

**CIPS Level 6 – Professional Diploma in Procurement and Supply**

# **Global Strategic Supply Chain Management [L6M3]**

**Sample questions**

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## (Q1) – Magnox Instruments (MI)

Magnox Instruments supplies instruments which are used in vehicles to measure wear and tear of car tyres and brakes. MI supplies the instruments for 10 different car models. Linford makes similar instruments for 4 car models which represents 77% of the market. Linford is MI's only competitor and within a short period of 4 years Linford has captured 68% of the market due to competitive pricing. MI offers 2-year warranty on its products compared to 1 year offered by Linford.

MI outsources the manufacture of their instruments to Compco Ltd. MI's current contract with Compco does not include any KPIs about maximum number of defects allowed per batch or delivery lead time. MI has had a long-term contract with Compco for last 10 years and as per the terms of the contract, Compco has increased the price by 5% every year.

Both MI and Linford coat the exterior of the products with rust proof paint. However, MI also paints the internal parts of the instruments with similar rust proof coating.

### Question one

The scenario includes data suggesting that Magnox Instruments (MI) are being overtaken in the market by Linford.

Illustrate the 3 steps MI can take to reduce its supply chain costs and create cost advantage.

[25 marks]

LO: 1

AC: 1.2

## (Q2) – Zoom Alpha (ZA)

Zoom Alpha (ZA) Inc. is one of the largest global online retailers and operates in the Americas, Brazil, Europe and South East Asia including India and China. It offers a wide range of merchandise, including books, apparel, electronics and other general household items through its US and international websites. Much of ZA's success is the result of its customer-centric supply chain which has enabled it to gain competitive advantage by focussing on four key aspects:

**Warehousing:** To ensure easy accessibility and reduce delivery times ZA has adopted the approach of placing warehouses near major population hubs and spreading inventory to ensure orders are delivered the next day. In addition to its 150,000 employees worldwide, ZA also relies heavily on pick and pack robots to improve efficiency in warehouse operations.

**Delivery:** ZA offers multiple delivery options to its customers including an annual subscription-based approach which enables the members to get free next day delivery. In addition to its own logistics infrastructure, the company also uses cycle couriers, postal department and major logistics suppliers to ensure timely delivery. These wide-ranging strategies allow the company to serve customers not served by the traditional retailers. To further reduce the timescales, ZA is now trialling drones for making deliveries in metro areas.

**Technology:** ZA extensively depends on technology to effectively and efficiently manage its supply chain operations. It utilises automation, data and robotic solutions to understand customer preferences, pick and pack orders and storing inventory. These tools enable the company to keep its warehouse and staffing costs low.

**Manufacturing:** ZA now also offers its own branded items in everything from household products to pet food to baby products. This has enabled the company to increase its profits significantly by managing the end to end lifecycle of its products – from manufacturing to marketing to storage to shipment.

ZA has been able to further increase its profitability by negotiating tax breaks with local governments in turn for opening new warehouses and increasing local employment opportunities. It has also used tax planning rules to minimise corporation tax liabilities by opening registered office's in tax friendly countries.

### Question Two

Evaluate the factors that may have influenced the design of Zoom Alpha (ZA) distribution systems.

[25 marks]

LO: 2  
AC: 2.3

## Q3

### Question 3

Propose an approach that an organisation might adopt to implement a major change with its stakeholders. Use a structured approach to support your answer.

[25 marks]

LO: 3  
AC: 3.2

## Q4

### Question 4

Evaluate the application and use of the 'Balanced Scorecard' approach for the measurement and assessment of supply chain performance.

[25 marks]

LO: 4  
AC: 4.2