MBA - Logistics and Supply Chain Management

Cohort: MBALS/10/PT Jan

Examinations for 2010-2011 Semester I/
2010 Semester II

MODULE: STRATEGIC PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

MODULE CODE: PRSC 5308

Duration: 2 Hours 50 Minutes

Reading Time: 10 Minutes

Instructions to Candidates

1. This paper consists of Sections A and B.

2. Section A is compulsory. It carries a maximum of 40 marks.

3. Section B has four questions. Answer any three questions. Each question carries 20 marks.

4. All answers must be written in the answer booklet provided.

5. Total Marks: 100.

This question paper contains 5 questions and 5 pages.
SECTION A: COMPULSORY

QUESTION 1: (40 MARKS)
You are strongly advised to read carefully and analyse the information in the case study before attempting to answer Question 1

The Seven Supply Chain Commandments

Traditional supply chain practices are inadequate in today’s highly competitive and volatile world – they need to be dynamic, as well as able to adjust rapidly and cost effectively to fast-changing market conditions. In studies carried out by Accenture management consultants of how organisations design and manage their supply chains for superior performance – across various industries and geographies – seven notable supply chain imperatives have been identified.

1 Articulate a clear value-creation algorithm
This requires a clear understanding of how the company or business unit can create value for customers, looking at two propositions. The value proposition considers what the company or business unit is known for and how it is differentiated in the marketplace. The growth proposition looks at where the business needs to focus to generate current and future growth in terms of customers, products, channels to market and geography. Defining both propositions is crucial in achieving high supply chain performance.

2 Approach the supply chain as a comprehensive value delivery system
This means moving away from the traditional and rigid “plan, buy, make, move” model to take a far more comprehensive view. The supply chain should be seen as a holistic network of suppliers, plants, distributors, retailers and various other internal and external stakeholders that all participate in the sale, delivery, design and production of a company’s goods and services.

3 Segment the supply chain and consistently adapt it to the characteristics of each segment
Not all customers are equal so a one-size-fits-all approach is inappropriate in today’s operating environment. It is better to create a number of supply chain configurations that can deliver across multiple channels and products in different markets, mindful that, in general, the minority of customers provide the majority of the profits.
4 Optimise the global operations architecture for scale, access, flexibility and risk mitigation

This requires converting the worldwide footprint and reach of a business into a competitive advantage and achieving the correct balance between local, regional and global considerations.

5 Selectively invest for mastery in differentiating capability areas

A company's value proposition (as defined in the first imperative) will help determine the supply chain areas in which the organisation should excel, as well as those in which it should maintain average performance. A high performer need only excel in one or two key domains, such as fulfilment and planning, and need only perform close to average on the rest. Excelling in every area would require too much internal investment. This imperative means a baseline level of acceptable competence across all supply chain capabilities, with operational excellence in a few critical areas.

6 Deploy information systems that deliver insightful analytics, alignment and responsiveness

This means enabling levels of co-ordination and alignment throughout the supply chain network. To avoid conflicting decisions in the chain, performance expectations must be aligned throughout the organisation.

7 Drive process execution discipline with the right talent, powered by a culture that enables high performance

People and culture are sometimes considered intangible issues and so are avoided. But these concepts can be measured and should be integrated with the overall business strategy and managed proactively. A supply chain high performer devotes greater attention to developing and executing a strategic approach to talent, and assessing, measuring, and improving specific cultural traits. It will consider issues such as retirements, shrinking labour pools, the emergence of new talent sources, virtual methods of working and any growing divisions in the workforce culture.
**High performing supply chain**

These seven imperatives, when effectively combined, create a high performance supply chain. They establish a differentiated, sustainable value proposition at lower relative cost. High-performing companies can remain dynamic and relevant, optimise the right parts of their supply chains at the right times and outperform and achieve breakthrough performance. A business that excels in these seven imperatives will be better positioned to develop, source, manufacture and distribute superior products at a lower cost. It will more effectively anticipate customer needs and meet them profitably. It will reduce inventory and transport costs, maximise throughputs, uptime and equipment effectiveness. It will increase revenue, profit, cash flows and shareholder value. To achieve this, constant evaluation of and investment in the supply chain is required, regardless of the business cycle.

*Source: Adapted from an article by Kamendran Govender in Supply Management, 2010*

(a) Make a critical analysis of any four of the seven supply chain commandments mentioned in the above article. 

(20 marks)

(b) The studies carried out by Accenture from across various industries and geographies focused probably on profit making organisations. Identify the similarities and differences of supply chain objectives and strategies in the public sector with those of the private sector. 

(10 marks)

(c) Explain why traditional supply chain practices are inadequate in today’s business environment. 

(10 marks)
SECTION B: ANSWER ANY THREE QUESTIONS

QUESTION 2: (20 MARKS)

(a) The term ‘supply chain management’ does not have a universally agreed definition. Consider three different views of supply chain management. Provide your definition of ‘supply chain management’. (10 marks)

(b) Explain how supply chain strategies should be aligned with corporate strategies. Support your answer with appropriate examples. (10 marks)

QUESTION 3: (20 MARKS)

The concept of sustainability in procurement has become very popular over the past years. Should a private sector organisation apply the principles of sustainability in its procurement of goods and services? To what extent your answer would differ in the case of a public sector organisation?

QUESTION 4: (20 MARKS)

Integrating supply chain partners is very difficult without the use of information technology. Identify four information technology tools that successful organisations use to integrate its supply chain partners and discuss how each of these tools contributes to their success.

QUESTION 5: (20 MARKS)

Describe four main types of relationships that might exist between suppliers and buyers. Explain the circumstances that favour each type of relationship.

***END OF QUESTION PAPER***