



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

## POST GRADUATE DIPLOMA IN MANAGEMENT (2018 - 20) END TERM EXAMINATION (TERM - V)

Subject Name: Materials and Purchase Management  
Sub. Code: PGO 01

Time: **02.30 hrs**  
Max Marks: **60**

**Note:**

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. All questions are compulsory in Section A & C. Section A carries 8 questions of 2.5 marks each, Section B carries 5 questions of 04 marks each and Section C carries 1 Case Study of 20 marks.

### SECTION – A

**Attempt all questions. All questions are compulsory.**

**2.5×08 = 20 Marks**

- Q. 1 (A): What information does OC curve provide?  
 Q. 1 (B): What is the legal aspect of purchasing management? Illustrate.  
 Q. 1 (C): Elaborate the role of type-I and type-II errors in acceptance sampling.  
 Q. 1 (D): What considerations are taken into account for 'Make or Buy' decisions?  
 Q. 1 (E): What you understand about Just- In- Time technique of materials management?  
 Q. 1 (F): Elaborate the factors affecting the selection of optimal suppliers or Vendor Rating.  
 Q. 1 (G): What are the advantages of e-procurement over traditional purchasing?  
 Q. 1 (H): Differentiate between Value Analysis and Value Engineering.

### SECTION – B

**Attempt any five out of six questions**

**04×05 = 20 Marks**

- Q. 2: What is the role of MIS in the successful implementation of MRP?  
 Q. 3: "Installing MRP system tends to bring in an integration of the Materials Management, Production Management and other functions in the organization". Discuss the statement.  
 Q. 4: Sri Balaji Works is ranking vendors for future selection. Factors important for selection have been identified and rated in terms of their importance. Four suppliers A, B, C and D have been judged against each of these factors. Rank these suppliers, given the rating data as furnished in the following table. (Rating of 10 is excellent and 0 is poor).

Factor	Importance Rating for the factor (0 to 10)	Supplier Rating for Each Factor (0 to 10)			
		Supplier A	Supplier B	Supplier C	Supplier D
Delivery	8	6	7	7	5
Quality	7	8	7	5	9
Price	9	4	9	6	8
Technical capability	8	9	7	4	9
Production capability	9	7	8	8	6

- Q. 5: Explain various steps used in a purchasing.  
 Q. 6: "Single-sourcing- a risky proposition". In the light of this statement, discuss the reasons of favoring a single supplier over more than one suppliers.  
 Q. 7: What commonalities do you see between Value Analysis, Quality Circles and Poka Yoke programmes.

## SECTION – C

**Read the case and answer the questions**

**10×02 = 20 Marks**

**Case Study:**

### *Kozmo, the Online convenience store to shut down*

New York-based Kozmo, the 3-year-old company announced that it would stop delivery service in all nine cities it operates. New York-based Kozmo, which dispatched legions of orange-clad deliverymen to cart goods to customers' doors, is the latest dot.com dream to evaporate in the market downturn. Amazon.com, venture capital firm Flatiron Partners and coffee giant Starbucks were among the investors in Kozmo.

Kozmo said in December that investors promised a total of \$30 million in private funding. But last month the company learned that an investor had backed out of a \$6 million commitment. Kozmo executives had been working on a merger deal with Los Angeles-based PDQuick, another online grocer, sources said. The deal collapsed when funding that was promised to PDQuick did not materialize. Sources said Kozmo still has money but decided to close now and liquidate to ensure that employees could receive a severance package.

Just last month, Kozmo Chief Executive Gerry Burdo was upbeat about Kozmo's future, saying he was looking to steer Kozmo away from its Internet-only business model and toward a "clicks and bricks" approach. But some analysts say Kozmo's business model only made sense in the context of a densely packed city such as New York. Vern Keenan, a financial analyst with Keenan Vision, said the service had a chance to work in only a few other cities around the world, such as London, Stockholm or Paris. "This seemed like a dumb idea from the beginning," Keenan said. "This grew out of a New York City frame of mind and it simply didn't translate."

Kozmo was started by a pair of twenty-something former college roommates. They got the idea for the company on a night when they craved videos and snacks and wished a business existed that would deliver it to them. Kozmo offered free delivery and charged competitive prices when it launched in New York. Though customers loved the service, the costs of delivery were high.

After co-founder and former Chief Executive Joseph Park stepped down, Burdo slashed Kozmo's overhead, instituted a delivery fee and oversaw several rounds of layoffs. The company also closed operations in San Diego and Houston. Burdo said last month that profitability was not far away. The company had reached a milestone last December when it reported profits at one of its operations for the first time. Kozmo later saw two more operations reach profitability as a result of brisk holiday business.

Online delivery companies have been among the most ravaged by the Internet shakeout. Kozmo's rival in New York, Urbanfetch, shuttered its consumer operations last fall. Online grocers such as Webvan and Peapod have also struggled, and smaller operations such as Streamline.com and ShopLink.com have dosed down. Peapod was days away from closing last year when Dutch grocer Royal Ahold agreed to take a majority stake.

From the very beginning, supply chain management was to be a core competency of Kozmo. The promising dot.com would deliver your order everything from the latest video to electronics equipment in less than an hour. The technology was superior, the employees were enthusiastic, and the customers were satisfied. But eventually, Kozmo ran out of time and money.

Q 8(A): What, in your opinion, is the major reason for the failure of Kozmo? Design a strategy for an online stores which operates in Indian region.

Q8(B): Do you think that Kozmo promised what its supply chain could not bear? What could have prevented its shut-down?

<b>Question Number</b>	<b>CLO</b>
Q. 1 (A)	CLO1
Q. 1 (B)	CLO1
Q. 1 (C)	CLO1
Q. 1 (D)	CLO1
Q. 1 (E)	CLO1
Q. 1 (F)	CLO1
Q. 1 (G)	CLO1
Q. 1 (H)	CLO1
Q. 2	CLO2
Q. 3	CLO3
Q. 4	CLO4
Q. 5	CLO1
Q. 6	CLO3
Q. 7	CLO3
Q. 8 (A)	CLO4
Q. 8 (B)	CLO4