



UTHM
Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2018/2019**

COURSE NAME : SUPPLY CHAIN MANAGEMENT
COURSE CODE : BPB 32303
PROGRAMME CODE : BPA / BPB / BPP
EXAMINATION DATE : DECEMBER 2018 / JANUARY 2019
DURATION : 2 HOURS 30 MINUTES
INSTRUCTION : ANSWER ALL QUESTIONS

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THIS QUESTION PAPER CONSISTS OF **FOUR (4)** PAGES

- Q1** (a) Hewlett-Packard (HP) executives discovered some fluctuations over time in the sales of its printers at a reseller outlet. When they examined the orders from the reseller, a much bigger swings can be observed in the orders of the printer made by the reseller to HP. They also discovered even greater fluctuations in the orders made by the HP's printer division to its integrated circuit division.
- (i) Explain the phenomenon that is happening in HP's supply chain. (3 marks)
- (ii) List **TWO (2)** impacts of the phenomenon in **Q1(a)(i)** to HP's supply chain performance. (2 marks)
- (iii) Explain **TWO (2)** managerial levers that can be used by HP to solve the problem. (10 marks)
- (b) AEON often experience stock outs of Kimberly-Clark's baby diapers at its Batu Pahat store, especially during promotions. Therefore, the companies decided to implement collaborative planning, forecasting and replenishment (CPFR) in their supply chain to improve the planning and fulfillment of customer demand for the product. As a supply chain manager at AEON, you are required to develop a scenario planning for the collaboration with Kimberly-Clark.
- (i) Choose **TWO (2)** CPFR scenarios in which the collaboration should be implemented. (2 marks)
- (ii) Justify your choices in **Q1(b)(i)**. (8 marks)
- Q2** (a) Discuss **TWO (2)** types of transportation mode and their performance characteristics. (8 marks)
- (b) Tesco has 12 stores in Johor supplied from 6 suppliers. Trucks have a capacity of 15,000 units, which cost RM500 per load and RM100 per delivery. Thus, a truck making 2 deliveries charges RM700. The cost of holding one unit in inventory at a Tesco store for a year is RM0.20.
- The supply chain manager of Tesco is considering whether to use direct shipping from suppliers to its stores or setting up milk runs from suppliers to the stores.

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Given that for direct shipping each truck travels fully loaded from one supplier to one Tesco store, and for milk run each truck delivers to 2 stores also fully loaded.

(i) Calculate the total annual transportation cost for the **TWO (2)** network options if annual sales for each product at each retail store are 350,000 units.

(13 marks)

(ii) Recommend the transportation network option that Tesco's manager should use based on **Q2(b)(i)**, with justifications.

(4 marks)

Q3 (a) Discuss **TWO (2)** benefits to improved sustainability of a supply chain. (8 marks)

(b) Explain **TWO (2)** challenges of supply chains to improve sustainability. (8 marks)

(c) Explain **THREE (3)** characteristics of information to be useful for decision making in a supply chain. (9 marks)

Q4 "In 2010, Walmart announced a big change in their sourcing strategy. They saved billions of dollars by consolidating their global procurement functions and reducing the use of intermediaries in their sourcing process. Till 2010, Walmart which is the world's largest importer relied on intermediaries for bulk of its global sourcing activities, instead of buying it directly from the offshore suppliers. They bought hardly 20% of goods directly from the suppliers. Also the mode of operation was highly decentralized across all the 15 countries where it has its stores.

Eduardo Castro-Wright, the then Vice President of Walmart set a goal for the company to change its sourcing strategy in order to buy 80% of the goods from the manufacturers directly. Also he planned to make the global sourcing process more centralized. By doing this, he intended to eliminate the middlemen in the transaction, thereby avoiding the 5-15% markup introduced by them. The elimination of the markup introduced by the middlemen helped reduce the cost leading to billions of dollars of savings for Walmart.

To start with, this strategy was implemented for merchandising. They centralized the process by setting up four global merchandising centers for general goods and clothing. Following this they started purchasing fruits and vegetables on a global scale and eliminated the import companies and the agents. One of the milestones in implementing the change in Walmart's sourcing strategy was the acquisition of Asda, the grocery chain in UK by Walmart. Asda had expertise in direct sourcing and Walmart leveraged this expertise across the globe.

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This strategy of direct sourcing not only helped Walmart reduce the cost, but also helped in other supply chain activities by improving the efficiency throughout the process. They could now better manage and consolidate the incoming shipments and also gained a better visibility through the entire product lifecycle.”

(Source: Coursehero, 2015)

Explain **FIVE (5)** ways that Wal-Mart benefits from sourcing decisions discussed in the case study above.

(25 marks)

-END OF QUESTIONS-

