



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CPS 404

COURSE TITLE : SUPPLY CHAIN RISK MANAGEMENT

SPECIAL REQUIREMENTS : NO SPECIAL REQUIREMENTS

DURATION : 3 Hours

LEVEL : 4:1

DATE : 13 AUG 2021

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EXAMINATIONS OFFICE
13 AUG 2021
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INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. **QUESTION ONE IS COMPULSORY**
3. Answer **QUESTION ONE AND ANY THREE (3)** questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []
6. Use of practical examples where necessary is encouraged

Question 1

Achieving excellence in Supply Chain Management

Good supply chain management is partly a matter of balance. Cost versus service versus profitability versus proper utilization of assets. What happens when the pendulum swings too far in one direction? XYZ pvt Ltd is a company which had cut to the bone and taken all of the easily achieved benefits, and in the process, caused itself some customer service difficulties. The low-hanging fruit was gone. There still were additional cost reductions to be gained in the physical distribution and inventory management areas, but each required an out-of-pocket investment, process changes, and a more intense style of management. As the old adage goes, sometimes it takes money to make money. A process manufacturer of industrial materials had a management objective to manage the company to maximize shareholder value. The principal emphasis was profitability and asset utilization, a good-looking P&L and balance sheet. The company's products were on the edge of being commodities, plenty of competition and not much product differentiation. The primary means of gaining and holding market share was quality and an ongoing customer engineering support program to get the company's products engineered into customers' formulas at design time. This helped assure some stability in sales as the customer would have to reengineer, retest and re-certify his process in order to make formula changes. However, though established customers tended to stay with products already in use, this company's share of its markets was staying steady or shrinking, not growing. Another interesting characteristic of the company was that it was vertically integrated or had limited sources of raw material in most of the major product lines. This meant that the company often had to enter into long-term contracts with vendors to ensure supply, or in several cases, actually build and operate facilities to capture by-products from other industries processes to obtain material. So in a sense, upstream supply chain integration is already present by the force of circumstance. In the continuing quest for increased profitability, the company had made drastic cuts in manpower and other aspects of almost every part of the company, including supply chain management. Management was now seeking additional reductions in the supply chain area and a project team was formed to find more ways to reduce costs. The team decided that an outside objective look was needed and retained us to perform a cost/ performance benchmark and find cost reduction opportunities. sometimes toward the end of a quarter, if inventories looked too high on the balance sheet, production would be stopped.

Adapted: <https://docplayer.net/14911439-Supply-chain-and-inventory-management-case-studies-memorandum-709.html>

- (a) As the Procurement Manager of XYZ pvt Ltd, use the above case to advise management on the key features for successful Supply Chain Management. **(10 Marks)**
- (b) What are the risks that are evident in the management decisions that were made in the course of operations for XYZ Ltd. **(5 Marks)**
- (c) How can the risks you have listed in (b) above be mitigated **(10 Marks)**

Question 2

What is Supply Chain Integration and why is it important in the management of supply chains?
(25 Marks)

Question 3

With reference to the supply chain process outline the existence of Supply chain risk management in each and every stage of the process. **(25 Marks)**

Question 4

Explain the following terms and explain how they can be offset;

- a) Demand Risks **(5 Marks)**
- b) Supply Risks **(5 Marks)**
- c) Environmental Risks **(5 Marks)**
- d) Business Risks **(5 Marks)**
- e) Strategy Risks **(5 Marks)**

Question 5

Supply Chain management is about the management of material, and finance flows in multi-stage production-distribution networks. With the aid of relevant examples, outline the types of risks that a Purchasing Manager should look out for and how to prepare the organisation to safeguard their operations. **(25 Marks)**