



CII Institute of Logistics

Post Graduate Diploma in Supply Chain Management
Semester-end Examination June 2008

INTERNATIONAL LOGISTICS MANAGEMENT

Time : Three Hours

Marks : 100

Part A

Answer all questions (10 x 1 = 10 Marks)

- Which of the following is not a logistics operation
 - Packing
 - Order Processing
 - Transportation of Raw Materials
 - WIP at supplier unit
- Which risk is reduced when a company opts for 3PL?
 - Financial Investment Risk
 - Strategic Risk
 - Commercial Risk
 - Management Risk
- Which of the following is not a part of order processing?
 - Credit Checking
 - Order Collection
 - Identifying customer needs
 - Internal order communication
- Which of the following is an "Out-of-stock-cost"?
 - Lost sales cost
 - Last sales cost
 - Carrying cost
 - Capital cost
- Warehousing cost is not dependant on
 - Warehouse location
 - Number of warehouses in the same area
 - Land / rental cost
 - Price of diesel
- Which of the following is an objective of transportation
 - To reduce the warehousing cost
 - To maximize customer service at optimal cost
 - To reduce flexibility of transportation activities

- To minimize control over movement activities
- Bill of lading is not a
 - Contract
 - Receipt
 - Certificate of title
 - Non-negotiable instrument
 - Which one cannot carry palletized cargo?
 - Passenger planes
 - Combis
 - Air freighters
 - Charters
 - Which of the following is false in the case of a manifest?
 - The law prohibits unloading of any goods at a customs station which is not mentioned in the manifest
 - Unless the manifest is filed with all requisite details, no unloading of cargo can be undertaken
 - The filling of manifest should be made within 48 hours of entry of the vessel at the customs station
 - Prior filing of manifest even before the arrival of the vessel is permitted
 - Pan Max vessel means
 - A vessel that is larger enough to cross panama canal
 - A vessel that is larger enough to cross suez canal
 - A vessel that is larger enough to cross pacific canal
 - None of the above

Part B

Answer any three (3 x 15 = 45)

- Explain
 - FOB
 - RORO
 - THC
- Differentiate
 - International freight forwarders and customs brokers
 - Distribution and physical distribution
 - Domestic logistics and international logistics
- Explain organizational structures of international logistics organizations

4. "Multimodal transportation is the result of globalization" Discuss

Part C

Case Study (3 x 15 = 45)

Bringing Supply Chain Visibility to the Southwest Corridor

Transitioning International's operations to a centralized network managed by a LLP required unanimous buy-in from the corporate, plant and supplier levels. To facilitate a smooth transition, International and Penske assembled a team representing materials managers from International's plants, IT representatives, Penske engineers and Penske operations. Together, this group would be responsible for implementing Penske's new network model and logistics strategy.

To improve the visibility of parts moving throughout the supply chain, Penske worked with the team to propose the following:

- Origin Destination Centers (ODCs) – Penske would leverage International's existing infrastructure to establish ODCs to centralize inbound material shipping operations
- Supplier Training – suppliers would be trained on new shipping, packing and routing procedures relative to the new ODC operations and increased supply chain visibility
- Carrier Regulations – new carrier bidding requirements and regulations would be established to ensure quality carrier participation
- Technology Overhaul – Penske would implement its proprietary Logistics Management System (LMS) software to schedule, route and track parts throughout the supply chain

Penske immediately began work on establishing the ODCs. The International/Penske team determined the optimal location for these facilities: Romulus, Michigan; Dayton, Ohio; and Memphis, Tennessee. Each of these ODCs would function as a central delivery point for suppliers. Shipments going to the same plant would now be cross-docked into trailers at the ODC and deliveries would be scheduled. The streamlining and consolidation of shipments would allow each truck to carry higher capacity loads. As a result, International could reduce milk runs, less than truckload shipments (LTL) and premium freight charges.

The Romulus ODC was launched in February 2003 and by June 2003 all three facilities were up and running. Penske considered International's existing inbound transportation personnel for employment, helping ease the overall network transition.

Before each ODC opened, Penske conducted in-house training for each of International's 900 suppliers. Suppliers were trained on new shipping, packaging, labeling, communication and carrier processes. Additionally, Penske redefined International's carrier selection process by placing stricter requirements on carrier partners. Carriers would now have to meet specific equipment, technological and safety requirements as well as show an established record of on-time delivery/pickups.

To keep track of each part moving through the supply chain, Penske implemented its proprietary LMS software. The LMS software would track deliveries and pickups, determine order accuracy and handle supplier routing for shipments going from the ODC to the plant.

Using its new ODC operations and LMS software, International now has a streamlined system for shipping, receiving and tracking inbound materials. At the beginning of the week, each plant electronically sends its orders to suppliers and each of the ODCs. Based on these orders, Penske's LMS software automatically notifies suppliers and carriers of the week's routes.

As shipments arrive and leave the ODCs, Carrier Status Reports are generated to track delivery and pick up windows. The system also tracks the accuracy of each order delivered versus the bill of goods originally requested. Through a Web interface, plants and suppliers can track the status of an order throughout the supply chain. Finally, once deliveries are complete, invoices are automatically sent to the supplier and carrier.

"We now have visibility throughout the supply chain - visibility of what the supplier shipped and whether the supplier shipped on time."

Tom Erickson, Director of Logistics & Aftermarket Purchasing, International Truck & Engine Corporation

Questions:

1. How the ODCs improved visibility in the supply chain?
2. What are the advantages of LMS software?
3. Do you think centralized network is a good model? How?
