Advanced Diploma in Purchasing and Supply

Storage and Distribution
L5-11

LEVEL 5

Senior Assessor’s Report

May 2007
INFORMATION FOR CANDIDATES

The senior assessor’s report is written in order to provide candidates with feedback relating to the examination. It is designed as a tool for candidates – both those who have sat the examination and those who wish to use as part of their revision for future examinations.

Candidates are advised to refer to the Examination Techniques Guide (see the following link http://www.cips.org/documents/ExaminationtechniquesguideFeb07.pdf) as well as this senior assessor’s report.

The senior assessor’s report aims to provide the following information:

- An indication of how to approach the examination question
- An indication of the points the answer should include and how marks are allocated
- An indication of candidate performance for the examination question

APPENDIX

A syllabus matrix for the examination is included as an appendix. It highlights the learning objectives of the syllabus unit content that each question is testing.

The unit content guides are available to download at the following link:
http://www.cips.org/studyqualify/cipsqualifications/syllabuses/

ADDITIONAL SOURCES OF INFORMATION

The Supply Management magazine is a useful source of information and candidates are advised to include it in their reading during their study. Please see the following link to the Supply Management website http://www.supplymanagement.com/
SECTION A

Q1 As the head of stores & distribution identify and justify the actions that ADS can take to improve its stores and distribution function in the short to medium term (25 marks)

Analysis of the Question
The question was based on the case provided and related to a fictional organisation called ADS. The question required the candidates to identify and justify (show good reasons for decisions or conclusions) action that could be taken in the short to medium term.

Analysis of the Answer
The key to providing a good answer was to identify the issues that ADS could improve in the short to medium term. Whilst there is no firm definition of short & medium term a clue was given in the case as longer-term solutions were mentioned explicitly.
The answer required candidates to identify the other issues and provide justified solutions to the problems.
One approach could have been to split the case up into transport issues and warehouse issues. Answers would need to address the range of issues highlighted in the case many of which were interrelated.

In terms of the transport, issues such as reducing the congestion by introducing booking in times, and reversing the goods in and goods out doors to improve the flow and reduce the vehicle waiting times. Also in terms of the context of the case these measures would also help to reduce the issues that the local residents have with noise and congestion.

In terms of the warehouse there were a number of issues that could be addressed including using adjustable racking and random stock location, which could be used to increase storage density. However random storage would also need an introduction of a computerised stock control system, which would also improve the stock accuracy issues.
Replacing the MHE and possibly entering in to a maintenance agreement could also improve the efficiency of the warehouse operation. New MHE could also allow the warehouse to be reconfigured in order to reduce the aisle widths and possibly utilise the height of the warehouse better. Stock layout could also be improved by the application of ABC analysis which would help minimise the distance travelled by the A items and also to investigate their stockholding levels of certain items.

Exam Question Summary
This question provided a wide range of answers that attracted a wide range of marks. Good answers identified the issues that were highlighted in the case and then justified their suggested solutions in a systematic manner that clearly related to the context of the organisation.

Answers that did not score well provided answers that either only covered a few issues or that listed solutions without justifying how they would help to improve things. Some answers just provided generic solutions to stores & distribution issues but paid no attention to the context of the case and in a few cases answers focused on the need to move location which was clearly indicated in the case to be a longer term solution.
Q2 Analyse each of the four longer-term solutions that were proposed by the management consultant indicating which option would be the more favourable solution for ADS.

Analysis of the Question
The question was based on the case provided and related to a fictional organisation called ADS. The question required an analysis (examine a topic together with thoughts and judgements about it by dividing the topic into its separate parts and looking at each part in detail) of all the proposed solutions, and also an indication as to which option would be more favourable.

Marks for this question were allocated as up to 5 marks per option analysed, plus up to 5 marks for suggesting a favourable solution.

