



**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
(ONLINE)  
SEMESTER I  
SESSION 2020/2021**

COURSE NAME : LOGISTIC MANAGEMENT  
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EXAMINATION DATE : JANUARY/ FEBRUARY 2021  
DURATION : 3 HOURS  
INSTRUCTION : ANSWER ALL QUESTIONS  
OPEN BOOK EXAMINATION

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THIS EXAMINATION PAPER CONSISTS OF TEN (10) PAGES

**Q1** Diagnose each statement and state your answer whether **TRUE** or **FALSE**.

- (a) Strategies only become ineffective when they are implemented. This means that the long-term aims are translated into lower decisions, and the work is carried out to achieve them
- (b) *Supply chain length* is the number of tiers, or intermediaries, that materials flow through between source and destination. We might think of a supply chain in terms of suppliers, wholesalers and retailers.
- (c) The capacity of a supply chain is the smallest amount of materials that can flow through it in a given time.
- (d) The best location for facilities depends on many factors. A warehouse, for example, might be near to factories, customers, transport or areas with development grants.
- (e) act if there are real improvements the new arrangements are made permanent, but if there are no improvements, lessons are learnt and the new arrangements are not adopted.
- (f) The conventional approach to planning assumes that some demand for a product is made up of individual demands from many separate customers. These demands are independent of each other, so the demand from one customer is not related to the demand from another customer.
- (g) Material Requirements Planning uses the master schedule, along with other relevant information, to plan the supply of materials. It is used for independent demand.
- (h) Material Requirements Planning (MRP) can also give early warning of potential problems and shortages.
- (i) Fixed-order quantity – where you find an order size that is convenient, such as a truckload, a container load, or an economic order.
- (j) When you don't want a delivery, you always order this amount, and put any spare in stock.
- (k) Batching rules – which uses a specific procedure to calculate the best pattern of orders.
- (l) Typically they look for the combination of orders that gives the highest overall cost. In practice, this can be quite a difficult scheduling problem.

- (m) Some people prefer the term global logistics, to suggest integrated operations in domestic setting.
- (n) Demand for foreign products: Customers travel, watch television and use the Web to see products available in different areas. They demand old products that cannot be supplied by domestic companies
- (o) Specialized support: As we have already seen with warehousing and transport, many organizations are concentrating on their core competencies and are outsourcing other activities
- (p) A major industry has grown of organization support companies that can help with, say, importing, international transport, trade credit, foreign exchange, customs clearance, and so on.
- (q) Economic conditions: Political systems directly affect the economy, and there are significant differences in prosperity, disposable income and spending habits.
- (r) Concentrate production in one centre but buy materials and components from around the world. Materials are now collected from distant customers, and products sold to distant supplies. This gives, perhaps, the most difficult logistics with potential problems for both inward and outward logistics. It gives more widespread economic benefits, but the main value-adding activities are still concentrated in one location.
- (s) Postponement moves the finishing of production down the supply chain. In a global context, postponement typically opens limited local facilities to complete production. This gives some opportunities for local value, but all components and parts are imported from main production centres. Because of the limited local input, low added value, and competition for local manufacturers, this kind of 'screwdriver' operation can be unpopular with host countries.
- (t) Operating as a local company, buying a significant proportion of materials from local suppliers. The inward movement of materials is easier, as it becomes a local matter. Of course, this means that it may be vulnerable to changing local conditions. The products might be destined for local markets, or operations could be big enough to export to international customers. This is the most popular approach with host countries as it develops local skills and brings considerable economic benefit.

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(40 marks)



Q2 Read and analyze the statement, then fill in the blank with the correct answer.

