

<b>Name:</b>	
<b>Enrolment No:</b>	

<b>Course: LSCM 8008 Procurement &amp; Supplier Relationship Management</b>	<b>Semester: IV</b>
<b>Programme: MBA (Logistics &amp; Supply Chain Management)</b>	<b>Max. Marks: 100</b>
<b>Time: 03 hrs.</b>	

**Instructions:**  
**Note: All sections are compulsory & this question paper carries 4 sections.**

**Section A (20)**  
**Attempt all questions in this section**

1.	Explain the following in two to three lines a) Reverse price analysis b) Delivery triggered adjustment clause c) Total cost of ownership d) Blanket purchase order e) Coercive power f) SPI g) OEM h) CEM i) ODM j) Second Bid Auction	(2*10=20 marks)	CO 1,2, 3
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**SECTION B (20 Marks)**  
**Attempt any 4 question, each question carries 5 marks only**

2.	(a) What are the various stages in a purchasing cycle process; also draw a purchase requisition flow diagram? (b) Define TCO & what are the steps involved in building a TCO model? (c) Explain Operational and Strategic purchasing. (d) Enumerate different techniques of negotiation (e) Discuss Malcom Baldrige National Quality award	<b>(5*4= 20 marks)</b>	CO 1, 2, 3,4
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**SECTION C (30 marks)**  
**(Attempt any 2 question, each question carries 15 marks)**

3.	(a) What do you mean by strategic sourcing? Discuss the supply chain value analysis given by Gashti et al. 2012.  (b) What do you understand by Supplier integration? What are various strategies of supplier integration into new product development process?	[15 x 2]	CO – 1, 2, 3, 4
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	(c) Discuss the issues/challenges in the case ‘Toyota Supplier Relations: Fixing the Suprima Chassis’. Also give your suggestions.		
	<b>SECTION D (30 marks)</b> <b>Solve the given problem (30 marks)</b>		
4.	<p>A publisher sells books to Barnes &amp; Noble at \$15 each. The marginal production cost for the publisher is \$2 per book. Barnes &amp; Noble prices the book at \$26 and expects demand to be normally distributed with a mean of 25,000 and a standard deviation of 6,000. Barnes &amp; Noble places a single order with the publisher. Currently, Barnes’ discounts any unsold books down to \$4 and any unsold books sell at this price.</p> <p>(a) How many books should Barnes &amp; Noble order? What is their expected profit? How many books do they expect to sell at a discount?</p> <p>(b) What is the profit that the publisher makes given Barnes &amp; Noble’s actions?</p> <p>c. A plan under discussion is to refund Barnes &amp; Noble’s \$5 per unsold book. As before Barnes &amp; Noble will discount them to \$4 and sell any that remain. Under this plan how many books will Barnes &amp; Noble order? What is the expected profit for Barnes &amp; Noble? What is the expected profit for the publisher?</p> <p>Hint: Formula for expected profit:</p> $\langle Profit \rangle = (p - s)\mu F_S\left(\frac{O - \mu}{\sigma}\right) - (p - s)\sigma f_S\left(\frac{O - \mu}{\sigma}\right) - O(c - s)F(O, \mu, \sigma) + O(p - c)[1 - F(O, \mu, \sigma)]$ <p>where O is the order quantity, F() (and <math>F_S()</math>) the cumulative (standard) density function and <math>f_S()</math> the standard normal density function.</p> <p>Formula for expected overstock:</p> $\langle Overstock \rangle = (O - \mu) F_S\left(\frac{O - \mu}{\sigma}\right) + \sigma f_S\left(\frac{O - \mu}{\sigma}\right)$	[30]	CO-1,2,3,4,
		10	
		5	
		15	

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Section A (20)

Attempt all questions in this section

1.	Explain the following in two to three lines a) Reverse auction b) ISO 9000, c) International currency risk d) Blanket purchase order e) Value engineering f) SPI g) Conversion Cost h) Cycle Time Cost i) RFQ j) Post Ownership Cost	(2*10=20 marks)	CO 1,2, 3
<b>SECTION B (20 Marks)</b> Attempt any 4 question, each question carries 5 marks only			
2.	(a) What makes an effective Purchase Policy? (b) Explain in detail the Negotiation Process. (c) Explain Operational and Strategic purchasing. (d) Discuss steps in Supplier Evaluation and Selection Process. (e) Discuss Malcom Baldrige National Quality award	(5*4= 20 marks)	CO 1, 2, 3,4
<b>SECTION C (30 marks)</b> (Attempt any 2 question, each question carries 15 marks)			
3.	(a) What do you mean by risk sharing in purchasing transaction? Discuss the various risk sharing mechanism in the context of single period consumable product.  (b) Define TCO & discuss the steps involved in building a TCO model?  (c) Discuss the issues/challenges in the case 'IKEA'. How was the CSR preparedness of IKEA? What long-term strategy would you suggest Marianne Barner take regarding IKEA's continued operation in India? Discuss the impact on Company in staying or exiting from Indian purchases.	[15 x 2]	CO – 1, 2, 3, 4
<b>SECTION D (30 marks)</b>			

**Solve the given problem (30 marks)**

4. A movie studio sells the latest movie on DVD to VideosRUs at \$12 per DVD. The marginal production cost for the movie studio is \$1 per DVD. VideosRUs prices each DVD at \$24.50 to its customers. DVDs are kept on the regular rack for a one-month period after which they are discounted down to \$5.50. VideosRUs places a single order for DVDs. Their current forecast is that sales will be normally distributed with a mean of 12,000 and a standard deviation of 4,500.
- a. How many DVDs should VideosRUs order? What is their expected profit? How many DVDs do they expect to sell at a discount? **10**
- b. What is the profit that the studio makes given VideosRUs' actions? **5**
- c. A plan under discussion is for the studio to refund Videos- RUs \$4 per DVD that does not sell during the one-month period. As before VideosRUs will discount them to \$4.99 and sell any that remain. Under this plan how many DVDs will VideosRUS order? What is the expected profit for VideosRUSr? What is the expected profit for the studio? **15**

Hint: Formula for expected profit:

$$\langle Profit \rangle = (p - s)\mu F_S\left(\frac{O - \mu}{\sigma}\right) - (p - s)\sigma f_S\left(\frac{O - \mu}{\sigma}\right) - O(c - s)F(O, \mu, \sigma) + O(p - c)[1 - F(O, \mu, \sigma)]$$

where O is the order quantity, F() (and  $F_S$ ) the cumulative (standard) density function and  $f_S()$  the standard normal density function.

Formula for expected overstock:

$$\langle Overstock \rangle = (O - \mu) F_S\left(\frac{O - \mu}{\sigma}\right) + \sigma f_S\left(\frac{O - \mu}{\sigma}\right)$$

**[30]**

CO-1,2,3,4,