Analysis of the Answer
One approach that would ensure that all aspects of the question were covered was to analyse each of the suggested options separately and then come to a conclusion as to which was the most favourable option. Each of the options suggested had merits but they also had disadvantages as well. In analysing the options attention had to be paid to the context of the case. For example option one involved automating the current warehouse and whilst this would have the advantage of increased space and throughput, it had to be balanced against the issue of local residents complaining about congestion.

In option two building another warehouse in the South East would solve the local congestion issues but serving the customers in the North of England could be an issue.

Option three building a warehouse in the Pas de Calais would move the warehouse away from some of the customers but could also provide a platform for European expansion.

The last option of moving to the North West of England and use rail services could be cheaper but also more logistically complex.

In addition to these issues other issues that could have been analysed for each option could include labour issues as some options involved either reducing or changing the workforce. The level of investment required as each option involved, investment of different magnitudes and also the effect on current and future customer service and the environment. In terms of the most favourable options candidates were free to suggest any of the options whilst stating that perhaps none were perfect.

Exam Question Summary
This question was generally well answered with most candidates providing analysis of each of the four options as well as providing a recommendation as to which one would be the preferred options. As each of the proposed solutions had both positives and negatives, any of the solutions could be (and were) seen as the most favourable.

Good answers provided comprehensive analysis that took full account of the circumstances of ADS as described in the case and backed up their suggested solution well in terms of justification.
Answers that did not score highly only covered one or two of the options and did not provide reasons for the most favourable option.

As it can be seen by the breakdown of marks, a candidate who only analysed one option no matter how well would only gain a maximum of 5 marks. Also some answers discussed the principles of warehouse location in very general terms.

SECTION B

Q3

Explain how the concept of fourth party logistics differs from the concept of third party logistics within stores and distribution. (25 marks)

Analysis of the Question

The question required candidates to explain the differences between third and fourth party logistics. In order to achieve these, candidates would have to demonstrate a clear understanding of each of the concepts.

Marks were allocated for each difference identified up to a maximum of 5 marks per difference.

Analysis of the Answer

In order to answer this question well candidates would have to demonstrate their understanding of the differences between Third and Fourth party logistics. An approach could have been to define each of the terms first and then explain the differences between them. The advantage of this approach would be that the candidate would have both definitions in the answer to refer to which would help them explain the differences.

Third party logistics could be defined as using an outside organisation to perform one or more aspects of an organisations stores and distribution function. Fourth party logistics has been described by Andersen Consulting as ‘An integrator that assembles the resources capabilities and technology of its own organisation and other organisations to design build and run comprehensive supply chain solutions.’ The main differences can be seen in the fact that Fourth party logistics focus on a total supply chain perspective which allows for a more coordinated supply chain by the use of increased visibility, technology including open systems and knowledge management and measurement. Third party logistics focus on the movement of the goods and information rather than integrating the supply chain. Answers could note that in some supply chains the fourth party logistics provider coordinated the activities of several third party logistics providers.

Exam Question Summary

This was not a popular question with only a few candidates attempting it. Of those who did answer the question many did not score a high mark. The main mistake made by candidates who scored low marks was to discuss the advantages and disadvantages of third party logistics rather than the differences between the two concepts.
Those who scored well on this question provided a clear definition of each term and then provided a discussion of the main differences with some candidates providing useful examples.

Q4 (a)  Explain the role of a dangerous goods safety advisor  (13 marks)
Q4 (b)  Discuss the responsibilities of dangerous goods vehicle drivers under the legislation controlling the transport of dangerous goods.  (12 marks)

Analysis of the Question
This question was in two parts and based on the responsibilities of different groups when dealing with dangerous goods.

Part (a) required an explanation of the role of a dangerous goods safety adviser and 13 marks were available.

Part (b) required a discussion of the responsibilities of goods vehicle drivers under the legislation covering dangerous goods. As both sections carried almost equal marks the answers should have been balanced 50-50 between each part.
It is also important to note that the question was focused on roles & responsibilities and not on the specific legislation.

