



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Logistics Management**  
**Paper 2 (New)**  
**Logistics Fundamentals And Processes.**

**June 2015**

**Date: 14.06.2015**

**Time: 10.00 AM to 1.00 PM**

**Instructions:**

- 1) Part A1 and A2 are compulsory
- 2) Part B: Answer any three questions with a maximum of two from part B1 or B2
- 3) Part C Compulsory

**Max Marks: 100**

**Duration: 3 Hours**

Total Marks=32

Total Marks=48

Total Marks=20

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**PART-A**

Total: 32 Marks

**Q.1 State whether True or False (9 marks)**

- a) Prime goal of Logistic is to provide Customer Service.
- b) One of the advantages of MRP-I system over traditional system is to facilitate time-phased ordering of materials.
- c) For Logistics, the Customer is any delivery destination.
- d) Packaging is not a logistics activity
- e) Methods of managing inventory to improve corporate profitability include reducing backorders/ expediting shipments, improving accuracy of forecasts..
- f) Inventory levels cannot be reduced by using lead time analysis
- g) Leading-edge firms realize that a well –designed and operated logistical system cannot help achieve competitive advantage.
- h) The mission of the logistical system is measured in terms of total cost and performance.

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

- 1 Some companies have out-sourced their logistics activities to \_\_\_\_\_.
2. Under JIT , close and frequent Buyer- Seller \_\_\_\_\_ is essential.
3. For many firms transportation is the highest \_\_\_\_\_ cost.
4. Prime goal of Logistics is to provide \_\_\_\_\_
5. Procurement is a function of \_\_\_\_\_ Management.
6. Logistics Management is an \_\_\_\_\_ flow of goods and services from point of origin to point of consumption.
7. Good packaging has \_\_\_\_\_ as well as \_\_\_\_\_ advantages.

**Q.3. Expand the following :-**

- a)TQM   b)SAP   c)MRP   d) LTL   e)GCR   f)OEM   g) FIFO   h) WIP

**Q.4. Match the following :-**

<b>Column-- A</b>	<b>Column-- B</b>
1.Poor Inventory Management	a) increased speed of other transmission and other data.
2. Lead time analysis	b) Leads to stock outs and overstocking.
3. Benefits of EDI implementation	c) can reduce inventory levels.
4. ROL is also called as	d) are some of the valuations of material issues.
5. Inventory Control becomes	e) provisioning level.
6. LIFO and FIFO	f) core of formulating logistics strategy.
7 A sudden change in the design of the manufactured equipment	g) fairly easy with bar codes.
8.The Customer commitment is the	h) may create obsolete/surplus stock..

**PART-B**

**Total: 48 Marks**

**Answer any three from the following: (16 \*3 =48)**

Q.5.(a) What is meant by Inventory Carrying Cost ? Give a brief explanation.

(b) What is EOQ? Explain its relation with inventory carrying cost.

Q.6 What does Forecasting mean ? Give a brief explanation to the different types.

Q.7 (a)What are the Micro approaches in the selection or using a Private Warehousing ?

(b) why the proper selection of MHEs and warehousing lay out is necessary?

Q.8. What are some of the ways in which management can improve a firm's Customer service performance?

Q. 9. Write short note on any four:-

a) ERP

b) Pareto Principle

c) Reverse logistics

d) Stock Verification

e) Perishable goods

f) Warehousing Cost

## **PART-C**

**20 marks**

### **Q. 10 :Case study: compulsory**

Micron Electronics Inc. is a manufacturer of Personal Computers (PC) that sells directly to customer's who place orders either through telephone or Internet. Micron has one assembly facility, located at Idaho and also has a Sub-Contractor, who is able to assemble most popular models. A typical customer order comes in via the internet or toll-free-telephone number. Depending on the type of order, it is allocated either to the Idaho facility or to the sub-contractor. Large corporate orders, for example are handled out of Idaho. Micron carries almost no Finished Goods Inventory and assembles PC's in response to customer orders.

A typical order may include a Monitor and a Printer in addition to the P.C. Micron does not manufacture peripherals such as monitors and printers. They are stored at a depot in Memphis, that Federal Express (Fed EX) operates for Micron. Some peripherals are also held at Idaho facility. Thus, the 'Order coordinator' must allocate product to the peripheral order items in the depot. For an individual order, Fed Ex transports the assemble PC (either from Idaho or Sub-contractor) to Memphis, where it is merged with the peripherals. Another possibility is, for Fed Ex to do the merge at a station close to the customer site. For example, an order from Chicago can be merged in Chicago itself. The merged order is then delivered to the customer. To facilitate this Merge-In-Transit, Micron shares detailed electronic information with the Fed Ex warehouse as PC's ship out of Idaho. Customer can track the status of their orders after they have placed them.

For large corporate orders within the U.S., Micron does not use Fed Ex. It uses Less than Truck Load (LTL) companies to move the product. Currently these orders are filled using peripherals that are used at Idaho.

Micron outsources both PC components and peripherals throughout the world. The company uses Airfreight as well as Ocean transport to move product to the U.S and then a combination of Truck and Rail to move it into ware houses.

#### Questions

1. What are the 4 modes of Transport used by Micron?
2. What is the role of Fed Ex in Micron Electronics? What are the advantages of using the services Fed Ex?
3. Large corporate orders are shipped using LTL Why?
4. What is the Manufacturing system adopted at Micron's Idaho works? How Inbound and Outbound Transportation cost is is saved in certain orders?
5. Cite two examples of EDI from the above case?

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