



# **CENTRAL UNIVERSITY COLLEGE**

2016/17 2<sup>nd</sup> SEMESTER RESIT EXAMINATION

DEPARTMENT OF MANAGEMENT STUDIES

SUPPLY CHAIN MANAGEMENT

TIME ALLOWED: THREE (3) HOURS

LEVEL 300

STUDENT ID No.....

**INSTRUCTIONS:**

ANSWER ALL QUESTION

DO NOT TURN OVER THIS PAGE UNTIL YOU HAVE BEEN TOLD TO DO SO BY THE  
INVIGILATOR.

**SUPPLY CHAIN MANAGEMENT**  
**Resit-Examinations 22/08/16**

**INSTRUCTIONS:**

This is a 3 -hour paper with one section. Please read the instruction and act accordingly.

**Please answer ALL Questions.**

**All questions carry equal marks. Each question is awarded twenty (25) marks**

**You are advised to spend forty five minutes {45} on each of the four questions of your choice under this section**

**QUESTION 1: Capacity Planning {Products & Services}: Make or Buy Decisions**

A firm manager must decide whether to make or buy a certain item used in the production of vending machine. Making the item would involve annual lease costs of GHS150, 000. Cost and volume estimates are as follows:

	<u>Make</u>	<u>Buy</u>
▪ Annual fixed cost	GHS150,000	None
▪ Variable cost/unit	GHS60	GHS80
▪ Annual volume (units)	12,000	12,000

- (a) Should the firm buy or make this item (10marks)  
(b) There is a possibility that volume change will occur in future. At what volume will the manager be indifferent between buying and making? (10marks)

**QUESTION 2. Critical Role of Purchasing; Sourcing Decisions**

As the supply chain manager of PG Healthcare Systems, identify the most qualified supplier by making a decision on which supplier you would source to provide you with valves for the dialysis machine for your hospital.

Use the data in the table below to assist you. Make sure you show all workings and explain your answers and why you would source for one supplier over the other.

	<b>SUPPLIER A</b>	<b>SUPPLIER B</b>
<b>Price per valve</b>	\$10	\$2
<b>% Good</b>	99.8%	95%
<b>Delivery Lead Time</b>	Overnight delivery	1 day to 3 days

Supplier B is cheaper and supplier A has better quality. Who shall we choose?

Please note that the effect of defective or a failed dialysis machine valve is estimated to cost the healthcare provider \$1,000 based on the following factors:

- Interruption in patient treatment
- Rescheduling difficulties
- Reduction in the effective capacity for dialysis
- Possible medical emergencies

**QUESTION 3: Inventory Management and Planning**

As the new supply chain manager of the fast growing Koko Kings limited at in Accra. Discuss any five inventory management types in Supply Chain Management and two challenges of holding inventory.

#### **QUESTION 4:Case Study of Indonesian Oil Exploration Company.**

Please carefully read the following case study and answer the questions that follow.

One of the largest offshore oil exploration and production company In Indonesia, operating in the Southeast Sumatra, completed its SAP ERP implementation project in 1998. The company then needed user support in applying the system to achieve and sustain the benefits of the SAP implementation. The company operates 24 hours a day, 7 days a week in an offshore location that requires high availability and reliability on its ERP and other applications. At the same time, its business environment also requires to have a highly productive information technology services in terms of quality, predictability and responsiveness. This high availability and reliability, predictable and yet cost effective information system support cost were a difficult challenge because the company did not have adequate IT resources.

#### **How Accenture Helped**

Accenture provided IT application support services, established the company's IT business processes and managed the overall delivery of information technology services since 1998. Accenture leveraged its IT Outsourcing Delivery Methods and IT Outsourcing Delivery Assets to ensure that the company achieves its outsourcing objectives of:

Increasing productivity (quality, predictability and responsiveness) of IT services

Providing access to skilled IT resources

Increasing access to current IT technologies and best practices

- a. What would be the benefit for the company in adopting an outsourcing concept?  
(12marks)
- b. What are the critical success factors for making outsourcing work? (8marks)