Analysis of the Answer
In order to answer the question well candidates would have to demonstrate their knowledge of the roles of both dangerous good safety advisors (DGSA) and dangerous goods vehicles drivers.

In part (a) one approach would be to start by stating that under the legislation covering handling of dangerous goods, organisations that transport and handle dangerous good must appoint a DGSA. Answers could then be developed to explain that the DGSA has a wide role in advising and monitoring the movement of dangerous goods to ensure compliance with the law. Activities that could have been used as part of the explanation were monitoring compliance with the law, advising the employer on the legislation and practical issues in connection with transporting dangerous goods, producing and annual report for their employer on the firm’ activities transporting dangerous goods, reporting on accidents, incidents, checking equipment and providing proper documented training for employees.

The key to a successful answer was to provide an explanation that included some of those and other roles and also to explain that it was a key role as the DGSA has a statutory duty to protect their employer, the firm’s employees and the general public.

The answer to part (b) could have been structured by providing a short introduction that explained the fact that drivers have a range of responsibilities when transporting hazardous goods. The point could have been made that when they are transporting the goods they have a responsibility to keep the public and society safe from the contents of their load. Answers could also mention the legislation specifically although this was not
the main focus of the question. Answers could then be developed to discuss some of the specific areas that drivers would be responsible for. These could include the following: ensure that they are adequately trained to deal with the goods that they are transporting and to carry their certificates on all dangerous goods journeys, ensure that they have the correct information for the goods that they are transporting usually in the form of a TREMPCARD, ensure that the vehicle is suitable and equipped to carry the goods and has the required safety equipment and ensure that the vehicles is suitably labelled for the goods being carried. Other point could also be discussed for example not carrying passengers and also restrictions on smoking and eating with certain goods. The important issue to cover here was that drivers that transport dangerous goods have many statutory responsibilities and play a key role in the safe transportation of dangerous goods.

Exam Question Summary
This was not one of the more popular questions in section B. Candidates who did attempt this question gained a range of marks. Good answers provided a clear explanation of the role of the dangerous goods safety advisor covering many of the points mentioned above as well as a comprehensive discussion of the role of the driver. Answers were also well balanced in length between the two sections.

Answers that did not attract high marks did so because either the answers did not fully cover the points required or produced a list of unexpanded bullet point that did not provide either an explanation or discussion of the issues.

Q5 Analyse how the development of intermodal transport systems has improved the effectiveness of distribution activities. Support your answer with appropriate examples. (25 marks)

Analysis of the Question
The key word in the question was ‘effectiveness’ and candidates were expected to analyse the use of intermodal transport to improve this. Marks were allocated for each area of improved efficiency analysed as well as the use of examples.

Analysis of the Answer
This question could have been answered by starting with definitions of intermodal – transporting goods by the use of more than one mode of transport and effectiveness-ability to achieve stated goal or objective. These could then have been applied to distribution activities. One way to analysis the effect of intermodal transport was to examine the effects on some of the aspects of distribution. Examples of these could have been:

Speed
The use of intermodal transport has allowed the movement of goods to become faster and made moving between modes easier thus speeding up the distribution process. Examples here would include ISO containers which can be transferred between road, rail and sea without reloading the contents also, the advent of the channel tunnel or Ro/Ro ferries has allowed road vehicles to cross over or under the sea
Security
The fact that the contents of the load are not handled when changing modes leads to better load security as the load is sealed at the point of departure and only open at the point of destination (unless subject to a customs search). This means that more of the contents of the load are likely to reach their destination intact. Examples here could focus on the fact that ISO containers and other intermodal equipment can be moved between modes without their contents being exposed to the people doing the handling.

