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PART I

SECTION – A: Enterprise Information Systems

ANSWER No.	ANSWER	MARKS
1	D	2
2	A	2
3	A	2
4	C	2
5	D	2
6	D	1
7	D	1
8	D	1
9	A	1
10	B	1

SECTION – B: STRATEGIC MANAGEMENT

ANSWER No.	ANSWER	MARKS
1	A	1
2	D	1
3	C	1
4	A	1
5	D	1
6	B	1
7	C	1
8	C	1
9	A	1
10	B	1
11	A	1
12	B	1
13	D	1
14	A	1
15	D	1

PART II

SECTION – A: Enterprise Information Systems

**NOTE : (1) QUESTION PAPER COMPRISES FIVE QUESTIONS. ANSWER QUESTION NO. 1 WHICH IS COMPULSORY AND ANY THREE OUT OF THE REMAINING FOUR QUESTIONS.
(2) START NEW QUESTION ON NEW PAGE.**

Answer No. 1

- (A)** The key functions of Reserve Bank of India (RBI) are as follows:
- Monetary Authority:** This function formulates, implements and monitors the monetary policy with the objective of maintaining price stability and ensuring adequate flow of credit to productive sectors.

- ii. **Regulator and supervisor of the financial system:** It prescribes broad parameters of banking operations within which the country's banking and financial system functions with the objective of maintaining public confidence in the system, protect depositors' interest and provide cost-effective banking services to the public.
- iii. **Issuer of currency:** It deals with issuing and exchanging or destroying currency and coins not it for circulation with the objective to give the public adequate quantity of supplies of currency notes and coins and in good quality.

(3 Marks)

(B) Some of the applications area of Internet of Things (IoT) are as follows:

- All home appliances to be connected and that shall create a virtual home.
 - Home owners can keep track of all activities in house through their hand-held devices.
 - Home security CCTV is also monitored through hand held devices.
- Office machines shall be connected through internet.
 - Human resource managers shall be able to see how many people have had a cup of coffee from vending machine and how many are present.
 - How many printouts are being generated through office printer?
- Governments can keep track of resource utilizations/extra support needed. For example- under SWACHH mission, government can tag all dustbins with IoT sensors. They (dustbins) generate a message once they are full. Being connected to wi-fi, they can intimate the cleaning supervisor of Municipal Corporation so that BIN can be emptied.
- As a research study, individuals have got themselves implanted with electronic chips in their bodies. This chip allows him/her to connect to home/office wi-fi. Once connected person can enter home/office and perform designated function. This chip becomes individual's authentication token.
- Washing machines with Wi-Fi networking capabilities can connect themselves to home Wi-Fi. Once these machines are so connected they can be controlled through machine manufacturer mobile APP from anywhere in the world.
- India's living legend of cricket appearing in an Advertisement for water purifier informs that, the water purifier is Wi-Fi enabled. When the purifying agents deplete in the machine, it connects to home Wi-Fi and informs the service agents of the company.

(2 Marks)

Answer No. 2

(A) Steps involved in Purchase Process are as following:

- ◆ **Purchase Requisition from Production Department:** Production department sends a request to purchase department for purchase of raw material required for production.
- ◆ **Evaluation of Requisition:** Purchase department shall evaluate the requisition with the current stock position and purchase order pending position and shall decide about accepting or rejection the requisition.
- ◆ **Asking for Quotation:** If requisition is accepted, quotations shall be asked to approve vendors for purchase of material.

