



UGANDA MANAGEMENT INSTITUTE

POSTGRADUATE DIPLOMA IN LOGISTICS AND TRANSPORT
MANAGEMENT (DLTM)

SECOND SEMESTER EXAMS 2015/2016

MODULE: TRANSPORT AND FLEET MANAGEMENT

Date: Tuesday 4 October 2016

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

SECTION A:**COMPULSORY****40 MARKS****QUESTION ONE****Case: Fleet Maintenance at JAR**

A large telecoms company, JAR, was a state-owned industry in its home African country until it was privatized in 1994. JAR then established separate fully-owned subsidiary companies for the various parts of its business. To support the telecoms business, JAR owned and operated a large fleet of vehicles. JAR had always managed its own in-house fleet which was then split into two separate subsidiary companies. One was fleet procurement and the other was fleet maintenance. The fleet maintenance subsidiary company, called JAR FM, operated a large number of vehicle workshops throughout this African country and it also outsourced a small proportion of its maintenance to a range of smaller workshops in certain areas of this country.

JAR FM had been loss-making for many years, as its facilities were under-utilized and badly managed. There were failures in the contracts outsourced to the smaller workshops in the country side. JAR FM maintained only JAR's own fleet of vehicles at this time. As part of the re-structuring of JAR during 2005, and in order to improve company-wide profitability, all of JAR's subsidiary companies, including JAR FM, were given profit targets to meet over the 5 year period ending 31 March 2010. Despite the operating profit targets that had been set for JAR FM, the level of operating losses continued at around the same level as previously. This prompted the main Board of JAR to recruit a more experienced Chief Executive for JAR FM. Leah Katushabe was appointed to this role in August 2007.

Leah Katushabe had been recruited from outside the JAR group as she had extensive knowledge of the fleet maintenance industry. She started a review of business activities and made changes in the way the company operated. She was trying to improve the quality of the service the workshops provided to JAR's fleet of vehicles. However, she met much opposition and was unable to reduce headcount, due to opposition from trade unions. All employees feared that they would lose their jobs and some of the administration staff sought to transfer to another company within the JAR group.

Therefore, she considered that if she could not cut costs in the short-term, she needed to increase the revenues for JAR FM. She was instrumental in marketing JAR FM's vehicle maintenance facilities in order to generate revenues from new customers. However, Leah considered that a particular area of weakness was the lack of management information and financial control of the business due to a weak and ineffective Finance Director who had worked in JAR FM for many years. But, she had confidence in Samson Williams, Operations Director and the newly recruited Sales and Customer Support Director, Phillip Komakech.

Required

You are the Transport and Fleet Management director at JAR, FM, Leah Katushabe, the Managing Director, has asked you to provide advice and recommendations on the issues facing JAR FM.

- a) Prepare a report that prioritizes, analyses and evaluates the issues facing JAR FM and makes appropriate recommendations. **(15 Marks)**
- b) Discuss the possible reasons for the failure of an outsourcing contract and the possible actions that could be taken to ensure success in outsourcing contracts. **(25 Marks)**

SECTION B: ANSWER ANY THREE QUESTIONS FROM THIS SECTION

QUESTION TWO

"Fleet Management is not a onetime event, but a continuous process that provides for continued cost reductions and savings over time"

Required

- a) Using any organization you are familiar with, explain how you would manage transport and fleet services effectively, efficiently and economically. **(10 Marks)**
- b) Suggest ways you can come up with to elevate your Fleet Management Skills **(10 Marks)**

QUESTION THREE

"Intermodal transport and public transport need to be embraced if we are to protect our environment and also be cost effective"

Required

- a) Using relevant examples discuss the factors that affect the choice of transport in your organization. **(10 Marks)**
- b) Discuss the rationale of using containerization in the clearing and forwarding industry. **(10 Marks)**

QUESTION FOUR

"The transport sector is an important component of the development of any economy and welfare of its people".

Required

Using relevant examples from any country of your choice, discuss the role transportation plays in that country's economic and sustainable development. **(20 Marks)**

QUESTION FIVE

- a) Explain the term Intelligent Transport Systems (ITS). **(5 marks)**
- b) Discuss, with practical examples, **five** applications of ITS. **(15 marks)**

QUESTION SIX

A machine was bought at a cost of Shs. 9,500,000. Installing the machine before use cost shs.500, 000. Scrap value is expected to be 1,296,000 at the end of estimated life of 4 years.

Required

Calculate depreciation expense and accumulated depreciation at the end of each year using.

- a) Normal reducing balance method. **(10 Marks)**
- b) Double declining balance method. **(10 Marks)**