Damage
The elimination of physically handling the product reduces damage and increases the effectiveness in terms of increasing the chances that the goods will arrive in a useable condition. For example less chance of being dropped or damaged by repeated handling by FLT’s (forklift trucks)

Traceability and Accountability
The development of tracking technology has led to the ability to track consignments from the point of origin to the point of delivery. Traceability would lead to an increase in effectiveness by providing information on the exact position of the goods. Increased accountability the fact that one organisation can either deliver the goods or coordinate the movement would also lead to increased effectiveness.

Examples
Some examples have been mentioned in the sections however other practical examples with which candidates were familiar would also enhance the answer.

Exam Question Summary
This was a very popular question that produced some good responses. Answers that gained high marks on this question provided a comprehensive analysis of the aspects of intermodal transport that demonstrated how effectiveness was improved some answers also discussed how intermodal transport has been effective in reducing environmental impact. Good answers also provided appropriate examples for each issue analysed.

Answers that did not score high marks on this question did so because they either discussed the history of intermodal transport and failed to mention anything about effectiveness or because they provided plenty of examples without relating them to improved effectiveness. Some answers also just provided a review of the advantages and disadvantages of different transport modes (road, air, sea, pipeline and rail) without answering the question that was asked.

Q6 (a)  Suggest FIVE reasons why stock proliferation can occur. (10 marks)
Q6 (b)  Discuss ways the organisation can prevent stock proliferation in the future. (15 marks)

Analysis of the Question
This was a two-part question with part (a) examining the reasons for stock proliferation and part (b) examining the ways that proliferation can be prevented. This question also provided a context in terms of assuming the role of a stores manager for a medium sized engineering company. In this case the context was important because it indicated that they were a manufacturer rather that a retailer who would compete on the range of goods stocked.

Part (a) of the answer required candidates to suggest five reasons why stock proliferation can occur. The key word in this question was proliferation, which suggests growth in the organisations breadth of stock held, and not the depth. The question asked for five reasons and the marks were split 2 marks per reason.

Part (b) was related to part (a) in that candidates were asked to discuss ways that organisations can prevent stock proliferation. The measures discussed would be expected to flow from the reasons discussed in part (a) with 15 marks available for the points and discussion. It can also be noted from the mark split between the sections that part (b) attracted the higher marks and therefore requires a more in-depth answer than part (a).

Analysis of the Answer
In part (a) five reasons should have been suggested for why stock proliferation could occur. The key to a good answer here was to focus on the word proliferation its meaning in terms of breadth of stock held. This would lead to the some of the following reasons being suggested: no specification in use, no coordination between individuals or departments, the use of branded products where a generic item could do several jobs, excessive number of sizes of a particular item being held, excessive range of items being held or even a lack of proper coding in place.

The answer to part (b) would follow on from the suggestions made in part (a). Answers should focus on how organisations can prevent proliferation. One approach could have been to start with a short definition of proliferation and then to discuss ways that this could be prevented. The key to the answer is to examine the reasons suggested and then discuss solutions. These solutions could have focused on the need for a more coordinated approach to stock management. Discussion could centre on the need to involve all interested departments in the organisation and to implement a system to check if a new item was really required before it is added to the inventory. Other techniques for example, standardisation and variety reduction could also be used as this was an engineering company rather than a retailer. Answers could also discuss the introduction of a coding system and JIT as techniques that the organisation could use. However if JIT is to be recommended answers should include the point that no information is given about the volumes of products that this company produces and so this would need to be investigated to see if the conditions for successful JIT exist.

Exam Question Summary
This question was the most popular and was generally well answered with many candidates able to suggest five reasons and then to discuss ways to prevent stock proliferation from occurring. There was also a good range of examples provided in both sections of many of the candidate’s answers.
Answers that did not score highly generally did so for one of two reasons. The first reason was that some candidates confused the holding of excessive stock with proliferation and the second reason was the confusion of the word proliferation with the word pilferage. In both cases these mistakes in part (a) were carried forward into part (b) and led to a low score on both parts.

APPENDIX:

Syllabus matrix indicating the learning objectives of the syllabus unit content that each question is testing
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