- ◆ **Evaluation of quotations** – Quotations received shall be evaluated and compared.
- ◆ **Purchase Order** – This is a transaction for letting an approved vendor know what we want to purchase, how much we want to purchase, at what rate we want to purchase, by what date we want the delivery, where we want the delivery. Hence a typical purchase order shall have following information.
 - Description of stock items to be purchased.
 - Quantity of these stock items.
 - Rate for purchases.
 - Due Date by which material is to be received.
 - Godown where material is to be received.
- ◆ **Material Receipt** – This is a transaction of receipt of material against purchase order. This is commonly known as Material Receipt Note (MRN) or Goods Receipt Note (GRN). This transaction shall have a linking with Purchase Order. Information in Purchase Order is automatically copied to Material Receipt Voucher for saving time and efforts of user. Stock is increased after recording of this transaction.
- ◆ **Issue of material** – Material received by stores shall be issued to production department as per requirement.
- ◆ **Purchase Invoice** – This is a financial transaction. Trial balance is affected due this transaction. Material Receipt transaction does not affect trial balance. This transaction shall have a linking with Material Receipt Transaction and all the details of material received shall be copied automatically in purchase invoice. As stock is increased in Material Receipt transaction, it will not be increased again after recording of purchase invoice.
- ◆ **Payment to Vendor** – Payment shall be made to vendor based on purchase invoice recorded earlier. Payment transaction shall have a linking with purchase invoice.

(6 Marks)

- (B)** The Service Model provided by vendor XYZ to ABC university is Infrastructure as a Service (IaaS).

Characteristics of Infrastructure as a Service (IaaS) of Cloud Computing are as follows:

- **Web access to the resources:** The IaaS model enables the IT users to access infrastructure resources over the Internet. When accessing a huge computing power, the IT user need not get physical access to the servers.
- **Centralized Management:** The resources distributed across different parts are controlled from any management console that ensures effective resource management and effective resource utilization.
- **Elasticity and Dynamic Scaling:** Depending on the load, IaaS services can provide the resources and elastic services where the usage of resources can be increased or decreased according to the requirements.
- **Shared infrastructure:** IaaS follows a one-to-many delivery model and allows multiple IT users to share the same physical infrastructure and thus ensure high resource utilization.
- **Metered Services:** IaaS allows the IT users to rent the computing resources instead of buying it. The services consumed by the IT user will be measured, and the users will be charged by the IaaS providers based on the amount of usage.

(4 Marks)

Answer No. 3

(A) Major advantages of Database Management System (DBMS) are as follows:

- ◆ **Permitting Data Sharing:** One of the principle advantages of a DBMS is that the same information can be made available to different users.
- ◆ **Minimizing Data Redundancy:** In a DBMS, duplication of information or redundancy is, if not eliminated, carefully controlled or reduced i.e. there is no need to repeat the same data repeatedly. Minimizing redundancy reduces significantly the cost of storing information on storage devices.
- ◆ **Integrity can be maintained:** Data integrity is maintained by having accurate, consistent, and up-to-date data. Updates and changes to the data only must be made in one place in DBMS ensuring Integrity.
- ◆ **Program and File consistency:** Using a DBMS, file formats and programs are standardized. The level of consistency across files and programs makes it easier to manage data when multiple programmers are involved as the same rules and guidelines apply across all types of data.
- ◆ **User-friendly:** DBMS makes the data access and manipulation easier for the user. DBMS also reduces the reliance of users on computer experts to meet their data needs.
- ◆ **Improved security:** DBMS allows multiple users to access the same data resources in a controlled manner by defining the security constraints. Some sources of information should be protected or secured and only viewed by select individuals. Using passwords, DBMS can be used to restrict data access to only those who should see it.
- ◆ **Achieving program/data independence:** In a DBMS, data does not reside in applications, but data base program & data are independent of each other.
- ◆ **Faster Application Development:** In the case of deployment of DBMS, application development becomes fast. The data is already therein databases, application developer has to think of only the logic required to retrieve the data in the way a user need.

(6 Marks)

(B) Key benefits of a Customer Relationship Management (CRM) module of ERP are as under:

- **Improved customer relations:** One of the prime benefits of using a CRM is obtaining better customer satisfaction. By using this strategy, all dealings involving servicing, marketing, and selling out products to the customers can be carried out in an organized and systematic way. Better services can be provided to customers through improved understanding of their issues and this in turn helps in increasing customer loyalty and decreasing customer agitation. In this way, continuous feedback from the customers regarding the products and services can be received. It is also possible that the customers may recommend the product to their acquaintances, when efficient and satisfactory services are provided.
- **Increase customer revenues:** By using a CRM strategy for any business, the revenue of the company can be increased. Using the data collected, marketing campaigns can be popularized in a more effective way. With the help of CRM software, it can be ensured that the product promotions reach a different and

brand new set of customers, and not the ones who had already purchased the product, and thus effectively increase the customer revenue.

