INTERNATIONAL DIPLOMA IN LOGISTICS AND TRANSPORT

SUPPLY CHAIN MANAGEMENT

DIP02

NOVEMBER 2023

Instructions to Candidates

- Duration of examination: **3 hours**

- **Answer Question 1(Compulsory) in Section A and any 3 Questions in Section B**

- Questions may be answered in any order.

- Allocation of marks is indicated along each question.

- Credit will be given for citing relevant examples.

- Write legibly.

_____

Section A: Compulsory

QUESTION 1

Case Study: CISCO - A Company in Trouble

In August 2001, the San Jose, California based, computer-networking company Cisco Systems Inc (Cisco) surprised industry observers by announcing its first ever negative earnings in more than a decade. In the third quarter of fiscal 2001, the company's sales had decreased by 30%. Cisco had to write off inventory worth $ 2.2 billion and lay off 8,500 people. By the end of 2001, the market capitalization of the company was down to $ 154 billion and per employee profit was

$ 240,000 (down from $ 700,000 in 2000). This was in sharp contrast to the situation in early 2000, when Cisco was one of the most successful companies in the Internet world with a market capitalization of $ 579 billion (It had become the world's most valuable company surpassing even Microsoft's market capitalization of $ 578 billion).

According to John Chambers (Chambers), Cisco's CEO, neither the company's software nor its management were to blame for the company's poor performance. Analysts were puzzled that while other networking companies, with far less sophisticated information technology infrastructure than Cisco, had begun downgrading their forecasts in the wake of the impending downturn in the industry months earlier, Cisco did not lower its inventory like other companies. What came however as the biggest surprise were the allegations by some analysts that the company's 'highly regarded' systems were to be blamed for this situation. According to analysts, over reliance on technology prevented Cisco from seeing the impending downturn that was clear to everyone else and led the company down a disastrous path.

Cisco – The Networked Supply Chain
Cisco was founded in 1984 by a group of computer scientists at Stanford. They designed an operating software called IOS (Internet Operating System) that could route streams of data from one computer to another. The software was loaded into a box containing microprocessors specially designed for routing. This was the router, a machine that made Cisco a hugely successful venture over the next two decades.

QUESTION 1

   a) Discuss the supply chain lessons we learn from this case.   **(15 marks)**

   b) Can technology be a panacea and substitute for leadership, vision and good judgment?
                                      (10 marks)

SECTION B

Answer any THREE questions.

QUESTION 1

Unpack the **three (3)** types of supply chain management decisions.   **(25 marks)**

QUESTION 2

Discuss any **five (5)** risks of being in a long-term contract.　　　　　　　**(25 marks)**

QUESTION 3

Examine the success factors for the Six Sigma process.　　　　　　　**(25 marks)**

QUESTION 4

With the aid of examples write brief notes on the following terms.

　　a) Stock keeping units　　　　　　　　　　　　　　　　　**(5 marks)**
　　b) Re-order quantity　　　　　　　　　　　　　　　　　　**(5 marks)**
　　c) Turning inventory　　　　　　　　　　　　　　　　　　 **(5 marks)**
　　d) Velocity　　　　　　　　　　　　　　　　　　　　　　(**5 marks)**
　　e) eAgile Supply chain　　　　　　　　　　　　　　　　　**(5 marks)**

QUESTION 5

 Unpack the concept of sustainable Supply Chain Management showing reasons for its

advocacy and development.　　　　　　　　　　　　　　　　　**(25 marks)**