FEEDBACK TUTORIAL LETTER

1ST SEMESTER 2021

Assignment 1

Introduction to Supply Chain Management
ISM511S
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INSTRUCTIONS/REQUIREMENTS FOR ASSIGNMENT 01

20 marks= at least 1 A4 sheet typed both sides

ASSIGNMENT 1

Question 1

Supply chain management is a way to link major business processes within and across companies into a high-performance business model that drives competitive advantage. Logistics refers to the movement, storage, and flow of goods, services and information inside and outside the organization. A generic supply chain structure is as simple as Suppliers of Supplier (i.e., Tier 1 Suppliers, Tier 2 Suppliers etc.,), Supplier, Manufacturer, Wholesaler and Retailer as supply chain participants. In 2019 a virus called Coronavirus (COVID-19) which is an illness that can spread from person to person, and countries including Namibia have faced this virus.

1. Give an example of any company that have been affected by this pandemic? How do you think the coronavirus affects the trend in Logistics and Supply Chain Management on the Supply Chain participants and what are the impacts and consequences of COVID-19 to the company? How did the chosen company deal with these impacts? Since the pandemic is not over yet, how is the company coping?

Students are expected to choose any company and explain how the company was affected. This should include but not limited to that: this pandemic coronavirus pandemic that causes Covid-19 disease also affects logistics processes and chains. For example, if the international covid-19 pandemic has been temporarily interrupted due to the Coronavirus pandemic, including intermodal logistics chains, some production processes may be transferred to other countries. This may lead to a situation where international corporations, which have divided their production processes in previous years into stages implemented in factories and factories located in other countries now because of problems related to supply logistics may go back to the concept of concentration of all manufacturing processes in the same countries, in countries where the company has its headquarters or in countries far away from each other significantly shorter distances. This can lead to many factories returning from developing countries to developed countries despite slightly or significantly higher production costs. In this way, the risk of supply, supply logistics, etc. will be significantly reduced. If such international economic processes are carried out on a large scale in the following months and years, then the processes of economic globalization will
reverse. Students should also indicate how the company is dealing with this impact the current pandemic coronavirus can potentially cause the most changes in logistics in the situation of long, complex, intermodal, international logistics supply and supply chains operating until now. In addition, the Coronavirus pandemic has accelerated the digitization of the economy. Students should also discuss how the company is coping now. For example currently (April 2020), in many industries and sectors, more and more companies are developing their activities via the Internet, remotely providing their services and selling their products under e-commerce. Many companies that did not do this before now switch to remote activities, carried out electronically via the Internet. The importance of Internet marketing, including viral marketing, Real-Time marketing conducted on social media portals is increasing. The development of electronic banking is also increasing, including online and mobile banking. Therefore, traditional logistics can be increasingly replaced by logistic business models in which some or all components of logistics processes are implemented via the Internet. In this situation, the importance of e-logistics is growing

2. With relevant and practical examples explain the characteristics of Supply Chain Management (10 Marks)

This characteristics includes: Inventory, Costs, Information, Customer service, and relationships, the student should explain characteristics with examples. 2 marks allocated for each point.

3. Inventory also known as stock, give reasons for holding inventory and with relevant example explain the types of inventory costs involved in holding costs. (20 marks)

The reasons should include the following 2 marks for each
1. Meet variation in Production Demand
Production plan changes in response to the sales, estimates, orders and stocking patterns. Accordingly the demand for raw material supply for production varies with the product plan in terms of specific SKU as well as batch quantities.
Holding inventories at a nearby warehouse helps issue the required quantity and item to production just in time.

2. Cater to Cyclical and Seasonal Demand
Market demand and supplies are seasonal depending upon various factors like seasons; festivals etc and past sales data help companies to anticipate a huge surge of demand in the market well in advance. Accordingly they stock up raw materials and hold inventories to be able to increase production and rush supplies to the market to meet the increased demand.

3. Economies of Scale in Procurement
Buying raw materials in larger lot and holding inventory is found to be cheaper for the company than buying frequent small lots. In such cases one buys in bulk and holds inventories at the plant warehouse.

