



CII Institute of Logistics
PGDSCM & Certificate Programs
Semester-end Examination – June 2010

SUPPLY CHAIN MANAGEMENT

Time : Three Hours

Marks : 100

Part A

Answer all questions

(10 x 1 = 10 Marks)

1. Supply Chain Management concerns with the following areas
 - I. Supplier Relations Management (SRM) and Logistics Service Providers (LSP) Relations Management
 - II. Supplier Relations Management (SRM) and Customer Relations Management (CRM)
 - III. Supplier relations management (SRM), Employee Relations Management (ERM), Customer Relations Management (CRM) and Logistics Service providers (LSP) Relations Management.
 - IV. Purchasing Management (PM) and Physical Distribution.

Select the correct answer using the codes given below.

 - a) 4 only
 - b) 3 only
 - c) 1 and 4
 - d) 2 only

2. Supply chain Management decisions can be described at various levels of the organization.
 - I. Strategic Level and Tactical Level
 - II. Operational Level only

III. Strategic Level, Tactical level, Conceptual level and Operational level

IV. Operational and conceptual level only

Select the answer from the codes given below

- a) 1 and 2
- b) 3 only
- c) 4 only
- d) None of them

3. Consider the following statements about the law of Supply curve
 - I. The law of supply holds that other things equal, as the price of goods or service rises, its quantity supplied rises and vice versa
 - II. A supply curve plots the relationship between the price and quantity demanded
 - III. Equilibrium is not necessarily the power at which quantity demanded equals the quantity supplied
 - IV. At equilibrium there is no inherent tendency to change

Which of the given statements above are correct? Use the codes given below

 - a) 1 and 4
 - b) 1,2 and 3
 - c) 1,2,3 and 4
 - d) 3 and 4

4. Consider the following statements about Procurement / Supply management
 - a) The most important factor in maximizing supply value is active support from top management
 - b) Support does not mean the involvement of the CEO in day-to-day operations

- c) The CEO and the Executive Management team should understand the potential value of supply to company's Success
- d) Provide the necessary funding for supply chain management, even (or especially) in tough business climate

Which one of the above statements is incorrect?

- 5. The characteristics of Supply chain Management are
 - I. Minimize firm costs
 - II. Joint reduction of Channel inventories
 - III. Risks and rewards shared as the long term
 - IV. Channel wide cost efficiencies

Select the correct answer using the codes given below.

- a) 2,3 and 4
- b) 1 only
- c) None of them
- d) 1 and 4

- 6. Consider the following statements about inventory and pick the one which is incorrect?
 - a) To increase the demand that can be satisfied
 - b) Inventory has no impact on Throughput – the rate at which sales to the end customer occurs
 - c) To reduce the cost by exploiting any economies of scale
 - d) Inventory has an impact on the material flow time in Supply chain Management

- 7. The components of variable costs of transportation cost if the shipper does not own transportation resources
 - I. Inventory cost
 - II. Facility cost
 - III. Inventory cost and processing cost

IV. Inventory cost, Facility cost and processing cost
Choose the correct answer using the codes given below.

- a) 4 only
- b) 1 and 2
- c) 2 and 3
- d) None of them

- 8. Match the List 1 with List 2 and select the correct answer using the code given below the lists.

List 1	List 2
<i>Need for Warehousing</i>	<i>Activities justifying the need</i>
A. Seasonal production	1. It is essential to stock materials produced at specific places near the place of consumption
B. Quick supply	2. Some goods demanded seasonally are produced are produced throughout the year have to be stocked
C. Continuous Production	3. Products produced seasonally and consumed throughout the year have to be stored properly
D. Price Stabilization	4. Goods in factories manufactured round the clock requires adequate supply of raw materials so there is need to keep sufficient quantity of stock

Code:

a)	A	B	C	D
	1	2	3	4

b)	A	B	C	D
	4	3	2	1

c)	A	B	C	D
	1	3	2	4

d)	A	B	C	D
	3	2	4	1

9. ABC Company orders 10 products (one order line each) on its purchase order #1234. The Manufacturer ships out 7 line items on March 1 and the remaining 3 items on March 10. What is the “Fill rate” of the purchase order?

