



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF MANAGEMENT
MID TERM EXAMINATION - APR 2023**

Semester : Semester II - 2022 - 23 - BBA E COM - 2022

Course Code : BBA2014

Course Name : Sem II - BBA2014 - Introduction to Supply Chain Management

Program : BBA E Commerce and Supply Chain Management

Date : 15-APR-2023

Time : 2:00PM - 3:30P

Max Marks : 50

Weightage : 25%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE FIVE QUESTIONS

5X2=10M

1. W.W. Grainger and McMaster-Carr sell maintenance, repair, and operations (MRO) products. Both companies have catalogs and Web pages through which orders can be placed. W.W. Grainger also have several hundred stores throughout the United States. Customers can walk into a store, call in an order, or place it via the Web. W.W. Grainger orders are either shipped to the customer or picked up by the customer at one of its stores. McMaster-carr, on the other hand, ships almost all its orders (though a few customers near its DCs do pick up their own orders). W.W. Grainger has nine DCs that both replenish stores and fill customer orders. McMaster has five DCs from which all orders are filled. Neither McMaster nor W.W. Grainger manufactures any product. They primarily serve the role of a distributor or retailer. Their success is largely linked to their supply chain management ability. Both firms offers several hundred thousand products to their customers. Grainger stocks about 200,000 stock-keeping units (SKU), whereas McMaster carries about 500,000. Grainger also provides many other products that it does not stock direct from its suppliers. Both the firms face the following strategic and operational issues.

Questions:

- a. How should product stocking be managed at the DCs? Should all DCs carry all products?
- b. What products should be carried in inventory and what products should be left with the supplier to be shipped directly in response to a customer order?
- c. How should replenishment of inventory be managed at the various stocking locations?
- d. What transportation modes should be used for order fulfillment and stock replenishments?
(CO2) [Application]
2. Give arguments to support the statement that Walmart has achieved good strategic fit between its competitive and supply chain strategies?
(CO1) [Knowledge]
3. Motorola has gone from manufacturing all its cell phones in-house to almost completely outsourcing the manufacturing. What are the pros and cons of the two approaches?
(CO2) [Knowledge]
4. Consider the sale of home improvement products at Home Depot or a chain of hardware stores such as True Value. Which can extract the greater benefit from going online? Why?
(CO3) [Knowledge]
5. What role does forecasting play in the supply chain of a build-to-order manufacturer such as Dell?
(CO3) [Knowledge]

PART B

ANSWER ALL THE TWO QUESTIONS

2X10=20M

6. Zara is a chain of fashion stores owned by Inditex. Spain's largest apparel manufacturer and retailer. In 2009, Inditex reported sales of about 11 billion euros from more than 4,700 retail outlets in about 76 countries. In an industry in which customer demand is fickle, Zara has grown rapidly with a strategy to be highly responsive to changing trends with affordable prices. Whereas design-to-sales cycle times in the apparel industry have traditionally averaged more than six months, Zara has achieved cycle times of four to six weeks. This speed allows Zara to introduce new designs every week and to change 75 percent of its merchandise display every three to four weeks. Thus, Zara's products on display match customer preferences much more closely than the competition. The result is that Zara sells most of its products at full price and has about half the markdowns in its stores compared to the competition. In 2009, Inditex distributed to stores all over the world from eight distribution centres located in Spain. The group claimed an average delivery time of 24 hours for European stores and up to a maximum of 48 hours for stores in America or Asia from the time the order was received in the distribution center (DC) to the time it was delivered to the stores. Shipments from the DCs to stores were made several times a week. This allowed store inventory to closely match customer demand.

Questions:

- What advantage does Zara gain against the competition by having a very responsive supply chain?
- Why has Inditex chosen to have both in-house manufacturing and outsourced manufacturing? Why has Inditex maintained manufacturing capacity in Europe even though manufacturing in Asia is much cheaper?

(CO2) [Comprehension]

7. Cisco has outsourced almost all of its manufacturing. It does, however, have a sourcing strategy that varies by product type. For low-end products such as routers for home networks, Cisco aims for efficiency. These routers are produced and packed in China and shipped in bulk for sale in the United States. Cisco aims for the lowest cost manufacturing location and economies of scale in transportation because the targeted market segment values low cost. For high-end products, in contrast, Cisco outsources to contract manufacturers in the United States. These manufacturers are not low cost, but they are responsive and can serve the rapidly evolving needs of the high-end markets.

Questions :

- Comment on the key sourcing decisions made by Cisco.
- How could an industrial supplies distributor use information to increase its (Market) responsiveness?

(CO1) [Comprehension]

8. W.W. Grainger and McMaster-Carr sell maintenance, repair, and operations (MRO) products. Both companies have catalogs and Web pages through which orders can be placed. W.W. Grainger also has several hundred stores throughout the United States. Customers can walk into a store, call in an order, or place it via the Web. W.W. Grainger orders are either shipped to the customer or picked up by the customer at one of its stores. McMaster-Carr, on the other hand, ships almost all its orders (though a few customers near its DCs do pick up their own orders). W.W. Grainger has nine DCs that both replenish stores and fill customer orders. McMaster has five DCs from which all orders are filled. Neither McMaster nor W.W. Grainger manufactures any product. They primarily serve the role of a distributor or retailer. Their success is largely linked to their supply chain management ability. Both firms offer several hundred thousand products to their customers. Grainger stocks about 200,000 stock-keeping units (SKU), whereas McMaster carries about 500,000. Grainger also provides many other products that it does not stock direct from its suppliers. Both the firms face the following strategic and operational issues.

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(CO2) [Application]