- **Maximize up-selling and cross-selling:** A CRM system allows up-selling which is the practice of giving customers premium products that fall in the same category of their purchase. The strategy also facilitates cross selling which is the practice of offering complementary products to customers, based on their previous purchases. This is done by interacting with the customers and getting an idea about their wants, needs, and patterns of purchase. The details thus obtained will be stored in a central database, which is accessible to all company executives. So, when an opportunity is spotted, the executives can promote their products to the customers, thus maximizing up-selling and cross selling.
- **Better internal communication:** Following a CRM strategy helps in building up better communication within the company. The sharing of customer data between different departments will enable them to work as a team. This is better than functioning as an isolated entity, as it will help in increasing the company's profitability and enabling better service to customers.
- **Optimize marketing:** CRM enables to understand the customer needs and behavior in a better way, thereby allowing any enterprise to identify the correct time to market its product to the customers. CRM will also give an idea about the most profitable customer groups, and by using this information, similar prospective groups, at the right time will be targeted. In this way, marketing resources can be optimized efficiently and time is not wasted on less profitable customer groups.

(4 Marks)

Answer No. 4

- (A) Section 3 of Prevention of Money Laundering Act (PMLA), 2002 defines '**Money Laundering**' as: 'whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money-laundering'.

In other words, **Money laundering** may be defined as the process by which the proceeds of the crime and the true ownership of those proceeds are concealed or made opaque so that the proceeds appear to come from a legitimate source. The objective in money laundering is to conceal the existence, illegal source, or illegal application of income to make it appear legitimate. Money laundering is commonly used by criminals to make 'dirty' money appear 'clean' or the profits of criminal activities are made to appear legitimate.

Stages of Money Laundering are as follows:

- i. **Placement:** The first stage involves the Placement of proceeds derived from illegal activities - the movement of proceeds frequently currency, from the scene of the crime to a place, or into a form less suspicious and more convenient for the criminal.
- ii. **Layering:** Layering involves the separation of proceeds from illegal source using complex transactions designed to obscure the audit trail and hide the proceeds. Layering involves sending the money through various financial transactions to change its form and make it difficult to follow. Layering may consist of several banks to bank transfers or wire transfers between different accounts in different

names in different countries making deposit and withdrawals to continually vary the amount of money in the accounts changing the money's currency purchasing high value items (boats, houses cars, diamonds) to change the form of money, thus making it hard to trace.

- iii. **Integration:** Integration involves conversion of illegal proceeds into apparently legitimate business earnings through normal financial or commercial operations. Integration creates the illusion of a legitimate source for criminally derived funds and involves techniques as numerous and creative as those used by legitimate businesses.

(6 Marks)

(B) Various Network Access Controls by means of which the protection can be achieved against harmful elements in an organization are as follows:

- **Policy on use of network services:** An enterprise wide policy applicable to internet service requirements aligned with the business need for using the Internet services is the first step. Selection of appropriate services and approval to access them should be part of this policy.
- **Enforced path:** Based on risk assessment, it is necessary to specify the exact path or route connecting the networks; e.g., internet access by employees will be routed through a firewall and proxy.
- **Segregation of networks:** Based on the sensitive information handling function; say a Virtual Private Network (VPN) connection between a branch office and the head-office, this network is to be isolated from the internet usage service
- **Network connection and routing control:** The traffic between networks should be restricted, based on identification of source and authentication access policies implemented across the enterprise network facility.
- **Security of network services:** The techniques of authentication and authorization policy should be implemented across the organization's network.
- **Firewall:** A Firewall is a system that enforces access control between two networks. To accomplish this, all traffic between the external network and the organization's Intranet must pass through the firewall that will allow only authorized traffic between the organization and the outside to pass through it. The firewall must be immune to penetrate from both outside and inside the organization.
- **Encryption:** Encryption is the conversion of data into a secret code for storage in databases and transmission over networks. The sender uses an encryption algorithm with a key to convert the original message called the Clear text into Cipher text. This is decrypted at the receiving end.
- **Call Back Devices:** It is based on the principle that the key to network security is to keep the intruder off the Intranet rather than imposing security measure after the criminal has connected to the intranet. The call- back device requires the user to enter a password and then the system breaks the connection. If the caller is authorized, the call back device dials the caller's number to establish a new connection. This limits access only from authorized terminals or telephone numbers and prevents an intruder masquerading as a legitimate user.