- (a) ..... is the number of parallel routes that materials can flow through. You can imagine this in terms of the number of routes out to final customers.
- (b) The design of a logistics strategy is based on a range of ..... and ..... factors. Unfortunately, these are constantly changing.
- (c) Major changes can be very disruptive, so organizations generally prefer a series of small adjustments. This iterative approach gives ..... which is known by the Japanese name of kaizen.
- (d) ..... is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.
- (e) Suggestions for iterative improvements come from many sources, such as customers, competitors or suggestion boxes. Sometimes there is a more formal arrangement, such as the plan-do-check-act cycle, or .....
- (f) A ..... is an ordered list of all the parts needed to make a particular product. It shows the materials, parts and components – and also the order in which they are used.
- (g) ..... – where you order exactly the net requirement suggested by MRP for each period. This has the advantage of organization the amount of stock, but can give high ordering, delivery and administration costs.
- (h) ..... – where you find an order size that is convenient, such as a truckload, a container load, or an economic order quantity. When you want a delivery, you always order this amount, and put any spare in stock.

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- (i) Surely we can use the same MRP approach to consider these other resources. This thinking has led to a major extension of MRP into ..... or MRP II
- (j) ..... offers another way of planning. It organization all activities so they occur at exactly the time they are needed. They are not done too early (which would leave materials hanging around until they were actually needed) and they are not done too late (which would give poor customer service)
- (k) ..... occur when supply chains cross national frontiers
- (l) .....: Customers are putting more demands on suppliers –including just in time operations, total quality, strategic alliances, organization, and so on. Local suppliers may not be able to meet these demands, and organisations may have to look further afield to find the best sources.
- (m) The ..... is the ratio of a product’s value to its weight or size.
- (n) Licensing or ....., where a local organization makes the products to designs supplied by a foreign company; depending on circumstances, the foreign company might specify a range of procedures for operations, quality, tests, suppliers, and so on.
- (o) Exporting finished goods and .....to market them; the main risk here comes from increasing production to satisfy a demand that depends on the marketing company

(30 marks)

Question Q3 till Q17 are the objectives questions. Read diagnose and choose the correct answer

Q3 In the the design of a logistics strategy. This contains all an organization’s long-term decisions, policies, plans and culture relating to logistics. Senior managers design the logistics strategy, and then the remaining managers must see how the strategy affects their work. They have to answer questions NOT such as:

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- (a) How does the strategy affect the logistics network?
- (b) Should we change our house and transport operations?
- (c) Will our approach to planning and scheduling change?
- (d) Do we have, or can we get, the necessary resources?

**Q4** The following list gives some common problems with implementing logistics strategies **EXCEPT**:

- (a) people who design the strategies are not responsible for their implementation.
- (b) strategies are badly designed, perhaps with the wrong aims or focus.
- (c) it is impossible, or very difficult, to implement them properly.
- (d) they do not take enough account of actual operations, perhaps because there were not broad enough discussions.

**Q5** One surprisingly common mistake is to design a logistics strategy and then think about implementing it. The obvious way to avoid this is to think about implementation all the way through the design, and always consider the practical effects of any policies. This needs widespread participation in the design process, particularly from those most closely involved with implementation. Some other factors that help devise a strategy that can be used are:

- (a) an organizational structure that is inflexible and allows innovation.
- (b) unformal procedures for translating the strategy into reasonable decisions at lower levels.
- (c) ineffective systems to distribute information and support management decisions.
- (d) open communications which encourage the free exchange of ideas.

**Q6** Rowley summarizes the benefits by saying that 'The results of successful outsourcing are service improvement, cost reduction and quality enhancement. A fuller list of potential benefits includes, **EXCEPT**:





- (a) higher fixed costs, with customers only paying for services they use.
- (b) specialist suppliers who have expertise and use the best systems and practices.
- (c) suppliers can combine work from several customers to get economies of scale.
- (d) guaranteed high, and agreed, levels of customer service

**Q7** Enabling practices are the activities associated with the supply chain that allow it to work efficiently. We might, for example, say that reliable information processing is an enabling practice that allows logistics to function properly.

- (a) inflexible capacity, dealing effectively with peaks and troughs in demand.
- (b) higher exposure to risk from, say, varying demand.
- (c) increased geographical coverage and local knowledge.
- (d) a convenient way of exit new markets.

