



The Chartered
Institute of Logistics
and Transport

The
Management
University
of Africa



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CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT (CILT)
EXAMINATIONS

DIPLOMA IN MANAGEMENT IN LOGISTICS AND TRANSPORT

DP 02 : SUPPLY CHAIN MANAGEMENT

DATE: 17TH DECEMBER 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration Student number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the case study below carefully and, answer the questions that follow:

Logistics and Supply Chain Model

Company PL is a world leader in creating, publishing and distributing of interactive entertainment and services, especially computer and video games. As per game revenues ranking, Company PL has become one of the top public companies with a rich portfolio of East Africa renowned brands

Through its worldwide network of business offices and studios, the company provides memorable gaming experiences across all popular platforms .PL in Kenya is a branch of the global group. It is a business office with staff allocated in four teams - Marketing, Sales, Finance and Operations. The business sells products not only to retailers in Kenya but East Africa at large in addition to online games stores. The logistics and supply chain model of PL Kenya has been considered as a typically full model with forward logistics, reverse logistics and 3PL with the combination of drop shipping and “hub and spokes” logistics model

The inbound flow from production is managed in conjunction with the head office team to draw stock from local factories as well as manufacturers in other parts of the world.

Depending on demand volumes orders can be shipped directly from manufacturers to the retail/wholesale distribution centre or channeled through the 3PL warehouse. Stock can be cross-docked through the 3PL for urgently required orders; or stored at the warehouse until required. Utilizing the 3PLs courier partnerships, stock is transported to its required destination based on the needs of PL company customers. The orders are transported to the courier’s main distribution centres before being redirected to regional DC’s and depots. Finally, they are delivered to the store docks either by the courier or subcontractors. In some cases, the orders then become inducted into the retailer’s supply chain for distribution to their own store network. In circumstances where customers need to return stock to PL, an authorization is sought by the customer. Once this request has been approved, goods are collected from either the store or their reverse

logistic warehouse using the 3PL's carrier. Once returned to the warehouse the goods are checked for conformity before reworking or destruction. 3PL Supervisor claimed that there are several difficulties. The first issue is related to the receipt of stock returns. Some retailers, such in the supply chain, normally to consolidate stock return and such it does not take a lot of time to receive the returns. However, one of the retailer provides a different scenario because its stores make independent claims and returns; therefore, it takes more time to handle the receipt of stock returns. Another issue is about the time consumed in sorting because there are many stock returns that are delivered in without labels. The last issue that is also related to time consuming is non-conforming stock returns. With these returns, it really takes time to separate, check, and report to PL the quantity in details and wait for the instructions from the company. This leads to not only time-consumption but extra cost also.

PL company recently implemented a global Enterprise Resource Planning (ERP) system in the East Africa subsidiary. Switching from a bespoke localized system to one designed to manage a multi-site global enterprise has impacted flows within the supply chain due to inflexibility. The reliance on technical support facilities in other countries and other time zones has led to a less responsive process of error correction and bug fixing. There have also been issues with the change management process as a result of this implementation. As is typical in new system integrations, it can take many months for the users to be comfortable with the new tool.

Based on the current returns policy, volumes of product returned under a faulty status will inevitably increase in direct proportion to the number of units sold into retail. It is clear from examining random samples of returned goods that many of these products would fall under a category of non-conformance. In other words, PL should not be obligated to facilitate the return of these products or issue a subsequent credit.

Required:

- a) Evaluate what PL company should do to eliminate sold goods being returned
(10 marks)
- b) PL Company implemented ERP what drivers caused implementing ERP?
(6 marks)

- c) Give reasons why PL company considered and adopted full model logistics forward logistics, reverse logistics and 3PL (9 marks)

QUESTION TWO

- a) Justify the need for logistics mapping in supply chain (5 marks)
b) Describe the Five processes in the Supply Chain Operations Reference (SCOR) (10 marks)

QUESTION THREE

- a) Differentiate between upstream and downstream activities in supply chain management (8 marks)
b) What causes slow growth of supply chain? (7 marks)

QUESTION FOUR

- a) Outline any five functions of supply chain management (5 marks)
b) Most managers in Supply Chain link the organization strategy vision and mission with operation activities. The Balanced Scorecard (BSC) presents the elements as a single report. Appraise the use of BSC (10 marks)

QUESTION FIVE

- a) Examine the elements that contribute to the success of Six Sigma in Supply Chain (6 marks)
b) Differentiate between industry bench marking and Functional benchmarking (4 marks)
c) State any five key performance indicators in supply chain (5 marks)

QUESTION SIX

- a) Weigh the strategic steps for achieving strategic fit as suggested for according to Chopra S. and Meindl P., (2012) **(8 marks)**
- b) In the current times relationships between customers and suppliers is on the rise. Determine any FIVE elements the relationship may entail **(5 marks)**
- c) Differentiate between DRP and MRPI in material management **(2 marks)**

