

Reg. No _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
FOURTH TRIMESTER MBA DEGREE EXAMINATION OCTOBER 2017

OM -T4-1 SUPPLY CHAIN AND LOGISTICS MANAGEMENT

Max. Marks: 60

Duration: 3 Hours

Part A

Answer all questions. Each question carries 2 marks

1. Define Positive Externalities between firms.
2. What is CPF? How is it different from VMI?
3. What is the role of Supply chain in E Business?
4. Explain the concept of cobbling in Storage.
5. What is the role of Tailored Transportation in Supply chain?

(5x2 marks = 10 marks)

Part B

Answer any 3 questions. Each question carries 10 marks

6. Elaborate on the indices used for evaluating performance of Logistic firms with suitable illustrations.
7. The success of Amul, Amazon, Toyota, Zara and Dell can be attributed to the efficient Competitive Strategy & SC strategy. Justify the statement.
8. Elaborate on the concept of Transaction Management Foundation.
9. Discuss the various risks associated with a Global Supply Chain.
10. Explain the various principles associated with Material Handling and also briefly explain the Material Handling systems adopted by various industries quoting suitable examples.

(3x10 marks = 30 marks)

Part C

Compulsory question, the question carries 20 marks

11. **Centrally Decentralized System : The Seven- Eleven Story**

When Hurricane Isabel struck on Sept. 18, wreaking havoc throughout the Northeast corridor, some residents in Annapolis, Md., and suburban Baltimore could take heart from at least one thing: Their local 7-Eleven stores would have plenty of supplies on hand. That's because Pinto Soin, who operates four stores in the area, had been following the storm's path and his own intuition. A 7-Eleven Inc. franchisee for 13 years, Soin upped his orders for the stores he operates in residential areas, which he knew would be inundated. This is one example of the key role 7-Eleven's store managers play in what CIO Keith Morrow describes as the convenience-store chain's massive "centrally decentralized" supply chain. A data repository provides store managers with information on what's selling, but the managers use their own on-the-spot knowledge of the neighborhood to make final ordering decisions. "We could never predict a busload of football players on a Friday night, but the store manager can," president and CEO Jim Keyes says. This approach lets 7-Eleven combine the management efficiency and purchasing clout of a national chain with the entrepreneurial feel of a mom-and-pop store. By adding local control of the ordering process, 7-Eleven takes the opposite approach to Wal-Mart Stores Inc.'s much-heralded replenishment supply-chain model, in which products are automatically reordered once stocks fall below a certain level. A highly centralized approach could never work in a convenience-store environment, Soin says. "You can't do it on a national level; it has to be done at the store level, based on your location, geography, and knowledge."

The convenience-store chain emulates Wal-Mart in other ways, though. As with its large-retailer brethren, business technology lies at the heart of 7-Eleven's strategy. "Technology has given us the ability to understand what's selling in every store, item by item and hour by hour," Keyes says. "Technology has transformed us." That transformation starts with each purchase. No sooner has a customer paid for a newspaper and coffee than the transaction is on its way to a data centre in Dallas, to be stored and analyzed along with those of the 6 million other U.S. customers who visit the chain's outlets each day. 7-Eleven tracks purchases at the store, regional, and national levels and quickly provides that analysis to managers at all levels. The company uses technology to tighten links to its suppliers, as well. With \$33 billion in worldwide sales, it's able to negotiate on price with major name-brand manufacturers such as Procter & Gamble Co. It also has the clout to cut product and merchandising deals, whether that's working with South Beach Beverage Co. to develop SoBe energy gum or with Anheuser-Busch Inc. to design a refrigerated single-serve beer dispenser. With 3,300 franchise-owned stores and 2,500 company-owned stores, 7-Eleven easily outdistances other convenience-store chains such as Couche-Tard Inc., which operates 2,000 Circle K stores in the South and Southwest; Casey's General Stores Inc., with 1,800 stores in the Midwest; and The Pantry Inc., with 1,400 stores in the Southeast. Indirect competitors include single-store companies, which account for three-fifths of the nation's 132,000 convenience stores, according to the National Association of Convenience Stores. There are also 100,000 combination convenience-store gas stations.

The crown jewel of 7-Eleven's operations is its proprietary Retail Information System, through which store managers place orders, do bookkeeping tasks, and receive reports that enable them to track sales. The system collects data from point-of-sale terminals and transmits it in real time to a 7 terabyte Oracle data repository operated by EDS. Using analytics software from Business Objects SA, the data is sifted for clues about customer demand, more-effective pricing schemes, and possible product innovations such as the recently added Diet Pepsi Slurpee. The system provides store managers with daily, weekly, and monthly sales tallies upon which to base their orders. For fresh-food items, which are ordered daily, managers base orders on that day's sales from the previous week, taking into account factors such as the weather.

Questions:

- i) Describe the Supply chain entities associated with 7-11 with a suitable diagram. (2)
- ii) Bring out the differences between the supply chain strategy of Wal-Mart and 7-11. (2)
- iii) Explain the role of IT in the success of 7-11. (16)