**Q8** Many organizations prefer to stick to their old practices. Unfortunately, this allows more flexible competitors to gain an advantage, and their performance inevitably declines. Some signs that an organization is not changing to meet new circumstances include:

- (a) low sales and falling market share, as old products are overtaken by competitors
- (b) lower customer complaints, particularly about quality and delivery dates.
- (c) reliance on a few customers, especially with short-term, fixed-price contracts.
- (d) new-fashioned attitudes and operations

**Q9** MRP uses a lot of information about schedules, products and materials. This comes from three main sources **EXCEPT**:

- (a) master schedule, giving the number of every product to be made in every period.



- (b) bill of materials, listing the materials needed for every product.
- (c) inventory records, listing the materials needed for every product.
- (d) inventory records, showing the materials available.

**Q10** Benefits of MRP. Traditional, independent demand systems forecast likely demand for materials, and then hold stocks that are high enough to meet these. To allow for the inevitable errors in their forecasts, organizations hold more stocks than they really need. These extra stocks give a measure of safety, but they also increase the inventory costs. MRP avoids these costs by relating the supply of materials directly to demand. Benefits that come from this direct link include, **EXCEPT**:

- (a) lower stock levels, with savings in capital, space, warehousing, and so on.
- (b) lower stock turnover
- (c) better customer service – with no delays caused by shortages of materials.
- (d) more reliable and faster delivery times.

**Q11** Now we can summarize JIT's view of stock:

- (a) Stocks are held to uncover short-term mismatches between supply and demand.
- (b) These stocks serve no useful purpose – they only exist because poor coordination does not match the supply of materials to the demand.
- (c) As long as stocks are held, there are no obvious problems and no incentive for managers to unimproved the flow of materials.
- (d) Then operations continue to be better managed, with problems hidden by stocks.

**Q12** There are several ways of using kanbans. The most common uses two distinct types of card, a production kanbans and a movement kanbans **EXCEPT**.

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- (a) All material is stored and moved in standard containers – with different containers for each material
- (b) A container can only be moved when it has a movement kanbans attached to it.
- (c) When one stage needs more materials – that is when its stock of materials falls to a reorder level – a movement kanbans is attached to an empty container. This gives permission to take the container to a small stock of work in progress
- (d) A full container is found in this stock, which has a production kanbans unattached.

**Q13** Some specific problems listed by JIT users include, **EXCEPT**:

- (a) high risks of introducing completely old systems and operations.
- (b) initial investment and cost of implementation.
- (c) long time needed to get significant improvements.
- (d) reliance on perfect quality of materials from suppliers.

**Q14** Porter looked at the reasons why nations are prosperous and said that ‘a nation’s ability to upgrade its existing advantages to the next level of technology and productivity is the key to its international success’. He listed the important factors for this, **EXCEPT**:

- (a) factor condition – which is a nation’s ability to transform basic factors such as resources, education and infrastructure into competitive advantage.
- (b) demand conditions – such as market size, buyer sophistication and marketing.
- (c) unrelated and unsupporting industries – which include logistics, partners and intermediaries.
- (d) company strategy, structure and competition – which give the market structure and features of domestic competition.

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**Q15** Clearly some products are more suited to international trade than others. Some factors that encourage local, rather than international, suppliers are products that, **EXCEPT**:

- (a) have relatively high value, or value density.
- (b) deteriorate or have short shelf life.
- (c) are sensitive to cultural and other differences.
- (d) have little differentiation between competitors, or brand loyalty.

**Q16** Of course, not everybody is in favor of removing barriers at international borders or encouraging trade. They argue that there should be strict controls over exports and, more particularly, imports. Thus considerations like excise duty and customs charges serve the main purposes of:

- (a) unpreventing goods that are considered undesirable from entering a country.
- (b) protecting domestic producers from local competition.
- (c) generating revenue for the host country.
- (d) collecting statistics on untrade.

**Q17** Ideally, then, organisations should aim for global operations, with their efficient operations and single, seamless market and organization. Unfortunately, many organisations find it difficult to implement the strategies needed to achieve these. There are many barriers and problems including the following, **EXCEPT**:

- (a) different regions demand different types of product.
- (b) products do not lend themselves to global operations.
- (c) global products are not viewed favorably and are rejected by customers.
- (d) organizations lack the human and technical resources needed to compete locally.

**-END OF QUESTIONS-**

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