Which one of the following answer is correct?

- a) 30%
- b) 40%
- c) 70%
- d) None

10. Cash to Cash to Cycle time refers to

- a) The number of days between the receipt of goods and getting paid for
- b) The number of days between paying for raw materials and getting paid for product

- c) The number of days taken to retire Letter of Credit Documents from bank
- d) The number of days taken between the promised date of payment and actual payment, by the buyer

Part B

Answer any four

(4x15 = 60 marks)

1. Critically review the role of IT in efficient Supply Chain Management. Please illustrate your answer with simple examples.
2. How can you, as a Supply Chain Manager, use SCOR model for benchmarking and measuring Supply Chain Performance?
3. “It is better than a ‘business’ pursue their core business and prefer to go in for Third party Logistics for their logistical operations”. Why?
4. “Inventory is critical to Supply Chain Management because it directly impacts both the cost and service”. Explain the above statement by covering the following:
 - I. Nature of Inventory management
 - II. Importance and need for inventory
 - III. Pitfalls now faced by industries in Management of inventory
5. Explain the need for demand forecasting. How will you forecast demand in a logistical system? Detail the steps involved in demand forecasting.
6. What are the components of Supply Chain Management? What are the benefits of SCM?

Part C

Please read the case and answer all the three questions given below it:

(3x10=30 marks)

Double D Trucking was started by Douglas Dean in 1981 and has grown

from a one-truck operation to a 550-tractor-trailer fleet serving shippers in a Five-state region in the upper Midwest. Double D serves the automotive industry by providing inbound transportation to the assembly plants. It has strategic alliance relationship with the Big Three automakers and is the exclusive trucking company for a number of the auto suppliers.

From its inception, Double D has been an innovator in the trucking industry. Douglas Dean is widely known for his willingness to adopt new equipment technology, computer systems, and management techniques. This cutting-edge strategy has resulted in customer loyalty and employee allegiance. Double D promotes itself as a trucking company that has never lost a customer and never lost a day to labor disputes.

As Douglas Dean was preparing for a strategic planning meeting with top executives, he was mulling over recent trends in the trucking industry as well as the logistics field. Dean knew Double D was a profitable regional trucking company and registered high in customer satisfaction surveys. He also knew that to retain this enviable position, he must continue to be innovative and provide the services customers need.

During the past two years, Double D has witnessed increased competition. Long-haul trucking has come under severe competitive pressure from rail piggyback, and the long-haul truckers see regional trucking as a profitable market place. Expediting carriers, Trucking companies that provide rush deliveries, have made significant inroads into the automotive industry, where just-in-time management systems mandate minimal raw material inventories, guaranteed deliveries, and vendor penalties for the late deliveries that result in production line stoppage.

The most perplexing trend Dean is the growing vertical integration of trucking companies into other logistics services. A number of regional trucking companies have started warehousing divisions to provide storing,

kitting (putting pieces together to make up a kit), hand cross-docking (moving freight across a dock to a waiting truck). Other carriers are adding third-party logistics divisions to manage a shipper/receiver's transportation and storage activities. Finally, a few trucking companies have stated air carrier divisions, freight-forwarding services, and logistics information services.

Dean also recognizes that this vertical integration of trucking companies is a result of customer demands. As manufacturers move to an integrated logistics Supply chain approach, they are demanding that transportation suppliers provide other logistics services. In addition, being used and asking a few vendors to provide a wider range of products and value-added services.

After considerable thought, Dean decides that the only viable long-term strategy for Double D is to become a full-service Logistics provider. Being only a trucking company will greatly impair the growth and profit potentials of Double D. The only question remaining for Dean is, what other Logistics services are appropriate for Double D?

Case Questions:

1. Access the conclusion reached by Douglas Dean regarding the nature of today's trucking industry and shipper demand characteristics.
2. Do you agree that the logical strategic thrust for Double D is to vertically integrate and provide other logistics services? Why or why not?
3. Describe the value-added services you would recommend that the strategic planning team consider Double D?
