

UNIVERSITY OF COLOMBO
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration (Level II – Semester VII) Examination, 2016

INB 2204 - Supply Chain Management

Two (02) Hours

Answer all questions

Use of Calculators is permitted

1. i. Briefly explain the term “Revenue Management” 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.

(08 marks)

ii. A private university in Wonderland is considering of hiring a luxury train service in order to transfer their medical students daily for practical sessions between two distant cities. Initially there will be some capital investment required to make the basic improvements in internal and external facilities which includes air conditioning and modifying individual seats as they wish to have 10 premium seats and 30 standard size seats.

The owner of the university seeks your help in strategically pricing these two categories of seats.

Further he will also consider having three types of tickets (with an equal price difference between them) instead of the above two, by introducing different meal options to the seats. The extra cost of preparing and serving the meal options (in comparison to no meal option) is estimated as Rs. 3000 per one way journey.

The market survey conducted by the Management Faculty of the same university revealed that the seat demand (D) to the ticket price (P) shows a relationship given by

$D = 80 - 0.1P$ for this route and the maximum ticket price a student is willing to pay is Rs. 700 for one segment of the trip and the university wish to sell all seats for each trip. Advise the owner on how he 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*". Comment on the above statement by explaining the role of 'supply contracts' in achieving global optimization in a supply chain network.

(25 Marks)

3. "Supply Chain Management is all about efficiently integrating the front end of the supply chain to the back end of the supply chain". Do you agree? Justify your answer with relevant examples.

In your answer you may identify & define different *integration strategies* and briefly explain the advantages and disadvantages of each integration strategy. You may also advise on a mechanism to identify the appropriate supply chain strategy for a given organization with appropriate examples.

(25 Marks)

4. Provide short notes on following.
- i. Cross Docking
 - ii. Third-Party Logistics (3PL)
 - iii. Local Issues in Supply Chain Management
 - iv. Risk Pooling
 - v. Closed-loop Supply Chain

(5 x 5 marks)

(Total 25 Marks)