

UNIVERSITY OF COLOMBO
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration (Level II – Semester VII) Examination, 2017

INB / MKT 2204 - Supply Chain Management

Two (02) Hours

Answer all questions
Use of Calculators is permitted

1. *"In a typical supply chain, raw materials are procured and items are produced at one or more factories, shipped to warehouses for immediate storage and then shipped to retailers or customers."*
- i. Define the term **"Supply Chain Management"**. (02 Marks)
 - ii. Identify two (02) main objectives of Supply Chain Management. (02 Marks)
 - iii. Briefly explain the term **"Revenue Management/Smart Pricing"** and state the unique characteristics of a product, which will help you to identify the applicability of revenue management concepts in product pricing with appropriate examples. (04 Marks)
 - iv. The Export Development Board (EDB) of Mango Land is evaluating a proposal to introduce a luxury domestic flight service for their people, filling the need for a fast and efficient air taxi service in Mango Land. This service intends to offer a convenient link from the island's main International Airport (IA) to some of the most exotic locations in the country.

Initially there will be some capital investment required to make the basic improvements in internal and external facilities which includes developing passenger terminals, recruiting the staff and modifying individual seats as they wish to have 20 business class

seats and 50 economy class seats. The Mango Land government seeks your help in strategically pricing these two categories of seats.

Further, they will also consider having three types of tickets (with an equal price difference between them) instead of the above two, by introducing a 'Scenic Flight' with viewing facilities for different seats. The extra cost of introducing viewing facilities (in comparison to a normal flight) is estimated as Rs. 75,000 per one way journey.

The market survey conducted by one of the universities in Mango Land revealed that the seat demand (D) to the ticket price (P) shows a relationship given by $D = 120 - 0.01P$ for this route and the maximum ticket price a passenger is willing to pay is Rs. 10,000 for one segment of the trip and the EDB should sell all seats for each trip. Advise the EDB of Mango Land on how they should price the seats in order to ensure maximum revenue, showing the expected revenue figures through calculations.

(17 Marks)

(Total 25 marks)

2. "The *supply contracts* help firms to achieve *global optimization* without the need for an *unbiased decision maker*".
- i. Briefly explain the different supply contracts that enable risk sharing. (04 Marks)
 - ii. Analyze the relationship between global optimization and supply contracts. (08 Marks)
 - iii. Explain the different options available for a supply chain to integrate their front end operations with the back end of the supply chain. (04 Marks)
 - iv. Elaborate how the appropriate supply chain integration strategy for a particular product is determined. (09 Marks)

(Total 25 marks)

3. "Fundamentally, there are two possible distribution strategies; items can be *directly shipped* to the customer or, one or more *intermediate inventory storage points* can be used.
- i. Briefly explain the different intermediate inventory storage point strategies. (05 Marks)

- ii. Describe the different options available for an organization to ensure that a logistic-related business function is completed. (08 Marks)
 - iii. Elaborate the three (03) types of strategic alliances that are particularly significant in supply chain management. (12 Marks)
- (Total 25 marks)**

4. Provide short notes on the following:

- i. Transshipment
- ii. Bullwhip effect
- iii. Local Issues in Supply Chain Management
- iv. Risk Pooling
- v. Closed-loop Supply Chain

(05 x 05 Marks)
(Total 25 marks)
