



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

Strategic Issues in SCM  
 SCM Strategies

Time: Three Hours

Marks: 100

Part A

Answer all questions

Marks (10 x 1 = 10)

Please use only codes – (a, b, c & d) in your answer

1. "Procurement" segment of supply chain linkages cover the following:
  - 1) Production Scheduling
  - 2) Supplier Partnership
  - 3) Post Ponement
  - 4) Materials Planning & Scheduling

Select the correct answer using the codes given below:  
 (a) 1 and 2 (b) 3 and 4 (c) 1, 2, 3 and 4 (d) 2 and 4

2. MTP Strategies are adopted:
  - 1) In anticipation of customer requirements
  - 2) To effect economies of scale
  - 3) To conform strictly to customers specification
  - 4) To cover all the three above

Select the correct answer using the codes given below:  
 (a) 1 and 3 (b) 1 and 2 (c) 2 only (d) 4

3. Global marketing and manufacturing strategies are adopted under the following conditions:

- 1) When global market standardization is not possible and there is significant scale economies
- 2) When global market standardization is possible and there is significant scale economies
- 3) When global market standardization is possible but there is no significant scale economies
- 4) None of the above

Select the correct answer using the codes given below:  
 (a) 2 only (b) 1, 2 and 3 (c) 4 (d) 1 and 2

4. Logistics element of distribution function includes:
  - 1) Buying
  - 2) Payment collection
  - 3) Transportation
  - 4) Promotion

Select the correct answer using the codes given below:  
 (a) 1 and 2 (b) 2 only (c) 3 and 4 (d) 3only

5. The components of Pre transaction phase of customer service are:-
  - 1) Setting customer service policy and service organization set up
  - 2) Structuring service and customer training education
  - 3) Systems design
  - 4) Ensuring reliability of order fulfillment and delivery consistency

Select the correct answer by using the codes given below:  
 (a) 4 only (b) 1, 2 and 3 (c) 3 and 4 (d) 1 only

6. The characteristics of steady markets are:
  - 1) Both supply and demand are high
  - 2) Only demand is high
  - 3) Opportunities lie in fine tuning and optimizing internal company operations
  - 4) Established markets

Select the correct answer by using the codes given below:

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

7. Inventory Policy of high consumption and low criticality items should involve the following:
- 1) Continuous review
  - 2) Low order quantity
  - 3) High safety stocks
  - 4) Procurement action as per needs

Select the correct answer by choosing the codes given below:

(a) 1, 2, 3 and 4 (b) 1, 2 and 4 (c) None of the four (3) 3 only

8. For VMI to be successful the following are pre requisites:
- 1) Right partner
  - 2) Right set of products
  - 3) Mutual Trust

Select the correct answer by choosing the codes given below:

(a) 1 and 3 (b) 1 and 2 (c) 3 only (d) 1,2 and 3

9. Management of freight in Logistics Management depends upon the following characteristics:
- 1) Speed, Investment, and freight cost
  - 2) Reliability, frequency and capability
  - 3) Speed, reliability and freight cost
  - 4) Freight cost only

Select the correct answer by choosing the codes given below:

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

10. Managing distribution costs involve :
- (Select the correct code for answer)
- 1) Local delivery costs
  - 2) Trucking and warehouse costs

3) Storage, handling and inventory costs

4) Local delivery, Trucking, Warehouse storage & handling and Inventory Costs

#### Part B

Answer any four

Marks (4 x15 = 60)

1. Explain the role of demand forecasting in supply chain management efficiency and effectiveness covering the following areas
  - a) Variables involved in demand forecasting
  - b) Forecasting methods to be used and when
2.
  - a) What are the objectives of performance measurement systems in supply chain management?
  - b) Explain the different types of markets, their characteristics, the relevant performance measures and the strategies for the relevant supply chains.
3.
  - a) Explain "Collaborative Forecasting and operation"- (CFAO)- and its requirements.
  - b) How will you as a Supply Chain Management improve customer service index?
4.
  - a) What are the factors which influence Network design decisions?
  - b) Develop a line diagram for a network design model.
5.
  - a) What do you understand by the term " Customer service" from the point of view of Supply Chain Management
  - b) What are the factors which influence customer's perception? Explain?
6.
  - a) What is Logistics Management?  
How it is important for tuning up the efficiency of Supply Chain?

b) Develop a line diagram indicating “flow” and “linkages” among suppliers procurement, processing and distribution functions of a typical manufacturing organization.

## Part C

Case Study

Marks (3x10=30)

## THE DUTZEL DIESEL CASE

Jack Haley, a senior buyer for the Dynamite Truck Company, was confronted with an interesting predicament- and possibly a trip overseas. Rising gasoline costs and increased foreign competition had caused the management at Dynamite Truck to develop a new truck powered by an air-cooled diesel engine.

From bumper to tailgate, the new vehicle was designed as a full performance diesel truck. It was heavy-duty throughout: frame, suspension, brakes, axles and steering. It was built to endure. Under normal operating conditions, the new truck, using an efficient air-cooled diesel engine, was designed to yield 18 to 20 miles per gallon. The warranty was for 100,000 miles or two full years, whichever came first.

Jack had been actively involved in the development of the new truck. He provided the Dynamite engineers with information on the availability and cost implications of various materials, components, and subassemblies under consideration. From a technical, cost, availability, and service point of view, the diesel engine was the most crucial item to be purchased for the new truck.

Jack obtained technical data on four air-cooled diesel engines that appeared to satisfy Dynamite's requirements. Two of the manufactures of these engines were located in Europe, one in Japan, and one in the United States.

Discussions with the program manager indicated that from a technical point of view, each of the diesel power plants was acceptable. Accordingly, all four manufactures were invited to submit bids. The request for bids stipulated an estimated requirement of 10,000 engines per year for each of the next three years.

The date specified for the close of the bidding period was Friday, June 13.

All four firms submitted bids by the established date. Dutzel Diesel of Gailsdorf, Germany, was the low bidder with an F.O.B destination prices of \$14,263 for the first year and a standard price escalation clause for the second and third year. The second lowest bidder was a U.S firm, the Great American Diesel Company. Its price bid for the first year was \$16,287 per engine. The price for the second and third years contained the same economic escalation clause as Dutzel's bid.

Jack sat contemplating a course of action. He wondered if the \$2,024 per unit price differential required to buy the U.S engines could be justified. He also wondered about the necessity of a trip to Gailsdrof to perform a survey on Dutzel prior to awarding the contract.

Answer all questions given below:

Questions:

- 1) How will you find out the potential suppliers before going in for global sourcing? Do you think that global purchasing is destined to give purchasing managers an increasing number of problems and if so why should they go in for global sourcing?
- 2) Identify the lacuna in the method adopted by Jack before he went in for ' RFQ, - Request for Quotations?... If you were Jack , how would you decide the issue?
- 3) How do you think that this case is important from the point of view of supply chain effectiveness?

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