

Code: BA4T2

II MBA - II Semester - Regular Examinations JULY 2014

LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Duration: 3 hours

Max. Marks: 70 M

SECTION-A

1. Answer any FIVE of the following: 5 x 2 = 10 M

- a. Logistics Management
- b. Customer profitability analysis
- c. Economics of distribution
- d. Logistic service alliances
- e. Global logistics
- f. Role of IT in SCM
- g. Transportation documentation
- h. Bullwhip effect

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) What is Supply chain management? Explain the significance of integrated supply chains.

OR

b) Compare supply chain management and logistics management. Explain the importance of their coordinated relationship for the organization.

3. a) What do you mean by Logistics cost? Explain the ways to measure the cost and performance of logistics operations.

OR

- b) Explain Service driven logistics system. Describe its significance in retaining the customers.
4. a) What do you mean by logistics performance indicators? How one can identify them.

OR

- b) Why companies benchmark their logistics and SCM operations? Explain the importance of benchmarking.
5. a) Explain the role of transportation in companies supply chain? Explain various issues involved in building transportation infrastructure.

OR

- b) Determine the various factors which affect the coordination among the supply chain activities. How one can overcome by these factors?
6. a) Explain the significance of Global logistics service alliances. Describe the global supply chain strategy.

OR

- b) What do you mean by Global supply chain management? Explain the various issues and challenges in Global SCM.

SECTION – C

7. Case Study

1 x 10 = 10 M

Dell — Distribution and supply chain innovation

In 1983, 18-year-old Michael Dell left college to work full-time for the company he founded as a freshman, providing hard-drive upgrades to corporate customers. In a year's time, Dell's venture had \$6 million in annual sales. In 1985, Dell changed his strategy to begin offering built-to-order computers. That year, the company generated \$70 million in sales. Five years later, revenues had

climbed to \$500 million, and by the end of 2000, Dell's revenues had topped an astounding \$25 billion. The meteoric rise of Dell Computers was largely due to innovations in supply chain and manufacturing, but also due to the implementation of a novel distribution strategy. By carefully analyzing and making strategic changes in the personal computer value chain, and by seizing on emerging market trends, Dell Inc. grew to dominate the PC market in less time than it takes many companies to launch their first product.

No more middleman: Dell started out as a direct seller, first using a mail-order system, and then taking advantage of the internet to develop an online sales platform. Well before use of the internet went mainstream, Dell had begun integrating online order status updates and technical support into their customer-facing operations. By 1997, Dell's internet sales had reached an average of \$4 million per day. While most other PCs were sold preconfigured and pre-assembled in retail stores, Dell offered superior customer choice in system configuration at a deeply discounted price, due to the cost-savings associated with cutting out the retail middleman. This move away from the traditional distribution model for PC sales played a large role in Dell's formidable early growth. Additionally, an important side-benefit of the internet-based direct sales model was that it generated a wealth of market data the company used to efficiently forecast demand trends and carry out effective segmentation strategies. This data drove the company's product-development efforts and allowed Dell to profit from information on the value drivers in each of its key customer segments.

Virtual integration: On the manufacturing side, the company pursued an aggressive strategy of "virtual integration." Dell required a highly reliable supply of top-quality PC components, but management did not want to integrate backward to become its own

parts manufacturer. Instead, the company sought to develop long-term relationships with select, name-brand PC component manufacturers. Dell also required its key suppliers to establish inventory hubs near its own assembly plants. This allowed the company to communicate with supplier inventory hubs in real time for the delivery of a precise number of required components on short notice. This “just-in-time,” low-inventory strategy reduced the time it took for Dell to bring new PC models to market and resulted in significant cost advantages over the traditional stored-inventory method. This was particularly powerful in a market where old inventory quickly fell into obsolescence. Dell openly shared its production schedules, sales forecasts and plans for new products with its suppliers. This strategic closeness with supplier partners allowed Dell to reap the benefits of vertical integration, without requiring the company to invest billions setting up its own manufacturing operations in-house.

Innovation on the assembly floor: In 1997, Dell reorganized its assembly processes. Rather than having long assembly lines with each worker repeatedly performing a single task, Dell instituted “manufacturing cells.” These “cells” grouped workers together around a workstation where they assembled entire PCs according to customer specifications. Cell manufacturing doubled the company’s manufacturing productivity per square foot of assembly space, and reduced assembly times by 75%.

Dell combined operational and process innovation with a revolutionary distribution model to generate tremendous cost-savings and unprecedented customer value in the PC market.

1. What are the key lessons from the above mentioned case in context of Supply Chain management?
2. Analyze the case in brief and state the pros and cons of the strategies mentioned.