**Supply Chain Management**

**September 2021 Examination**

# Question 1.  Logistics executives at an FMCG company faced a problem of extreme demand variations for one of its best-selling brands of diapers. They examined the order rates for diapers across the supply chain and found that although the purchase rate remained more or less steady at the consumer end, the variation of orders increased from the retailer level to the distributor level up the supply chain. (10 Marks)

**a. What is the explanation for this phenomenon observed by the company executives?**

**b. Describe what causes this phenomenon and what can be done to reduce its effects.**

**Ans 1.**

## Introduction

One of the most significant diaper products sold by a consumer goods company was subjected to massive market fluctuations, which forced the company's transportation management to adapt. They looked into demand patterns for diapers throughout the entire distribution network. They discovered that, while the commercial effect remained relatively constant at the production end, order variance increased as one moved from the corporate level to the distribution level higher

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# Question 2. One of the widespread conclusions in supply chain management research is that huge benefits can be achieved if suppliers are involved in the OEM’s product development process as early as possible, since suppliers often possess vital product and process technology leading to significant improvements in product design and new product development process. The issue is a need for a model of supplier selection to support the contribution of suppliers in product development processes; whilst supplier attributes or performance metrics for traditional supplier selection do not seem to include specifications that are usually required in close relationships. What practitioners need in practice, is a simple-to-use methodology with producing logically precise results. - Siamak Zarrin Ghalami- in his master thesis submitted to School of Management, Blekinge Institute of Technology. - [http://www.diva-portal.org/smash/get/diva2:832841/FULLTEXT01.pdf](http://www.diva-portal.org/smash/get/diva2%3A832841/FULLTEXT01.pdf)

# Review the above document and answer the following questions: (10 Marks)

# a. What are the essential attributes of strategic supplier alliance and how has it helped Volvo improve their performance?

# b. What methodology has the author introduced in his thesis?

## Introduction

Conceptual inventory management, analytical inventory management, and practical inventory management are the three components of inventory management. Because a company intends to sell its finished goods within a short period, typically one year, the stock is regarded as a liquid liability in corporate strategy. A particular company means higher strategic supplier choices that affect entire industries. For merchandise to be recorded on financial statements, it is necessary to

# Question 3. A retailer has ending inventories of Rs. 520,000 as at December 31, 2019 and the following accounting information regarding the year 2020.

|  |  |  |
| --- | --- | --- |
| **Month** | **Ending Inventory****( Rs.)** | **Cost of Goods Sold (Rs.)** |
| **January** | **750,000** | **2,250,000** |
| **February** | **560,000** | **3,250,000** |
| **March** | **250,000** | **2,400,000** |
| **April** | **850,000** | **3,250,000** |
| **May** | **1,250,000** | **4,600,000** |
| **June** | **950,000** | **2,200,000** |
| **July** | **720,000** | **850,000** |
| **August** | **450,000** | **1,560,000** |
| **September** | **520,500** | **2,200,000** |
| **October** | **1,200,000** | **2,650,000** |
| **November** | **1,620,500** | **1,000,000** |
| **December** | **2,550,000** | **3,500,000** |

**a. Compute the monthly inventory turnover ratio for each of the twelve months. What are the annual cost of goods sold and the average inventory for the year? (5 Marks)**

**b. Compute the annual inventory turnover ratio. What can the purchasing department do to improve the firm’s performance? (5 Marks)**

**Ans 3.**

## Introduction

Inventory control is the practice of purchasing, storing, using, and distributing inventory costs. This includes raw materials, elements, final corporate development, and the storage and manufacturing of these items. It also provides for the transportation of these items. It is also referred to as inventory