



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

07 JUL 2022

COURSE CODE : CPS 404

COURSE TITLE : SUPPLY CHAIN RISK MANAGEMENT

SPECIAL REQUIREMENTS : NO SPECIAL REQUIREMENTS

DURATION : 3 Hours

LEVEL : 4:1

DATE :

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. The number of marks for each question or part question is shown in brackets []
5. Use of practical examples where necessary is encouraged

SECTION A

QUESTION ONE

Global supply chain operations.

City Carpets Ltd manufactures high quality value added carpets at its premises in the light industrial area in Graniteside. The company has a daily capacity of 1000 pieces daily and operates 6 days a week on a two shift system. City Carpets is vertically integrated and is reputed in Europe for its high-quality products. Over the past six months, they have lost major orders because of cost. The feedback from two major customers- one in Turkey and one in France - has been that City Carpets' prices are at least 25 per cent higher than those of its competitors with the same quality level. A 'Cross-functional Cost Reduction Team' (CCRT) was set up, with representatives from sales, design, purchasing, finance, manufacturing and marketing.

As Procurement Manager, you were an active member. In the past there has been no international sourcing, other than some spare parts and carpets' accessories from the Far East. The raw materials are purchased from a local spinning plant and account for around 70 per cent of the cost of a finished garment. A friend of the Managing Director – Tommy David, an import agent- was commissioned to look for sources of supply. He has now issued his report and presented the outline findings shown in the table.

	Raw Materials Type A	Raw Materials Type B	Raw Materials Type C
Current Cost	\$ 5.25/kg	\$ 5.50	\$ 10.50
Comparative Cost	\$ 3.50/kg	\$ 4.80	\$ 6.00
Country of Origin	Vietnam	Laos	Indonesia
INCOTERM	FOB	CIF	EXW

It was agreed that you would consider sourcing the raw materials from overseas. The Managing Director has appointed you as Procurement Manager to conduct an exercise, to be completed within 8 weeks, with the objective of moving 50 percent of all raw materials purchases overseas by month 12 of the current year. He suggested that Procurement and Quality personnel visit the three countries and sources identified by Tommy David as well as some other sources.

(a) Explain the risks likely to be borne by Laban Textiles during the sourcing of raw materials overseas. **(15 Marks)**

(b) As a Procurement Manager with vast experience in global sourcing, suggest possible risk management mitigation measures to combat risks identified above. **(10 Marks)**

SECTION B

QUESTION TWO

Discuss the different types of risks to any business of your choice and show how managers can deal with them. **(25 Marks)**

QUESTION THREE

Evaluate in detail the risk management and mitigation process in supply chain. **(25 Marks)**

QUESTION FOUR

Analyse in detail the factors that can influence network design decisions in the supply chain. **(25 Marks)**

QUESTION FIVE

Evaluate the importance of supply chain risk management. **(25 Marks)**

END