(4 Marks)

Answer No. 5

(A) Various steps of automation are given as follows:

Step 1: Define why we plan to go for a BPA?

Step 2: Understand the rules / regulation under which needs to comply with?

Step 3: Document the process, we wish to automate.

Step 4: Define the objectives/goals to be achieved by implementing BPA.

Step 5: Engage the business process consultant.

Step 6: Calculate the ROI for project.

Step 7: Developing the BPA.

Step 8: Testing the BPA.

(6 Marks)

(B) **(i) Regulatory Compliance** describes the goal that organizations aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws, policies, and regulations. This approach is used to ensure that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources.

In other words, Regulatory Compliance is an organization's adherence to laws, regulations, guidelines and specifications relevant to its business. Violations of regulatory compliance regulations often result in legal punishment, including interest, penalty and prosecution in some cases.

The compliance and regulatory requirements can be classified in two types as under.

- **General** – Applicable to all irrespective of anything.
- **Specific** – Applicable to specific type of businesses only.

(2 Marks)

(ii) The layers of Three Tier Architecture of Application Software are as below:

- The **Application Layer** receives the inputs from the users and performs certain validations like, if the user is authorized to request the transaction.
- The **Operating System Layer** then carries these instructions and processes them using the data stored in the database and returns the results to the application layer.
- The **Database Layer** stores the data in a certain form. For a transaction to be completed, all the three layers need to be invoked. Most application software is built on this model these days.

(2 Marks)

OR

(B) The characteristics of information are as follows:

- **Relevant** - MIS reports need to be specific to the business area they address. This is important because a report that includes unnecessary information might be ignored.
- **Timely** - Managers need to know what's happening now or in the recent past to make decisions about the future. Be careful not to include information that is old. An example of timely information for your report might be customer phone calls and emails going back 12 months from the current date.
- **Accurate** - It's critical that numbers add up and that dates and times are correct. Managers and others who rely on MIS reports can't make sound decisions with information that is wrong. Financial information is often required to be accurate to the dollar. In other cases, it may be OK to round off numbers.
- **Structured** - Information in an MIS report can be complicated. Making that information easy to follow helps management understand what the report is saying. Try to break long passages of information into more readable blocks or chunks and give these chunks meaningful headings.

(4 Marks)

SECTION – B: STRATEGIC MANAGEMENT

NOTE : (1) QUESTION PAPER COMPRISES FIVE QUESTIONS. ANSWER QUESTION NO. 6 WHICH IS COMPULSORY AND ANY THREE OUT OF THE REMAINING FOUR QUESTIONS.

(2) START NEW QUESTION ON NEW PAGE.

Answer No. 6

XYZ Company is facing continuous losses, decline in sales and product market share, persistent negative cash flow, uncompetitive products, declining market share, deterioration in physical facilities, low morale of employees. In such a scenario, Shayamli may choose **turnaround strategy** as this strategy attempts to reverse the process of decline and bring improvement in organizational health. This is also important as Board has decided to continue the company and adopt measures for its proper functioning.

For success, Shayamli needs to focus on the short and long-term financing needs as well as on strategic issues. During the turnaround, the “product mix” may be changed, requiring the organization to do some repositioning. A workable action plan for turnaround would involve:

Stage One – Assessment of current problems: In the first step, assess the current problems and get to the root causes and the extent of damage.

Stage Two – Analyze the situation and develop a strategic plan: Identify major problems and opportunities, develop a strategic plan with specific goals and detailed functional actions.

Stage Three – Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive.

Stage Four – Restructuring the business: If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.

Stage Five – Returning to normal: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value-added.

