



# UGANDA MANAGEMENT INSTITUTE

POSTGRADUATE DIPLOMA IN LOGISTICS AND TRANSPORT  
MANAGEMENT (DLTM) WKD

SECOND SEMESTER EXAMS 2015/2016

**MODULE: WAREHOUSING AND STORES  
MANAGEMENT**

Date: Wednesday 5 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

~~GOOD LUCK~~

**SECTION A:**

**COMPULSORY**

**40 MARKS**

### **QUESTION ONE**

#### **THE PURCHASING CONSORTIA**

The Purchasing Consortia (TPC) is a purchasing consortium that buys, stores and distributes on behalf of five local authorities. It was set up six years ago as a result of the local authorities deciding that it was more cost effective to pool the purchasing of items that all the authorities used. The members pay a small management fee and agree to use the consortium for the supply of a range of commonly used items (for example, stationery, paper, office equipment and computer equipment and consumables). However, the authorities are also free to check the market for price competitiveness and if items are found cheaper elsewhere then TPC will try to match the price. If they cannot then the authority is free to buy direct from the cheapest supplier.

To date, TPC has been challenged about price on only a few occasions, which has led the senior managers to believe that they have been giving good value for money. However the senior management have become concerned after a Best Value audit of TPC conducted by one of the contributing authorities had revealed several problems with the operation of the central stores.

The Best Value audit report identified that the costs for storage and distribution had risen over the last two years from an average of £0.30 to £0.70 per unit. It concluded, 'The rising storage and distribution costs should not be allowed to continue, as soon the operating costs of the facility would exceed any saving made due to volume discounts.'

As a result of this report the management team has realised that something needs to be done and has appointed John Jones, an experienced stores and distribution manager, as head of distribution with a brief to improve the operation. During his first week John toured the warehouse and found the following:

#### **The Ordering Process**

Orders from the consortium members are received either via telephone, fax or e-mail. The orders are then entered into the order processing system manually. The system is six years old and cannot provide live stock information, as it does not link directly to the

warehouse computer. It is also not compatible with e-procurement. TPC is currently under pressure from the members to accept electronic orders.

### **The Warehouse**

There is no integrated computerized stock-management system. Stores staff tend to rely on stock cards and regular stock checks, with the result that the stock information is often up to 12 hours out of date. The stock controllers complete a manual out-of-stock card and pass this to the purchasing office in order to re-order stock. To pick customer orders, pick sheets are printed off and the pickers take the pick sheets around with them. When the pick sheet is returned to the office, the amount of products picked and any 'out of stock' are manually entered into the system. After the regular stock checks there are often discrepancies: it is suspected that these are due to pilferage. On closer inspection John discovered that several products are not in the right location and also that many of the boxes of products appeared to be opened with products scattered around. The computer equipment is also stored in normal racks, just like other stock, with several pallets of laptops being at ground level. There are also pallets of products stacked in aisles, which not only impede access, but also prevent the CCTV cameras from viewing the whole warehouse.

On his tour of the warehouse, John also found someone wandering into the warehouse and making the excuse that they were lost. Upon investigation it was found that the security gates stopped vehicles but there was an unguarded pedestrian entrance from the staff car park that was outside the perimeter fence. The perimeter fence also appeared to be poorly maintained and had several holes in it.

John Jones then went to talk to the human resources (HR) department where it was explained that many of the staff that worked in the warehouse were temporary staff from an employment agency. The HR department also explained that it was uncertain of the background checks carried out by the agency on the temporary staff.

### **Required**

- a) Evaluate how the use of modern information communication technology (ICT) systems could contribute to improved supply chain efficiencies at TPC. **(20 marks)**
- b) Discuss the potential security issues within TPC and suggest and justify methods that could be used to overcome the security issues at TPC. **(20 marks)**

The information in this case study is purely fictitious and has been prepared for assessment purposes only. Any resemblance to any organisation or person is purely coincidental

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

### **QUESTION TWO**

Maximizing stores density remains a priority remains for logistics and Warehouse managers. Discuss any 5 Initiatives that can be implemented to maximize density in a warehousing context. **(20 marks)**

### **QUESTION THREE**

Identify and discuss 5 materials handling equipment types that your organisation may adopted advising on preconditions for use of the cited equipment types. **(20 marks)**

### **QUESTION FOUR**

Reporting in a warehousing context is critical. Reports provide a basis for managerial decision making. Identify reports that need to be developed and in a warehousing context highlighting the rationale for developing the cited respective reports. **(20 marks)**

### **QUESTION FIVE**

Stores audits involves a range of activities. Discuss what is involved in a stores audit and the importance of undertaking stores audits. **(20 marks)**

### **QUESTION SIX**

Discuss initiatives that can be undertaken to develop cross functional relationships in a warehousing context and highlight the value of good working cross functional relationships in a warehousing context. **(20 marks)**

**END**