

**ASSESSMENT # 3**

**Total Marks: 30**

- 1.** Give short answers for the following questions: (18)
- i. What are the different types of decisions made in an organisation?
  - ii. What are 'tactical' decisions about?
  - iii. What is the logistics strategy about?
  - iv. What is the value-added strategy about?
  - v. What are the three factors to be considered when designing a logistics strategy?
  - vi. How do logistics play a strategic role in organisations?
  - vii. Outline the main areas that a logistics strategy focuses on.
  - viii. What is a lean strategy?
  - ix. What is the main purpose of a logistics audit for a business?
- 2.** Outline the steps involved in developing a logistics strategy. (4)

**Case Study**

(8)

William and Charlotte moved into Hampshire Farm in 1990. Over the past few years, their income from milk and traditional crops has dropped because of lower market prices. They have supplemented this income from other sources, including the conversion of old barns into holiday homes.

Eight years ago, Charlotte took over a small field and started growing herbs. She sold a small range of herbs to local people who wanted fresh, organic produce for cooking. Passing tourists would also buy from her as souvenirs, and the herb business began to grow. Five years ago, Charlotte started growing more unusual herbs, expanded her growing area into a second field and subsequently opened a visitors' centre. People came to look at the growing process and the preparation of herbs, as well as to taste samples in various foods.

Three years ago, Charlotte launched new range of herb products. This was a major expansion, converting some of the farm buildings into a 'herb kitchen' and making products for cooking (sauces, dressings and marinades), perfumes (posies, potpourri and sachets of dried herbs) and what she called 'healthy stuff' (herb mixtures traditionally said to have beneficial effects). The farm is now widely advertised as a tourist attraction. The website is particularly useful, as Charlotte uses it to collect orders. She currently delivers 100 parcels a week to regular local customers (up to about 50 km away) and posts 200 parcels to more distant customers.

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Herbs started as a small business to generate additional income for the farm, but have now become its main activity. Charlotte is considering another expansion. She could expand the product range even further and move all the processing to an industrial estate 15 km away. Supporting this would demand and increase in sales around-ten times current postal sales. Charlotte plans to generate these by introducing a mail order catalogue and increasing use of the website.

**Questions**

- How does Charlotte currently organise her logistics? What do you think are her aims and priorities?
- What would be the effect of the expansion on logistics? What problems would Charlotte face and what options does she have to overcome them?