FEEDBACK TUTORIAL LETTER

1st SEMESTER 2017

ASSIGNMENT 1

PRINCIPLES OF LOGISTICS MANAGEMENT

PLM611S
Feedback Tutorial 1
Principles of Logistics Management
Assignment 1

Dear Student

It gives me pleasure to welcome you to the Namibia University of Science and Technology as a student in the Marketing and Logistics Department.

COURSE DESCRIPTION:
Logistics Management is the part of Supply Chain Management that plans, implements, and controls the efficient, effective, forward, and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customer's requirements.

By way on introduction I am Mrs. Gloria Tshoopara the marker tutor for Principles of Logistics Management.

Firstly, let me thank all the student who managed to submit their 1st assignment.

To the few students that attended the vocational school, I hope most of the questions that you were struggling with are answered, and that you have a bitter picture or you are enlightened about the subject in question. I believe assignment 2 will be easier to tackle.

Remarks on Assignment 1: The biggest problem that I noticed during these assignment is that students copied most if not all their work. I was very disappointed to say the least. Most of you work was not referenced (in text referencing). Referencing your intext is very important and it’s totally different from the list of reference that you must provide at the end of the assignment. Include an in-text citation when you refer to, summarize, paraphrase, or quote from another source. ... APA in-text citation style uses the author's last name and the year of publication, for example: (Field, 2005). For direct quotations, include the page number as well, for example: (Field, 2005, p. 14). Mar 8, 2017. You should reference your work in text and at last page as appendix the full reference.

I have also notice with concern that students will answer a 50 mark question with 3 sentences or on a one A4 hand written page, do you really think that would give you or you deserve 10 marks for that attempt.

I have provided students with the assignments sample of one of my students Ms Jenine van Jaarsveld attempted to answer the assignment one. It is also very clear on the guidelines that I need typed assignments. Hand written assignments are very difficult to read especially if the handwriting is not clear of legible.

Secondly, this my last warning to the culprits that would copy and submit copied work. Please make time and familiarize yourself with the institutions plagiarism policy. Please ensure that you use the APA referencing style at all times. You can’t copy someone else work and make it
your own work. You are 2nd year students, and the groundwork I have laid last year with you. For your information please, look at the following guideline once again:

1. Please reference your work (in-text and at the back) (APA referencing style)
2. For 10 marks please write **at least an A4 page** and (5 marks half A4)
3. Do not list if you were not task to list answers
4. Please use Arial/Times New Roman Font, size 12, with 1.5 spacing and left and right margins justified

What I am providing below is a sample of how you could have done your assignment. Please note this are not the only correct answers, but possible answers that students could have provided.

**For your 2nd Test please study unit, Inventory Management and Warehouse Management.**

See you all at the vocational school in April 2017

Enjoy your studies.

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**Assignment 1**

For the purpose of this assignment, the opted a company named “The Free Press of Namibia (Pty) Ltd”. This is possibly one of the few companies that have a full Logistics and Supply Chain function and responsible for the entire cycle, from sourcing of raw materials, through the production and distribution processes to the management of the return logistics function.

As a brief introduction to the Free Press of Namibia (Pty) Ltd, trading as The Namibian, one can say that this is the biggest newspaper in Namibia in terms of circulation, with a proud printing figure of approx. 40 000 newspapers per day (Monday to Thursday), and an average of 70 000 newspapers on a Friday. The Namibian’s distribution routes covers approximately 9700km per day with about 400 distribution points throughout Namibia and employ close to 500 staff members across the different business units. (These business units are the Newspaper Production Unit, the Newspaper Printing Unit, and the Distribution Unit.)

In order to produce and print these amounts of newspapers, they allocate approx. 30 ton of paper per night and a budget for purchasing the paper of approximately 4 million Namibian Dollars per month. The total operational budget for this operation is approximately 12 million Namibian Dollars per month (excluding salaries and other expenses), with revenue targets of approximately 24 Million Namibian Dollars per month, The Namibian is regarded as one of the few companies that contributes substantially to the Macro economic environment and is a major role player in the generation of revenue and contribution of Income Tax paid to the Government of Namibia.