4. Take advantage of Price Increase and Quantity Discounts
If there is a price increase expected few months down the line due to changes in demand and supply in the national or international market, impact of taxes and budgets etc., the company's tend to buy raw materials in advance and hold stocks as a hedge against increased costs. Companies resort to buying in bulk and holding raw material inventories to take advantage of the quantity discounts offered by the supplier. In such cases the savings on account of the discount enjoyed would be substantially higher that of inventory carrying cost.

5. Reduce Transit Cost and Transit Times
In case of raw materials being imported from a foreign country or from a far away vendor within the country, one can save a lot in terms of transportation cost by buying in bulk and transporting as a container load or a full truck load. Part shipments can be costlier.

In terms of transit time too, transit time for full container shipment or a full truck load is direct and faster unlike part shipment load where the freight forwarder waits for other loads to fill the container which can take several weeks.

There could be a lot of factors resulting in shipping delays and transportation too, which can hamper the supply chain forcing companies to hold safety stock of raw material inventories.

6. Long Lead and High demand items need to be held in Inventory
Often raw material supplies from vendors have long lead running into several months. Coupled with this if the particular item is in high demand and short supply one can expect disruption of supplies. In such cases it is safer to hold inventories and have control.
The students are expected to give the following holding costs include the price of goods damaged or spoiled, as well as that of storage space, labor, and insurance.

TOTAL MARKS FOR ASSIGNMENT 01: 50 MARKS
END OF ASSIGNMENT 01
Apply related concepts learned in the course to support your answers for each question

INSTRUCTIONS/REQUIREMENTS FOR ASSIGNMENT 02
20 marks= at least 1 A4 sheet typed both sides

ASSIGNMENT 2
Namibian University of Science and Technology needs to purchase 10 computers for the lab, to be used by students. You as a Procurement officer

1. With practical example explain the steps or stages you need to follow to acquire those computers, with practical examples discuss those steps and give and explain the methods of Procurement (20 marks)

Students need to give those these five steps/stages, 2 marks each

Stage one: Recognition of need
Stage two: Defining the specification
Stage three: Make or buy decision
Stage four: Identification of sources of supply

Selection of suppliers
Supplier survey
Supplier investigation and assessment
Supplier choice
Awarding the contract
Expediting
Receipt and payment
Stage five: Establishing relationship with a supplier

The methods of procurements are: 2 marks each

Open Tendering. Open tendering is shorthand for competitive bidding

Restricted Tendering

Request for Proposals (RFP)

Two Stage Tendering

Request for Quotations

Single-Source or Request, Approval,

Creation of a purchase order record (a Purchase Order or P.O.)

and

Receipting of goods

2. As supply chain become more complex, as a result of global sourcing, supply chain risks increases. With practical examples, Discuss the different categories of risks based on Mason and Towill's original framework (20 marks)

Global sourcing can result in the following supply chain risks but not limited to:

Greater customer expectations

Global competition,

Longer and more complex supply chains

Increased product variety with shorter lifecycles,

Security

Political, and

Currency risks.

3. Supply Chain integration tends to be more challenging in a global environment, as opposed to domestic supply chain, Explain this using practical examples (10 marks) 2 marks for each point given with an example why domestic over global supply chain

Companies globalize supply chain management to increase competitive advantage, add value to the customer, and reduce costs through global sourcing. But global supply chains also increase
risks from considerations domestic companies traditionally face such as demand and supply variability, limited capacity, and quality issues.

Involves at least one border crossing, higher level of complexity, for example due to:

Cultural factors, political factors, climatic factors, technological factors, economic factors

Students should then give disadvantages of global environment which are but not limited to more transport links in the chain, more transport providers in the chain, longer distances and transit times, higher costs of transport, modal choice greater, greater risk of transport problems and delays

May need considerable local knowledge, may need to integrate foreign operators into the system

Cultural and language difficulties are common

Or rather give disadvantages of domestic supply chain

TOTAL MARKS FOR ASSIGNMENT 02:50 MARKS

Apply related concepts learned in the course to support your answers for each question

END OF FEEDBACK TUTORIAL LETTER]