



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Logistics Management

Dec 2014

Paper 3  
STRATEGIES AND ORGANIZATION IN LOGISTICS

Date: 15.12.2014

Max Marks: 100

Time: 10.00AM to 1.00PM

Duration: 3 Hours

INSTRUCTIONS:

- 1) Part A- Answer all questions
- 2) Part B-Answer any three questions
- 3) Part C -Compulsory

Total Marks=32  
Total Marks=48  
Total Marks=20

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**PART – A**

( 32 x1 = 32 marks)

**Q. 1. Expand the following**

**8 marks**

1. GDP
2. NAFTA
3. IMM
4. FTA
5. SDWT
6. GTN
7. ECR
8. AFTA

**Q. 2. Fill in the blanks**

**8 marks**

1. Basic goal of inventory management is to achieve maximum ----- while satisfying customer commitments
2. ----- law requires passengers or goods moving between two domestic ports to utilize only domestic couriers.
3. The ----- barrier to global logistics results from forecasting and instructional infrastructures.
4. In a fully ----- organization structure, each organization unit will have responsibility for providing its own logical planning and execution.
5. Two main financial reports of a business enterprise are the ----- and profit & loss statement
6. EDLP stands for everyday low -----.
7. ----- is a relationship between output produced and quantity of input utilized by system to produce that output
8. A best practice benchmarking review focus on the -----, practice and processes.

**Q. 3. Match the following**

**8 marks**

**COLUMN A**

**COLUMN B**

- |                               |                                                                                                                        |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1. Order management           | a) Reflects the revenue and cost associated with specific operations over a specific period of time                    |
| 2. Pareto Principle           | b) The key strategic factor to consider during the make-versus buy decision                                            |
| 3. Variance                   | c) Concern the work involved in handling specific customer requirements                                                |
| 4. Flexible budgeting         | d) Represents factors that are not typically corrected in the concept of productivity but are highly corrected with it |
| 5. P& L Statement             | e) Expenses specially caused by the performance of logistic work                                                       |
| 6. Direct or operational cost | f) Is also called 80/20 rule                                                                                           |
| 7. Performance capability     | g) Offer a way to accommodate unexpected increase or decrease in volume during an operating period                     |
| 8. Surrogate productivity     | h) Any unexpected event that distrust system performance                                                               |

**Q. 4. Find True or False of the following**

**8 marks**

1. Inventory requirement of a firm depends on the network structure and the desired level of customer service
2. The modern extension of matrix approach to business structure is increasingly referred to as a horizontal organization
3. The key to effective flexible logistics result with a capability to hypothesize and evaluate alternative operating scenarios
4. Activity based costing seeks to replace all relevant expenses to the value adding activities performed
5. Indirect expenses are less difficult to isolate
6. A system's capability results from the design and dependability of activities that make up the performance cycle structure
7. The most direct reflection of logistics performance is the actual cost incurred to accomplish specific operating objectives.
8. Customer satisfaction /quality metric measure the firm's ability to provide overall customer satisfaction

## **Part-B**

Marks 48

**(Any three from the following) 16 marks each**

- Q. 5.** a) What are the different operational objectives which determine the logistical performance?  
b) How does cost revenue analysis facilitate logistical planning?
- Q 6.** a) Discuss the various barriers to global logistics  
b) What is meant by the terms structure compression? How does this term affect logistics?
- Q 7.** a) What is the primary purpose of activity based costing?  
b) Why is it important that a firm measures customer perception as a regular part of performance measuring?
- Q 8.** a) Describe and illustrate dynamic knowledge based reporting.  
b) How does benchmarking related to performance measurement differ from benchmarking related to logistical reengineering?
- Q 9.** Write short note on (ANY TWO)  
a) Fundamental dimension of customer service  
b) Customer satisfaction and success  
c) Centralization versus Decentralization related to logistics

## **PART C**

**Q. 10 :Case Study:**

**(20 marks)**

Mr. Dave Jones manages the warehouse inventory for Athletics, a distributor of sport watches. From his experience, Mr. Jones knows that the PR-5 jogging watch has an average daily demand of 100 units and performance cycle of 8 days. Mr. Jones require to buffer stock at this time. Assume an order quantity of 1,200 units.

- a) Assume that Mr. Jones perpetually reviews inventory levels. Find the reorder point for the PR-5 jogging watch.
- b) Find the average inventory level of the PR-5 watch
- c) How might the reorder point change if Mr. Jones reviews inventory once each week? Find the reorder point under this conditions
- d) Find the average inventory level of the PR-5 watch under this periodic review.

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