The question, of course, is how to put this entire process together? How does the process flow work from the sourcing of the raw materials to the production, printing, distribution and ultimately the management and return of waste material/product? Who decides on the sourcing and negotiation of prices from a Supply Chain perspective, how is the production schedules planned from an Operational perspective and where/how are the materials stored, moved and printed, from a Logistical perspective.
Let’s first look at the Process Flow:

Raw Materials required for the production and printing of the newspaper is sourced from various suppliers globally, depending on the availability and quality of products required. This forms part of the Supply Chain process, and specifically falls under the Procurement section. However, there is also a big part of the procurement function that slots in with the Logistics Management Process, ie. The type of transport required to effectively and efficiently move the raw materials from the point of origin to Namibia (end destination) – of course at the most cost effective option, ie. road, sea, rail or airfreight. This decision also mainly depends on the origin and urgency of the required delivery.

From a Supply Chain perspective items will be classified as fast moving goods (paper, ink, packaging material) and slow moving items such as parts for machines, maintenance products to clean printers and printing machines, etc. These decisions on when to order how much of which products falls within the Supply Chain section under the Procurement Function.

For example:
Paper is purchased from Sappi Global or Mondi South Africa, depending on the availability and market price at the time of ordering. (Supply Chain function) Depending on the country of origin, this is moved via sea freight to South Africa and then from South Africa moved to Namibia via Roadfreight. (Logistics function)
In addition to the paper supply, other materials required for the operational process includes printing ink (supplied in 200L drums), which is a dangerous goods item and are mostly moved via rail from South Africa to Namibia, due to the hazards involved in movement. (Logistics function)

Function
With reference to the preferred packaging requirements of clients, strapping strips for strapping/packing machines, plastic used during the shrink wrap process and labels are required during the packaging process. Plates for the preparation of the pages, and of course the parts for the printing and packaging machines, are mainly sourced from South Africa and moved via road and/or airfreight. If there is a breakdown on the production machines, the parts will be flown in, but normal standard orders will be more cost effective to move via roadfreight. These are only a few examples of items/goods required to run a commercial printing operation and the decisions made during the Supply Chain process (sourcing decisions) and movement (Logistics).

Upon arrival in Namibia, these materials will need to be offloaded (utilizing forklifts/cranes/heavyload handling materials) and stored, until utilized. Depending on the demand and what is forecasted on a monthly basis, orders are processed and issued to suppliers to ensure supply for a certain period. (Part of the Inbound Logistics Function). These orders are also based on available warehouse space, which will determine the frequency of ordering. Regular stock takes are required to ensure stock levels are closely monitored in order to not run out of resources.

(Inventory Management).
These items are delivered to the printing warehouse, which is located within an industrial area in Windhoek. The decision of the site location was/is based on the cost of land, the requirements to be in close proximity of the public, the available space vs. the required space within Windhoek, etc. Windhoek was elected as the main area where production will take place based on the amount of papers distributed within the Khomas region, in comparison with other regions. Transport from Windhoek (as the central point of Namibia), is also more effective and efficient and can be planned according to demand. The warehouse is also planned and the layout engineered to optimize packing, sorting, loading and dispatching operations.
However, the location of the actual newspaper offices (where the newspaper is produced), needs to be centrally located (within town) and easily accessible to the public. Therefore, there will be various offices of The Namibian in the different regions, but the production will happen at a central point and distribution to the regions will be decided upon based on cost, available service providers and allocated routes. Vehicle planning, in conjunction with demand forecasting is necessary in order to ensure the vehicle capacity can handle the weight of the product (newspapers) distributed to the different regions/town every night. (Site selection and design; Transport decisions).

With reference to the production process of the newspaper, communication is of utmost importance. Deadlines for submission of final pages are the focus of each day’s operation. Well planned and high quality communication lines are installed between the premises where the production of the paper is managed and the printing of the paper is done. There are very specific software utilized for the production of the paper, that needs to integrate with the printing programs, in order to ensure the layout of the paper is not compromised during the importation of the information into the software utilized for printing.

