

Jagan Institute of Management Studies
End-Term Examination, September, 2016
Trimester IV – PGDM (RM) 2015-17

Retail Supply Chain Management
ET_RM_RSCM_2409

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q8 which are compulsory.

- Q 1**
- a) “A supply chain is a sequence of processes and flows that take place within and between different stages and combine to fill a customer need for a product and there are two ways (namely: the cycle view & the push/pull view) to view the processes performed . Do you agree with this statement? Answer giving examples while differentiating the two views.
 - b) “The objective of every supply chain should be to maximise the overall value generated”. Please elaborate your understanding of the overall value in context with the consumer surplus preferably with an example.
 - c) Identify problems that can arise when each stage of a supply chain focuses solely on its own profits when making decisions? Identify some actions that can help a retailer and a manufacturer work together to expand the scope of strategic fit.
 - d) Differentiate between ‘demand uncertainty’ & ‘implied demand uncertainty’.
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- Q 2**
- a) Do you agree that the goal of a supply chain is to strike a balance between responsiveness and efficiency? Can these objectives (responsiveness and efficiency) be achieved simultaneously? Elaborate your answer with examples.
 - b) Elaborate on the various ‘logistical and cross-functional drivers’ of a supply chain and draw a framework of these drivers in relation to the firm’s competitive strategy, supply chain strategy, efficiency and responsiveness, please give examples in support of your argument.
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- Q 3**
- a) Organized retailing underway in India is likely to impact the traditional distribution channels and transform the same radically. Visualize the major changes taking place in the agricultural produce distribution system in India, and how do you see the existing channels responding to the same?
 - b) Why should an online seller such as Amazon build more warehouses as its sales volumes grow?
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- Q 4**
- Consider a supermarket deciding on the size of its replenishment order from Procter & Gamble (P&G). What costs should it take into account and why when making this decision?
 - The manager at the supermarket in (A) above wants to decrease the lot size without increasing the costs he incurs. What actions can he take to achieve this objective?
 - ABC Industries is considering the use of ABC analysis to focus on the most critical items in its inventory. For a random sample of eight items, the following table shows the annual dollar usage. Rank the items and assign them to the A, B, or C class.

| Item Code | Unit Value (\$) | Demand (units) |
|-----------|-----------------|----------------|
| A104 | 40.25 | 80 |
| D205 | 80.75 | 120 |
| X104 | 10.00 | 150 |
| U404 | 40.50 | 150 |
| L205 | 60.70 | 50 |
| S104 | 80.20 | 20 |
| X205 | 80.15 | 20 |
| L104 | 20.05 | 100 |

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- Q 5**
- Differentiate between 'Forward Logistics' and 'Reverse logistics'.
 - In light of the 'bull-whip effect' being a reality what can the companies do to understand its causes and take suitable efforts to reduce, if not, eliminate the same.
 - In the changing business landscape in India enumerate the challenges faced by supply chain managers.

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- Q 6**
- For large, low value shipments can you suggest suitable/best modes of transportation?
 - It has been said that three basic questions need to be considered when designing a transportation network and based on the answer to these three questions, the supply chain ends up with a variety of transportation networks. Can you enumerate these three questions and describe the various design options for a transportation network? Please draw sketches of the networks and enumerate their strengths and weaknesses.

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- Q 7**
- Differentiate between an 'agile' and a 'lean' supply chain.
 - A warehouse acts as a supporting function for logistics and plays a key role in attaining the overall objectives of the firm's logistical supply chain system. Detail out the various functions a warehouse performs in light of the above statement?
 - Review the various technologies used in logistics in general for an efficient and effective supply chain operation.

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Q 8 Read the case and answer the questions given at the end.

Shubham, after graduation, decides to go into partnership in an office supply store that has existed for a number of years. Walking through the store and stockrooms, he finds great discrepancy in service levels. Some spaces and bins for items are completely empty; others have supplies that are covered with dust and have obviously been there a long time. He decides to take on the project of establishing consistent levels of inventory to meet customer demands. Most of the supplies, he finds, are purchased from just a few distributors.

Shubham chooses, as his first item of study, one of the items namely 'X'. He determines, from past records, that the annual demand for 'X' has been steady at 24,000 units. He also does some calculations on past records and determines that the cost of placing an order is Rs. 300 while the cost of item 'X' is Rs. 60 per unit. The inventory carrying cost is computed by him as 24%.

He is now wondering as to what is the optimal interval for placing orders for item 'X', assuming that a year is equal to 360 days? Further, if the company continues to place only one order per month, how much extra cost it is incurring as a consequence of this decision.

Questions:

Can you help Shubham in solving his problem to:

- a) Find the optimal interval for placing orders for item 'X', and
- b) If it is decided to continue placing one order per month, how much extra cost does the company incur per year as a consequence of this decision? **18**
