

**INDIAN MARITIME UNIVERSITY**  
(A Central University, Government of India)

**December 2016 End Semester Examinations**

**Third Semester – Master of Business Administration**  
**International Transportation and Logistics Management /**  
**Port and Shipping Management (2015 batch onwards)**

**Logistics and Supply Chain Management (PG21T2301/PG22T2301)**

**Date : 15.12.2016**

**Maximum Marks: 60**

**Time: 3 Hrs**

**Pass Marks : 30**

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**SECTION-A**

**(12x 1= 12 Marks)**

**(Answer All Questions)**

**Choose the correct answer:**

1. A \_\_\_\_\_ encompasses all activities associated with the flow and transformation of goods from the raw material stage, through to the end user, as well as the associated information flows.
  - a) production line
  - b) supply chain
  - c) marketing channel
  - d) warehouse
  
2. The Bullwhip effect:
  - a) is an ineffective way to motivate warehouse employees
  - b) applies to rodeos and has nothing to do with supply chain management
  - c) refers to the “swaying” motion associated with triple trailers
  - d) refers to variability in demand orders among supply chain participants
  
3. According to porter`s value chain primary activity is
  - a) procurement
  - b) human resource management
  - c) outbound logistics
  - d) none of the above
  
4. Return on investment is a function of
  - a) profit margin and working capital
  - b) profit margin and current liabilities
  - c) profit margin and asset turn over
  - d) all the above

5. Economic value added is

- a) cost of capital
- b) profit after tax
- c) profit after tax / cost of capital
- d) profit after tax minus cost of capital

6. Lean supply chain is suitable for

- a) high volume, low variety items where demand uncertainty is low
- b) innovative products with high uncertainty in demand
- c) seasonal products with high uncertainty in demand
- d) perishable goods

7. Customer profitability matrix considers

- a) Net sales value and cost of product
- b) Net sales value and cost of service
- c) Lean and agile supply chain
- d) Responsive and efficient supply chain

8. Challenges faced by global companies are

- a) Local responsiveness and innovation
- b) Local responsiveness and competition
- c) Economics of scale and economics of scope
- d) Local responsiveness and cost reduction

9. Just in time concept (JIT) is similar to

- a) ABC analysis
- b) Vendor managed inventory
- c) SMED approach
- d) None of the above.

10. Functional organizations are concerned with

- a) Output focused market driven
- b) Output focused budget driven
- c) Input focused budget driven
- d) Input focused market driven

11. The purpose of logistics vision is to indicate
- a) How to reduce logistics costs
  - b) How to build closer customer relationships
  - c) How to avoid stock outs
  - d) How to minimize mediation costs
12. Competitive advantage means
- a) To achieve operational excellence
  - b) To introduce JIT and TQM
  - c) Making specific choices to win in the market place
  - d) Introduce cost reduction methods

**SECTION-B**

**(5x 4= 20 Marks)**

**(Answer ANY FIVE Questions not exceeding 200 words each. All Questions carry equal marks)**

13. What is meant by competitive advantage? How logistics help in achieving competitive advantage?
14. What is meant by customer service? How service standards are set?
15. How activity based costing helps in logistics function?
16. What are the benefits a company derives by bench marking its operations?
17. What are the challenges of global logistics?
18. Explain the concept of vendor managed inventory.
19. What is need for a logistics vision?

**SECTION - C**

**(4 x 7 = 28 Marks)**

**(Question No.20 is compulsory. Answer any THREE from the remaining questions. Each Analysis/ Answer should not exceed 500 words)**

**20. Case study:**

Analyse the following case and answer the questions given below:

Audio Duplication Services is a compact disc and cassette duplication and distribution company. Its major customers, the big record companies, use ADS to duplicate and distribute CDs and cassettes. ADS stores the master tapes and, when a customer requests it, makes a certain number of copies and delivers them to its customers' customers, music stores and other points of sale

such as the department stores Wal-Mart and Kmart and electronics stores such as Circuit City and Best Buy.

ADS is one of six big players in the audio duplication market. ADS has about 20 percent of the \$5 billion market, while its two biggest competitors share another 40 percent. Managers at ADS are currently trying to understand and react to some difficult supply chain-related issues. Some of the big national retailers are putting pressure on ADS's customers, the record companies, to manage inventory in the following way, known as a vendor-managed inventory, or VMI, agreement. The record companies will be put in charge of deciding how much of each album, CD, and cassette title is delivered to each store and when each delivery is made. To help with these decisions, the record companies will be provided with continuously updated point-of-sale (POS) data from each of the stores. Also, the record companies will own the inventory until it is sold, at which point payment will be transferred from the retailers to the record companies. Since ADS provides the record companies with duplication and distribution services, the record companies have asked ADS to help with the logistics of the VMI agreement. In the past, ADS has shipped to the distribution centers of large national retailers, and the retailers have arranged for distribution to the individual stores. Now, the retailers are providing strong incentives to ship directly to individual stores. Of course, this means higher expenses for ADS.

In general, ADS's shipping costs are increasing. Currently, ADS has a shipping manager who arranges with different shippers to make deliveries on a shipment-by-shipment basis. Perhaps there is a better way to manage these deliveries, either by purchasing a fleet of trucks and doing the shipping in house or by outsourcing the entire shipping function to a third party. Maybe something between the two extremes will be best. Of course, ADS is facing even bigger issues, such as the future of the audio duplication industry as online audio distribution technologies become more prevalent. In any event, each record company periodically reviews its contract with its audio duplication service, so management must address each of the above issues effectively for the company to remain successful.

- a) Why are ADS's customers' customers moving toward VMI arrangements?
- b) How will this impact ADS's business? How can ADS management take advantage of this situation?
- c) How should ADS manage logistics?
- d) Why are the large national retailers moving toward a direct shipment model?

- 21. Explain the features of changing logistics environment.
- 22. How corporate performance is measured? What factors drive this performance measure?
- 23. Explain ECR approach and process integration in supply chain
- 24. What is meant by logistics pipeline management?
- 25. Compare conventional and logistics organizations along with their benefits.

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