(5 Marks)

Answer No. 7

(A) The most important phenomenon which often distinguishes one organisation with another is its corporate culture. Corporate culture refers to a company's values, beliefs, business principles, traditions, and ways of operating and internal work environment. Every corporation has a culture that exerts powerful influences on the behaviour of managers.

(i) **As a strength:** Culture can facilitate communication, decision making and control and instil cooperation and commitment. An organization's culture could be strong and cohesive when it conducts its business according to clear and explicit set of principles and values, which the management devotes considerable time to communicating to employees and which values are shared widely across the organisation.

(ii) **As a weakness:** Culture, as a weakness can obstruct the smooth implementation of strategy by creating resistance to change. An organization's culture could be characterised as weak when many sub-cultures exists, few values and behavioural norms are shared and traditions are rare. In such organizations, employees do not have a sense of commitment, loyalty and sense of identity.

(5 Marks)

(B) Strategic intent can be understood as the philosophical base of strategic management. It implies the purposes, which an organization endeavours to achieve. It is a statement that provides a perspective. Strategic intent gives an idea of what the organization desires to attain in future. Strategic intent provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives. Elements of strategic management are as follows:

(i) **Vision:** Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. It depicts the organisation's aspirations and provides a glimpse of what the organization would like to become in future. Every sub system of the organization is required to follow its vision.

(ii) **Mission:** Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society. A mission statement helps to identify, 'what business the company undertakes.' It defines the present capabilities, activities, customer focus and role in society.

(iii) **Business Definition:** It seeks to explain the business undertaken by the firm, with respect to the customer needs, target markets, and alternative technologies. With the help of business definition, one can ascertain the strategic business choices.

(iv) **Business Model:** Business model, as the name implies is a strategy for the effective operation of the business, ascertaining sources of income, desired customer base, and financial details. Rival firms, operating in the same industry rely on the different business model due to their strategic choice.

(iv) **Goals and Objectives:** These are the base of measurement. Goals are the end results, that the organization attempts to achieve. On the other hand, objectives are time-based measurable targets, which help in the accomplishment of goals. These are the

end results which are to be attained with the help of an overall plan. However, in practice, no distinction is made between goals and objectives and both the terms are used interchangeably.

(5 Marks)

Answer No. 8

(A)

Divestment Strategy	Liquidation Strategy
Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit center or SBU.	It involves closing down a firm and selling its assets.
Divestment is usually a part of rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful. Option of a turnaround may even be ignored if it is obvious that divestment is the only answer.	Liquidation becomes only option in case of severe and critical conditions where either turnaround and divestment are not seen as solution or have been attempted but failed.
Efforts are made for the survival of organization.	Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive.
Survival of organization helps in retaining personnel, at least to some extent.	There is loss of employment with stigma of failure.

(5 Marks)

(B) It is true that the strategic management is not a panacea for all corporate ills. This is on account of complex multiple forces acting on business organization and limiting its success.

These limitations are on account of following factors:

- ◆ **Environment is highly complex and turbulent.** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans.
- ◆ **Strategic management is a time-consuming process.** Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- ◆ **Strategic management is a costly process.** Strategic management adds a lot of expenses to an organization – particularly to small and medium organisations. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement.
- ◆ **Competition is unpredictable.** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.

(5 Marks)

Answer No. 9

(A) Successful strategy implementation often requires additional capital. Besides net profit from operations and the sale of assets, two basic sources of capital for an organization are debt and equity. Being a financial manager to determine an appropriate mix of debt and equity in a firm's capital structure can be vital to successful strategy implementation. Fixed debt obligations generally must be met, regardless of circumstances. This does not mean that stock issuances are always better than debt for raising capital. If ordinary stock is issued to finance strategy implementation; ownership and control of the enterprise are diluted. This can be a serious concern in today's business environment of hostile takeovers, mergers, and acquisitions.

The major factors regarding which strategies have to be made by a financial manager are: capital structure; procurement of capital and working capital borrowings; reserves and surplus as sources of funds; and relationship with lenders, banks and financial institutions. Strategies related to the sources of funds are important since they determine how financial resources will be made available for the implementation of strategies. Organizations have a range of alternatives regarding the sources of funds. While one company may rely on external borrowings, another may follow a policy of internal financing.

