



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Logistics Management

June 2015

Paper 3 (OLD)  
STRATEGIES AND ORGANIZATION IN LOGISTICS

Date: 15.06.2015

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**

**Q.1 : Multiple choice questions:**

**Marks (8)**

1. 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 foods are received.

2. 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 foods are received.

3. 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.

4. 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.

5. 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

6. 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.

7. 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.

8. 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.

**Q. 2. State 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 Supply.

**Q. 3 . 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 Logistics 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 different 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 labor, fuel, and maintenance.

**Q. 4 Expand the following:**

**Marks :(8)**

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

**PART-B**

**Marks( 48)**

**Answer any three from the following** 16 marks each

- Q5. What is the difference between a communication standard and an information standard for Electronic Data Interchange 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**

### **Compulsory**

#### **Q.10. Case Study.....**

**Marks(20)**

Tasty Noodles Company was planning to introduce 100gms pack of noodles into the Indian market at Rs. 8/- per pack, during the test marketing period of one month. During this period the company wanted to flood the market with their noodles.

In the subsequent month, tasty noodle company planned to increase the price to Rs.12/- and change the packaging to a size of 120gms, with a free toy car attached to the pack.

One month before the product introduction the marketing department brought out advertisement in the print, FM Radio, and Television media. There were also competitions arranged for children with prizes sponsored by tasty noodle company.

Production for the introduction of the product was to be started 2 months earlier. Demand for the product was estimated to be 1 Lakh packs for the first month and 1.2 lakhs packs in the second month. Production had to be started earlier in order to meet the estimated demand as also to account for the changeover in the pack size for the second month.

#### **Questions:**

- 1) What coordination is required between the marketing, production and logistics department to integrate the activities towards the success of the introductory campaign?
- 2) Explain the role of logistics department in the introductory phase?
- 3) Explain the information sharing that needs to take place between marketing, production and logistics department for efficient and effective results?
- 4) Explain the role of the logistics department in the changeover to the new packaging in the second month?

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