



Institute of Management
JK Lakshmipat University
Jaipur
SPECIAL EXAMINATION, 2013

MBA : Semester 3
Course Code: MBA031
MM: 50 Marks

Course: Supply Chain Management

Time: 3 Hours

Section A (Attempt any 3)

10x3=30 marks

- Q1. What are the enablers or drivers that support the supply chain decision making framework? How can these help in determining the efficiency and responsiveness of the supply chain?
- Q2. How should you decide that the supply chain integration should be carried out on push, pull or push-pull mechanism for demand planning and supply.
- Q3. The prime reason for bullwhip in Indian industry seems to be faulty forecasting or simply the lack of it. What do you suggest to reduce bullwhip effect in a company, particularly in an Indian scenario?
- Q4. What kind of strategies are the global players adopting to combat challenges of supply chain management across the extended enterprise? Also discuss some best practices in the logistics area which are contributing to cost reduction in SCM.
- Q5. What are the strategic issues involved in outsourcing? What kind of planning is required before a company should go in for outsourcing?

Section B (Compulsory)

20 marks

Case Study

The Eagle Machine Company has fallen on bad times. Eagle, a maker of speciality restaurant equipment, has sales totaling Rs. 72 million. But sales are declining while costs continue to increase. If things continue in this direction, Eagle may soon have to close its doors. At a special management meeting, the president lays it on the line! He demands that the firm break even in the remaining quarter of the year. For next year, he calls for 5 percent profits, a 20 percent increase in sales, and deeper cuts in labor, material and overhead. Later in the day, the President calls Mr. Manoharan, V. P. – Finance & Accounts, in for a discussion. "Manoharan, I want you, Finance & Accounts people to carry the ball at the start of this game. We can't get sales moving for six months. But you can improve your housekeeping – and Eagle's profits - right away. Just think what you can do to that chart! Every penny you save is profit! So take a close look at what we buy & what we sell. I don't care how you make your savings – by negotiations, inventories, imports, anything. But put, the screws on tight – right away!

"Start with inventories, they're sky-high. So get together with manufacturing on a 10 percent cut! We've got Rs. 12 million worth of materials stashed away around here, and a 10 percent cut would save at least Rs. 300,000 a year in carrying charges. At the same time, get your payroll and operating expenses down 10 percent. That's in line with our company wide cut back. I know this hurts, Manoharan, because we have got some mighty fine people here in purchasing, but we can't be sentimental these days. Our overhead has got to come down or we're dead!

"I'm having an executive committee meeting in one week. Have your plans ready by that time! We're betting on you, Manoharan. You've got to get us out of the hole. I know you can do it. Please interact and develop a harmonious proposal!"

Mr. Manoharan starts a review along with other depts. The purchase totals only Rs. 43.2 million per year. Eagle buy, a wide variety of materials, ranging from a few kgs of rare metals to sizable quantities of sheet metal. A big part of the Rupee volume is in non-ferrous castings, forgings, stampings, fasteners and sub-assemblies.

The purchasing department consists of one Sr. Manager, three buyers, and four clerks. Salaries, fringes and expenses sum to Rs. 370,000 a year. The purchasing department is responsible only for buying and expediting; the manufacturing manager handles production, inventory control, receiving and traffic. Manoharan reports to the president, as do other department heads.

Manoharan learns from inventory control that raw stock inventory is Rs. 11.5 million. The marketing manager controls finished goods stocks. Manoharan wonders how he can deliver the cost reduction program.

Questions:

1. What actions should Manoharan take to reduce inventories by 10 percent?
2. What dangers, if any, are there in reducing inventories?
3. In what ways could the cost of goods purchased be reduced?
4. What position should Manoharan take on the President's plan to reduce the purchasing payroll by 10 percent?