



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Logistics Management

June 2013

Paper 3  
STRATEGIES AND ORGANIZATION IN LOGISTICS

Date: 10.06.2013

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

---

**PART – A**

( 1 x32 = 32 marks)

**I: Multiple choice questions:**

**Marks (8)**

Q1. By order picking and assembly we mean

- a. The time from when a transportation carrier picks up the shipment until it is received by the customer.
- b. All activities from when an appropriate location (such as a warehouse) is authorized to fill the order until goods are loaded aboard an outbound carrier.
- c. Time from when the seller receives an order until an appropriate location (such as a warehouse) is authorized to fill the order.
- d. Time from when the customer places an order until the seller receives the order.
- e. Time from when a customer places an order to when the goods are received.

Q2. By order cycle we mean:

- a. The time from when a transportation carrier picks up the shipment until it is received by the customer.
- b. All activities from when an appropriate location (such as a warehouse) is authorized to fill the order until goods are loaded aboard an outbound carrier.
- c. Time from when the seller receives an order until an appropriate location (such as a warehouse) is authorized to fill the order.
- d. Time from when the customer places an order until the seller receives the order.
- e. Time from when a customer places an order to when the goods are received.

Q3. Excess surplus means:

- a. Stock that exceeds the reasonable requirements of an organization, perhaps because of an overly optimistic demand forecast.
- b. Materials that are not likely to ever be used by the organization that purchased it.
- c. Materials that are no longer serviceable, have been discarded, or are a by-product of the production process.
- d. Materials that have been spoiled, broken, or otherwise rendered unfit for further use or reclamation (no economic value).
- e. None of the above.

Q4. Obsolete materials means:

- a. Stock that exceeds the reasonable requirements of an organization, perhaps because of an overly optimistic demand forecast.
- b. Materials that are not likely to ever be used by the organization that purchased it.
- c. Materials that are no longer serviceable, have been discarded, or are a by-product of the production process.
- d. Materials that have been spoiled, broken, or otherwise rendered unfit for further use or reclamation (no economic value).
- e. None of the above.

Q5. Which of the following is a procurement objective?

- a. Supporting organizational goals and objectives
- b. Managing the purchasing process effectively and efficiently
- c. Managing the supply base
- d. Developing strong relationships with other functional groups
- e. All of the above

Q6. By time utility we mean:

- a. Product's being in a form that (1) can be used by the customer and (2) is of value to the customer.
- b. Having products available where they are needed by the customers; products are moved from points of lesser value to points of greater value.

- c. Having products available when they are needed by customers.
- d. The value or usefulness of a product in fulfilling customer needs or wants.
- e. The value or usefulness that comes from a customer being able to take possession of a product.

Q7. By possession utility we mean:

- a. Product's being in a form that (1) can be used by the customer and (2) is of value to the customer.
- b. Having products available where they are needed by the customers; products are moved from points of lesser value to points of greater value.
- c. Having products available when they are needed by customers.
- d. The value or usefulness of a product in fulfilling customer needs or wants.
- e. The value or usefulness that comes from a customer being able to take possession of a product.

Q8. By economic utility we mean:

- a. Product's being in a form that (1) can be used by the customer and (2) is of value to the customer.
- b. Having products available where they are needed by the customers; products are moved from points of lesser value to points of greater value.
- c. Having products available when they are needed by customers.
- d. The value or usefulness of a product in fulfilling customer needs or wants.
- e. The value or usefulness that comes from a customer being able to take possession of a product.

**II. Say True or False:**

**Marks(8)**

1. Customer service strives to keep customers happy and creates in the customer's mind the perception of an organization that is easy to do business with.
2. Objectives are broad and generalized statements regarding the overall results that the firm is attempting to achieve.
3. Goals state certain minimum requirements and are more specific than goals. They should be specific, measurable, achievable, and cost effective.

4. A central element in establishing customer service goals and objectives is determining the customer's viewpoint.
5. Simultaneous achievement of possession, form, place, and time utility goes a long way towards facilitating and guaranteeing customer satisfaction.
6. Logistics management, materials management, and physical distribution are all the same terms.
7. Transit time is the elapsed time from when the order is transmitted up until it is received by the warehouse.
8. The Primary objective of SCM is to optimize the performance of the SC as a whole.

**III. Fill in the blanks:**

**Marks(8)**

- 1) -----is the capacity to have inventory when it is desired by a customer.
- 2) -----measures the magnitude or impact of stock outs over time.
- 3) While speed of service is critical, most logistical managers place greater emphasis on ---  
-----.
- 4) -----refers to the collection of large quantities of a single product or several products so that they can ultimately be sold as a group.
- 5) The process of sorting and grouping products into unique combinations is referred to as -  
-----.
- 6) -----of a number of key industries is the fifth driving force toward a borderless world.
- 7) -----means that inventory policy cannot assume consistent delivery.
- 8) -----is a major influence on transportation cost since it directly contributes to variable cost, such as labour, fuel, and maintenance.

**IV Expand the following:**

**Marks :(8)**

- 1) AQL:
- 2) BOL:
- 3) CFD-
- 4) CGMP-
- 5) DSS-
- 6) ECR-
- 7) EPC-
- 8) FMCG –

## **Part-B**

**Marks( 48)**

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

- Q5. What is the difference between a communication standard and an information standard for EDI transactions?
- Q6. What are the important logistical concerns during the introduction stage of a product's life cycle? During growth? During saturation-maturity stage? During obsolescence decline stage?
- Q7. How does a national perspective of global logistics restrict logistical policy and decision making?
- Q8. What are the major pitfalls in coordinating finished inventory requirements for servicing global markets?

## **Part-C**

**Case study:**

**Marks(20)**

### **Fort Bragg Directorate of Logistics**

#### **Customer Benefit**

- **\$38 million in inventory reductions**
- **Additional \$539,080 annual savings**

#### **Client Challenge**

Our customer satisfaction surveys revealed that the main concerns of our Soldier customers were crowded facilities and long wait time. Further, we recognized areas of inefficiency within the budget:

- There was an additional \$173K/year spent on the leased warehouse
- Staffing cost \$2.3M/year
- In addition to the \$56M inventory, operating costs totaled more than \$2.5M/year

### **Our Solution**

The “Kitting” concept was used. Equipment was pre-packed and vacuum sealed in pre-packed kits. Soldiers could easily inventory equipment as they went through the process instead of at the very end. The Kitted items allowed for better use of shelf space. It helped clear the countertops and made bar coding items for inventory easier. More checkout stations and space were allotted. This helped decrease the processing time and allow for large mobilization units. An improved Reception Area was created. The CIF also went to an appointment-only basis so all paperwork can be prepared prior to the soldier’s arrival and reduce process time even

### **The Result**

Based on the processes implemented, we: reduced on-hand inventory by more than 65%, reduced overall cost by 20% annually, and increased customer satisfaction. Additionally, the annual savings to the Government was more than to be \$539,080 in addition to the \$38 million in inventory reduction. We also reduced the staff by 8 personnel and eliminated the requirement for commercial off-post storage--additional cost savings to our customer.

**Question: Analyze the case.**