized and deregulated. Murkomen was keen to take advantage of the new developments and started a trucking company. He took over an existing depot with all its facilities with plans for transforming others into a modern and competitive company. His facilities were decaying, his vehicles were falling apart, he was overstuffed and working practices were outdated. In the past the depot had focused on trade with countries in East Africa and now had to look for other trading partners in Kenya. In 2001 he was planning a new warehouse near the Kenya Uganda border to import consumer goods and export agricultural produce. He planned to construct the new warehouse to move his company forward.

- a. Given that Murkomen was keen on re-organizing the trucking company he took over, you are asked to advise him on six major principles of transportation applicable to his trucking business. **(10mks)**
- b. What advantages would Murkomen have over his competitors in the transport if he decides to use (i)roadways (ii) railways,as the main artery for feeding the depots **(10 mks)**
- c. In 2001 Murkomen planned a new warehouse near the Kenya Uganda border for import purposes. Briefly discuss four major functions this warehouse would have **(12mks)**
- d. Warehousing location may take different dimensions and may be influenced by several factors. Discuss any four orientations that Murkomen should consider in Warehouse site selection **(8 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
 - v. Single drop loads

QUESTION THREE

a) The foundation for developing a successful channel is based on fully understanding the underlying economics of distribution. As a general rule specialist can perform these functions in a manner superior to firms that have other quick competencies. In light of the above discuss the major functions of intermediaries.

(10 mrks)

b) The philosophy behind increasing co-operation in a channel is that over a longer run, 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 the 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)**

QUESTION FIVE

a) Benchmarking has become one of the most popular exercises adopted by organizations to understand how well they are performing relative to their competitors. It is as well used to identify what management practices are worth applying in one's own firm when aiming to reach desired performance goals. What benchmarking factors would you consider prior to the selection of a middleman? **(10 mks)**

b) Discuss five principle functions of a transport manager supporting your argument with relevant and practical examples where applicable **(10 mks)**