



# UGANDA MANAGEMENT INSTITUTE

**POSTGRADUATE DIPLOMA IN LOGISTICS AND TRANSPORT MANAGEMENT  
(DLTM) (WKD)**

**SECOND SEMESTER EXAMS 2017/2018**

**MODULE: GLOBAL FREIGHT LOGISTICS MANAGEMENT**

**Date: Friday 5 October 2018**

**Time: 09.00 AM - 12.00 NOON**

## **INSTRUCTIONS**

- 1. Answer FOUR Questions.**
- 2. Question ONE of Section A is compulsory and carries 40 marks.**
- 3. Answer any other THREE Questions from Section B. Each question carries 20 marks.**
- 4. Write clearly and legibly.**
- 5. Do not write anything on the question paper.**
- 6. Do not take Mobile Phones into the examination room.**
- 7. Follow the instructions of the Examination Supervisor.**
- 8. Indicate questions answered on the Answer Sheet in the column of Questions.**

**This paper consists of 4 printed pages.**

***-GOOD LUCK-***

**SECTION A:****COMPULSORY****(40 MARKS)****QUESTION ONE**

The ABC International company Ltd is a multinational company located in South Africa that imports and supplies fabric from around the world, including from India, Bangladesh and Russia, to clothing manufacturers. Their customer base comprises mainly designer fashion brands based in the UK and Italy. Consumers pay high prices for the end product owing to the superior design and quality of material. AICL's direct customers, wholesalers and manufacturers, and their customers, who are retail consumers, have high expectations that the material used in the end product is purchased from ethical sources.

Mr. John Smith, the supply chain director at AICL, is facing many challenging tasks. Some of AICL's main customers have recently complained about the deteriorating quality of some of their products. These customers' complaints were highly critical, because they did not believe that AICL had suitable supply chain quality controls in place. These customers felt that AICL needs to emphasize and base its decisions on sound quality management principles.

The other challenge was that of increased number of damages of items in transit as many of them are imported and moved in loose forms a situation that increases transport costs and pilferages. Mr John Smith is aware that containerisation has revolutionized cargo shipping but AICL has not tapped into this opportunity. Today, approximately 90% of non-bulk cargo worldwide is moved by containers stacked on transport ships. As a result Mr. John Smith was tasked by his Chief Executive Officer to lead a project to address the issues highlighted in the customers' complaints and to create an improved strategy for quality management. The project will involve the development and implementation of new policies and processes. These will have to be implemented both internally at AICL, but also to be adopted by the company's main suppliers. Mr. John Smith knows that the project will need to be set up and implemented without any delays if their organization was to remain sustainable. As his Chief Executive Officer has made it clear, 'time is of the essence if we are to respond positively to our customer's complaints'.

Mr. John Smith tasked the internal audit team to look into the complaints that had been raised by their main customers. The investigations started off well and an audit report was produced. The audit report was very critical of the lack of formalized processes and standards for quality management across a range of different aspects of AICL's business. In particular, the findings highlighted a lack of any assessments and strategies to deal with quality issues like adhering to specifications principles among others.

Mr. John Smith is aware of the international standards for quality management, ISO 9001. However, he feels that, with the immediate need to get a preliminary framework in place to manage quality risks more effectively, third-party certification to these standards and emphasis on quality management principles that should be a longer-term aim. In order to save time, it has offered to give Mr. John Smith access to its own quality management systems, including detailed processes and templates, which could be adapted for use at AICL.

The audit report further highlighted the failure by the company to include clauses in contracts with suppliers to mitigate and indemnify the company against issues such as the failure to supply and the lack of suitable insurance.

In fact the audit report recommended that moving forward management should focus on using containers to address some of the freight risks highlighted. Mr. John Smith is also contemplating making use of external consultants that specialize in setting up quality management processes and systems, but this will only be possible if the budget set for the project has sufficient funds. He has also recommended that ABC should explore the use of counter trade a concept some of the management team members never appreciated and understood.

You are required to;

- a) Comment on any four quality management strategies that Mr. John Smith plans to use in the case study to improve the quality issues on the imports. **(8 marks)**
- b) Explain any five specification principles that should be adopted by ABC Company Ltd if it is to manage the quality of its imports. **(10 marks)**
- c) Discuss any five benefits that may accrue to ABC Company Ltd if it embarks on using containers while moving its imports globally. **(10 marks)**
- d) Write a memo to ABC management to explain the concept of “counter trade” and any four types of counter trade that it can use. **(12 marks)**

## **SECTION B: ANSWER ANY TWO QUESTIONS FROM THIS SECTION**

### **QUESTION TWO**

Identify any five issues that need to be considered when developing an international sourcing strategy and justify why the cited issues should be deemed vital. **(20marks)**

**QUESTION THREE**

Currency fluctuations remain a key risk area in global commodity markets. Identify 5 strategies that may be adopted to reduce exposure to such risk **(20marks)**

**QUESTION FOUR**

Regional economic integration provides opportunities and threats to international sourcing activity.

**Required**

Evaluate the implications of regional economic integration on international sourcing activity of any organization of your choice. **(20marks)**

**QUESTION FIVE**

Identify the tariff and non-tariff barriers impacting on international sourcing activity in the East African Common (EAC) Market. **(20marks)**

**QUESTION SIX**

Evaluate the importance of the following documentation in the global logistics context.

- a) Bill of Lading **(5marks)**
- b) Commercial Invoice **(5marks)**
- c) Packing List **(5marks)**
- d) Open Letters of Credit **(5marks)**

**END**