(5 Marks)

(B) Various approaches for determining a business's worth can be grouped into three main approaches:

- (i) **Net worth or stockholders' equity:** Net worth is the total assets minus total outside liabilities of an organisation.
- (ii) **Future benefits to owners through net profits:** These benefits are considered to be much greater than the amount of profits. A conservative rule of thumb is to establish a business's worth as five times the firm's current annual profit. A five-year average profit level could also be used.
- (iii) **Market-determined business worth:** This approach involves three methods. First, the firm's worth may be based on the selling price of a similar company. The second approach is called the price-earnings ratio method whereby the market price of the firm's equity shares is divided by the annual earnings per share and multiplied by the firm's average net income for the preceding years. The third approach can be called the outstanding shares method whereby one has to simply multiply the number of shares outstanding by the market price per share and add a premium.

(5 Marks)

Answer No. 10

(A) Industry is "a group of firms whose products have same and similar attributes such that they compete for the same buyers." Industries differ significantly in their basic character and structure. Industry and competitive analysis begins with an overview of the industry's dominant economic features. The factors to be considered while profiling an industry's economic features are fairly standard and are given as under:

- ◆ Size and nature of market.
- ◆ Scope of competitive rivalry.

- ◆ Market growth rate and position in the business life.
- ◆ Number of rivals and their relative market share.
- ◆ The number of buyers and their relative sizes.
- ◆ The types of distribution channels used to access consumers.
- ◆ The pace of technological change in both production process innovation and new product introductions.
- ◆ Whether the products and services of rival firms are highly differentiated, weakly differentiated, or essentially identical?
- ◆ Whether organisation can realize economies of scale in purchasing, manufacturing, transportation, marketing, or advertising.
- ◆ Whether key industry participants are clustered in a location.
- ◆ Whether certain industry activities are characterized by strong learning and experience effects (“learning by doing”) such that unit costs decline as cumulative output grows.
- ◆ Whether high rates of capacity utilization are crucial to achieve low-cost production efficiency.
- ◆ Capital requirements and the ease of entry and exit.
- ◆ Whether industry profitability is above or below par?

(5 Marks)

(B) Strategic Control focuses on the dual questions of whether: (1) the strategy is being implemented as planned; and (2) the results produced by the strategy are those intended.

There are four types of strategic control:

- ◆ **Premise control:** A strategy is formed on the basis of certain assumptions or premises about the environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.
- ◆ **Strategic surveillance:** Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.
- ◆ **Special alert control:** At times, unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.
- ◆ **Implementation control:** Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results

(5 Marks)

OR

(C) Successful implementing supply management systems requires a change from managing individual functions to integrating activities into key supply chain processes. It involves collaborative work between buyers and suppliers, joint product development,

common systems and shared information. A key requirement for successfully implementing supply chain will be network of information sharing and management. Implementing and successfully running supply chain management system will involve:

- (i) Product development:** Customers and suppliers must work together in the product development process. Right from the start the partners will have knowledge of all. Involving all partners will help in shortening the life cycles.
- (ii) Procurement:** Procurement requires careful resource planning, quality issues, identifying sources, negotiation, order placement, inbound transportation and storage. Organizations have to coordinate with suppliers in scheduling without interruptions.
- (iii) Manufacturing:** Flexible manufacturing processes must be in place to respond to market changes. They should be adaptive to accommodate customization and changes in the taste and preferences.
- (iv) Physical distribution:** Delivery of final products to customers is the last position in a marketing channel. Availability of the products at the right place at right time is important for each channel participant.
- (v) Outsourcing:** Outsourcing is not limited to the procurement of materials and components, but also include outsourcing of services so that the company is able to focus on those activities where it has competency.
- (vi) Customer services:** Organizations, through interfaces with the company's production and distribution operations, develop customer relationships so as to satisfy them.
- (vii) Performance measurement:** Supplier capabilities and customer relationships can be correlated with a firm performance. Performance is measured in different parameters such as costs, customer service, productivity and quality.

(5 Marks)