



**The Chartered
Institute of Logistics
and Transport**

INTERNATIONAL ADVANCED DIPLOMA IN LOGISTICS AND TRANSPORT

DELIVERING STRATEGIC PERFORMANCE

ADIP04

NOVEMBER 2022

Note to Candidates

The aim of this paper is to establish your in depth understanding of the principles and applications involved in Delivering Strategic Performance. Candidates are encouraged to make use of relevant examples where applicable.

Instructions to Candidates

- Duration of examination: **3** hours
- **Answer Question 1(Compulsory) in Section A and 3 Questions in Section B**
- Questions may be answered in any order
- Allocation of marks is indicated alongside each question
- Credit will be given for citing relevant examples
- Write legibly

SECTION A

COMPULSORY (40 marks)

Read the Case Study below carefully and answer the questions that follow:

CASE STUDY: Walmart, stores suffering ‘bullwhip effect’ weigh letting customers keep returns.

Retailers across the U.S. are considering having customers keep their returns while also offering full refunds. Many of these businesses are suffering from the “bullwhip effect” and toying with the idea that it might be financially wise to let patrons keep merchandise they don’t want. Companies like Target, Walmart, and the Gap have reported that they have too much

inventory and that they can't afford to keep housing it, according to CNN Business. Returns merely compound the problem.

Combine the storage issues with record-high fuel prices and supply chain problems, and businesses are looking for ways to cut their losses. So now these outfits with a glut of merchandise are weighing whether it is wiser to let customers hold on to their returned goods or throw the returns on the already-too-big piles of inventory.

What retailers are seeing right now is something called the "bullwhip effect." This is, as Bloomberg says, "the deflationary effect of retailers holding too much inventory." Small changes in demand can cause serious disruption upstream in what is an already disrupted and unreliable supply chain.

Investor Place calls the "bullwhip effect" the consequence of "mistaken demand amplification from the retail level up to the point of manufacturing under a supply chain network."

"Under a business context, if a retailer anticipates greater product demand based on immediate sales data, the company's procurement team will relay requests for additional inventory to the distributor," the website said. "In turn, the distributor will communicate the demand spike to the product manufacturer. Everybody in the supply chain benefits. That is, unless the forecast is wrong."

In today's situation, it turns out the big-box retailers and other outlets were "dead wrong" in their forecasts. This means they'll need to take action to reduce inventory — both by cutting prices and letting customers keep their returns.

Source: <https://straightarrownnews.com/cc/walmart-stores-suffering-bullwhip-effect-weigh-letting-customers-keep-returns/>. Accessed: 5/09/2022.

Question 1

- a) Discuss the major social, economic and environmental impact that the retailers will cause if customers are allowed to keep returns while full refunded. **(12 marks)**
- b) What are the lessons that similar Zimbabwean retailers can learn from the case? **(10 marks)**
- c) What are the major causes of bullwhip effect in supply chain? **(10 marks)**
- d) Analyse how the bullwhip problem could be managed in future. **(8 marks)**

SECTION B

Answer any THREE questions

QUESTION 1

Distinguish between the following concepts.

- a) Key Performance Indicators and Critical success factors **(4 marks)**
- b) Service Blueprint and Vision statement **(4 marks)**
- c) Corporate Governance and Corporate Social Responsibility **(4 marks)**
- d) Performance Alignment Model and Balanced Scorecard Model **(4 marks)**
- e) Value Analysis and Risk Analysis **(4 marks)**

QUESTION 2

Discuss the role Information Technology plays in the implementation of Customer Relationship Management in Zimbabwe. **(20 marks)**

QUESTION 3

What are the key drivers that affect efficiency and responsiveness on supply chain performance? **(20 marks)**

QUESTION 4

Many organisations in all sectors, increasingly engage in some form of partnership with others in their supply chain. Discuss the strategic benefits a firm can gain from engaging in supply chain collaborative business relationship. **(20 marks)**