

Introduction to Supply Chain and Logistics

Assessment 1

Total Marks: 30

1. How is modern supply chain different from that of the past? **7**
2. What is the importance of communication in a supply chain? **7**
3. How the logistic activities are organised in different size of organisations? **7**

Case Study

9

PE Dairies gives a home delivery service for milk, dairy products and a range of related goods. Simon Hull has run the dairy for the past 10 years. His product is a combination of goods (the items he delivers) and services (the delivery and associated jobs he does for customers).

There are several specific problems facing PE Dairies. There is, for example, some variation in daily demand, so Simon has to carry spare stock. He cannot carry too much, as dairy products have a short life and anything not delivered quickly is thrown away. Simon aims at keeping this waste down to 2 per cent of sales. There are also problems maintaining a service during holidays, or when PE has difficulties with their deliveries.

Perhaps Simon's main concern is maintaining his sales over the long term. Demand for doorstep deliveries is declining, as people buy more milk at supermarkets. The number of milkmen in his area has declined from ten in 1990 to three in 2007. Most of Simon's customers have been with him for many years, but he generates new custom by canvassing, delivering leaflets, special offers, carrying a range of other products, and so on.

- Describe the supply chain for milk.
- Where does PE Dairies fit into this? What specific activities form the logistics in PE Dairies?
- What are the main problems that PE Dairies has with logistics?