MODULE : LOGISTICS MANAGEMENT 3A
CODE : LMA13A3 / LBE3A01
DATE : 29 JULY 2016
DURATION : 12:30 – 1530
TOTAL MARKS : 180

EXAMINER : DR S CARSTENS
MODERATOR : MR H LEMMER
NUMBER OF PAGES : 8 PAGES

INSTRUCTIONS TO CANDIDATES:

- Answer all the questions
- Question papers must be handed in.
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
SECTION 2

ABC International, an international widget manufacturer, has been manufacturing widgets in South Africa since 2005. After an extensive market analysis, the company decided to locate the manufacturing plant in Johannesburg and establish a national distribution network with distribution centres (DCs) in Johannesburg, Durban, Cape Town and Port Elizabeth, as well as smaller local warehouses. The components used in the manufacturing process are supplied by local suppliers.

The widgets are distributed to retailers and wholesalers, as well as smaller outlets. Although ABC considered outsourcing its transport requirements i.e. long-haul from the plant to DC, DC to warehouse and local i.e. warehouse to final customer (retailer, wholesaler, etc.), the decision at the time was to retain the transport function in-house. The plant – DC network is as follows:

= DC

= manufacturing plant (note that the Johannesburg DC is adjacent to the plant)

The widget market in South Africa has experienced significant growth over the last number of years and initially ABC was one of the major role players in the market, but various local manufacturers have also entered the market recently.

In order to remain competitive in the South African widget market, ABC is considering various options. During a number of management meetings the logistics function was identified as a potential area that could improve ABCs competitive advantage. Specific logistics issues that need to be addressed are the logistics network, supplier relationships, potential for outsourcing activities. However, Sally Greenhorn, the marketing manager is of the opinion that the first step should be the development of a logistics strategy.
QUESTION 1
Explain the following network design issues to ABC:

a) current trends in facility location (8)
b) key network issues addressed by optimization (15)
c) transport aspects related to facility location i.e. tapering rates, blanket rates, commercial zones and foreign trade zones (13)

QUESTION 2

a) Which types of complexities in the logistics environment can ABC expect? Discuss the approach that ABC can use to handle the increasing level of complexity. (14)
b) The development of a company's logistics strategy forms part of the corporate planning process. Write down the steps in the corporate planning process and discuss the key information inputs that ABC would require for the development of the strategic logistics plan. (20)

QUESTION 3

a) ABC is considering supplier relationships as one area to gain competitive advantage, but is unsure of what this involves. Explain logistics relationships in terms of the type of relationship and the intensity of involvement. (13)
b) One aspect of maintaining a supplier relationship relates to assessment. Explain the assessment process by discussing supply partner performance in terms of the levels of assessment and the methods of assessment. (14)
c) Would you recommend that ABC consider buying from SMEs? Motivate your answer by discussing the business related reasons for buying from SMEs and the appropriateness of SCM best practices by SMEs. (11)

QUESTION 4

a) Although ABC may follow different logistics strategies it is important for them to develop effective logistics strategies in four key areas. Discuss time based, asset based, technological based and relationship based strategies as potential logistics strategies. (30)
b) In view of the increasingly competitive widget market, briefly discuss six future trends that ABC can expect to continue to have a significant impact on logistics management. (12)