Organisational Planning and Production cycles, scheduling of staff on shifts to complete all duties, and maintenance schedules on printing machines, can only be determined if the information provided is correct and communication is effective between all parties involved. Another area where information flow is crucial is between the distribution/circulation departments and the outlets selling the paper (distribution points). Indications on demand and orders for the next day’s paper is crucial to ensure the correct quantities are ordered from the printers, and sent to the outlets. All of this forms part of the Logistical process, to ensure effective and efficient flow of communication between different departments and business units to deliver a perfect product daily.

The logistical operation with regards to the movement/distribution of the printed product (newspaper) to the outlets to ensure effective and efficient delivery, in the correct quantities, at the right time, is another crucial part of the operation. This can be seen as part of the Outbound Logistical process.

Through effective planning, ordering, optimization of routes and ensuring early delivery times to all areas throughout Namibia, the Namibian has grown their sales in newspapers by 33% over a year period (2011-2012) and a constant 8-10% growth annually thereafter (2013 – 2016) – which is up to 3 times as much as their biggest competitor. In other words, through ensuring time, place and possession utility, the Namibian has created a distinct competitive advantage, ensuring not only growth of sales, but management of cost and increased employment opportunities in the market. Time Utility – ensuring that the product (newspaper) is delivered on time, as early as possible, daily to the distribution points.

Place Utility – ensuring that the newspaper is distributed in as many shops and outlets as possible to be available to the public, in any area and every town. Possession Utility – through efficient and effective marketing strategies, The Namibian has ensured that every person buying The Namibian Newspaper not only shows they are proudly Namibian, but have the status of “knowing it all through reading a paper that is “telling it like it is””. The Namibian created the need for Time, Place and Possession Utility, through effective Marketing Strategies. Focussing on Product, Place, Promotion and Price, The Namibian ensures that the competitive advantage is maintained.

The increase in circulation resulted in the increase in sales of advertisement (the main revenue stream of any newspaper), which in turn resulted in The Namibian being one of the fastest
growing companies in the industry. They literally moved from only producing a newspaper and outsourcing all other functions (sourcing of raw materials, transport from point of origin to point of “consumption”, printing of the newspaper and distributing it locally within Namibia and South Africa) to taking full control of the entire Supply Chain and Logistical functions. This, in return, **created wealth** for the company and its shareholders.

As the growth in sales increased, so did the use of paper increase, and, of course, this will result in increase of returned/unsold newspapers as well. The challenge faced by The Namibian, is ensuring the implementation of an effective return management strategy. This includes the collection of unsold newspapers, the return thereof to the main distribution point (ie. Windhoek warehouse), and then ultimately the return of these unsold items/waste products to recycling plants. This in itself requires planning, coordination and control to ensure safety, security and effective movement of the waste products. This entire process is also known as **Reverse/Return Logistics** and forms part of **Outbound Logistics**.

In conclusion, it is noted that the Council of Supply Chain Management Professionals (CSCMP), states that Logistics Management is “that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods and related information between the point of origin and the point of consumption in order to meeting customers’ requirements.” (Pienaar & Voigt, 2016).

Therefore, considering the success that The Namibian has achieved as a business, through the implementation of effective and efficient Supply Chain and Logistics Management strategies, one can say that the importance of Supply Chain and Logistics within the firm, is not disputable. Furthermore, the increase in sales and circulation, results in growth of the company – both operationally and financially – not only resulting in more materials bought and moved and more employment opportunities, but also higher Income Taxes paid. Therefore Supply Chain and Logistics in this instance, plays an important role in the economy as a whole.

**On a separate sheet she had an illustration of the flow of Raw Materials to Semi-finished Goods, to Finished Goods and then eventually Return Goods. This was graphical illustration of the involvement of Supply Chain and Logistics throughout the Process Flow of The Namibian.**

**References**