

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Third Year/ Second Semester Examination in Business Administration- Specialization in Marketing Management- 2009/2010(January/February 2012)

(Proper)

MKT 3063 Supply Chain Management

Answer all five (5) questions

Time: 03 hours

Q1) Read the following Case Study and answer the questions given below

Drivers for and methods to optimize the supply chain- Company Whirlpool

Whirlpool Corporation is a leader of the \$100 billion global home appliance industry. Ranked sixth in the electronics industry list of FORTUNE magazine's "World's Most Admired Companies", Whirlpool Corporation is a Fortune 500 company and the world's leading manufacturer and marketer of major home appliances. Annual sales are approximately \$19 billion, and there are 70,000 employees, with 69 manufacturing and technology research centers around the world. Founded in 1911, the company markets Whirlpool, Maytag, KitchenAid, Jenn-Air, Amana, Brastemp, Consul, Bauknecht and other major brand names to consumers in most countries around the world. Whirlpool manufactures appliances across all major categories, including fabric care, cooking, refrigeration, dishwashers, countertop appliances, garage organization and water filtration.

Whirlpool is committed to a brand value-creation strategy—focusing on innovation, cost productivity, product quality and consumer value. The company continues to improve its global operating platform to ensure it is the best-cost and best-quality appliance manufacturer worldwide. Its supply chain has been transformed to better deliver products to trade customers and consumers. The benefits of actions are evident through a stronger network, increased efficiencies and timely deliveries. Whirlpool Corporation is committed to building products which consumers around the world can depend upon to meet their daily needs. This commitment to quality begins in the concept stages and continues throughout the lifetime of the appliance. The result of these efforts is a sustainable and competitive advantage for the company.

Globally, Whirlpool Corporation manufactures products using principles of lean manufacturing and operational excellence to ensure continuous improvement of processes and to produce products that meet the company's high-quality standards. At Whirlpool, there is a constant focus on seeking out new and unique ways to improve the function, performance and sustainability of products.

After acquiring the Maytag Corporation on March 31, 2006, Whirlpool Corporation became the largest home appliance maker in the world. (a)

A merger with Maytag added another layer of complexity to Whirlpool's efforts to manage orders, and cash flow. Brian Hancock, VP Supply Chain, talks about how this was achieved. (b)

Until recently, Whirlpool's strategic focus was on its products and brands. In recognition of environmental changes (customer needs in particular) attention was shifted to their supply chain and how best to manage it. The need to focus on the supply chain was also instigated by internal and organizational changes (the merger with Maytag). Furthermore it was recognized that two issues required attention: 1) the desire for trade partners to hold lots of inventory (impacted upon cash flows) 2) balancing number one with customers needing their products quickly. One of the goals constraining the redesign of their supply chain was to ensure that a customer order could be fulfilled and delivered to the customer within 48hrs. The company focused on its operations/ supply chain strategy with the aim of improving cash flow, reducing costs, and providing the right service to customers. The first aspect of their strategy was to streamline the process. Process, technology and inventory changes were made. Systems required re-evaluation and integration with Maytag systems. Overall, there was a need to improve visibility within the supply chain. Secondly, the company rationalized facilities, reducing the number of facilities from 184; they eliminated 100 buildings and consolidated major warehouses into 100 distribution centers. This resulted in cost savings of over \$60 Million. Thirdly, they optimized supply and demand, with changes to demand planning models and software and integration with upstream suppliers. (c)

Q1)

- (a) Describe the challenges faced by the company. (6 Marks) (c)
- (b) Identify and briefly explain the drivers for change to the supply chain? (6 Marks) (b)
- (c) List out and briefly explain the benefits of change to the supply chain? (5 Marks) (Q4)
- (d) Describe the Whirlpool strategies and assess the impact of those. (5 Marks) (a)
- (e) Suggest how the company might increase its speed of response to customers in respect of the goal of delivering the product within 48 hrs. (6 Marks) (b)

(Total 28 Marks)

Q2)

(a) "Supply chain management is a term that has emerged in recent years that captures the essence of integrated logistics and even goes beyond it".

Based on the above statement explain the term 'Supply Chain Management' and describe how it differs from logistics management?

(6 Marks)

(b) "Value in logistics is primarily expressed in terms of time and place".

Based on the above illustration describe the importance of logistics/supply chain.

(6 Marks)

(c) "Corporate strategy creation begins with a clear expression of the firm's objectives".

Based on the above statement specify and describe corporate strategy of a selected organization in Sri Lanka?

(6 Marks)

(Total 18 Marks)

Q3)

(a) "Logistics planning attempts to answer the questions of what, when, and how it take place at three levels".

Based on the above statement compare and contrast these three levels of planning in supply chain.

(6 Marks)

(b) "Central to the scope and design of the logistics system is trade-off analysis, which, in turn leads to the total cost concept".

Based on the above statement explain the principle of the total cost concept with suitable examples.

(6 Marks)

(c) Briefly explain the fundamental principle of differentiated distribution with examples.

(6 Marks)

(Total 18 Marks)

Q4)

(a) "Along with the quality and service, price also represents the product to the customer".

Based on the above statement describe how F.O.B pricing method differs from Zone pricing with examples?

(6 Marks)

(b) "Customer service has been viewed as an essential ingredient in marketing strategy".

Based on this, list out the customer service elements.

(6 Marks)