

Global Strategic Supply Chain Management

CIPS L6M3

Version Demo

Total Demo Questions: 2

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Topic Break Down

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Topic 1, Understand the challenges of managing global supply chains	1
Topic 2, Understand the role of supply chain management in the organisation	15
Topic 3, Be able to develop a strategic supply chain plan	6
Topic 4, Mix Questions	1
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QUESTION NO: 1 - (SIMULATION)

How can supply chain data help ensure the matching of supply and demand?

ANSWER: See the explanation for the answer

Explanation:

Supply chain data helps match supply and demand by giving the organisation timely, accurate visibility of what customers want and what the supply network can provide. This enables decisions on purchasing, production, inventory and distribution to be based on evidence rather than assumptions.

Improved demand forecasting: Historical sales, point-of-sale data, orders, seasonality, promotions and market information are analysed to forecast demand. Procurement and production plans can then be adjusted before demand occurs, reducing stock-outs, lost sales, overproduction and obsolete stock.

Real-time inventory and capacity visibility: Data from ERP, WMS and MRP systems shows inventory at factories, warehouses and stores, stock in transit, available materials, production capacity and supplier lead times. This supports timely replenishment, inter-site stock transfers and changes to production schedules.

Collaboration with supply-chain partners: Sharing sales forecasts, actual demand, stock levels and delivery plans with suppliers, logistics providers and retailers supports collaborative planning, forecasting and replenishment (CPFR). Better information sharing reduces uncertainty and helps limit the bullwhip effect.

Monitoring supply performance and risk: Supplier delivery, quality, lead-time, transport and disruption data identifies potential supply constraints early. The buyer can expedite orders, use alternative sources, alter allocations or revise the plan before customer service is affected.

Predictive and prescriptive analytics: Analytics can identify emerging demand patterns and predict likely shortages or excess stock. It can also recommend the most appropriate response, such as an optimal order quantity, production run, safety-stock level or distribution route.

For this to work, data must be accurate, timely, integrated across systems and shared appropriately. The result is that the **right product is supplied in the right quantity, at the right location and time**, while controlling inventory, waste and total supply-chain cost.

QUESTION NO: 2 - (SIMULATION)

Compare and contrast the following two supply chain approaches: Lean and Agile.

ANSWER: See the explanation for the answer

Explanation:

Lean and agile supply chains both seek to improve customer value and supply-chain performance, but they do so through different priorities. Lean prioritises efficiency and the removal of waste; agile prioritises responsiveness and flexibility in the face of uncertainty.

Aspect	Lean approach	Agile approach
Primary aim	Lowest sustainable cost, efficient flow and waste elimination.	Fast response to changing customer needs and market conditions.
Best demand environment	Stable, predictable demand.	Volatile, uncertain or highly variable demand.
Product suitability	Functional, mature, standardised, high-volume products with relatively long life cycles.	Innovative, customised, seasonal or short-life-cycle products.
Operational emphasis	Standardisation, continuous improvement (Kaizen), quality, level scheduling and removal of non-value-adding activity.	Flexible capacity, rapid decision-making, postponement, collaboration and quick changes

Inventory	Seeks to minimise inventory and use just-in-time/pull replenishment. A lean pull system responds to actual consumption, although planning may use forecasts.	to sourcing, production and distribution. May deliberately hold strategic inventory, capacity or supplier options where needed to protect availability and speed of response.
Supplier relationships	Long-term, reliable relationships with emphasis on quality, delivery consistency and process improvement.	Close, information-rich and flexible relationships, potentially supported by multiple or rapidly deployable supply sources.
Information requirement	Accurate, disciplined information supporting planning and process control.	Real-time demand, market and supply visibility to enable rapid action.
Main measures	Cost, inventory turns, waste, quality and asset utilisation.	Lead time, service level, availability, time-to-market and responsiveness.

Lean originated in the Toyota Production System and aims to create value with fewer resources. It removes waste such as overproduction, waiting, excess transport, defects and excess inventory. Its key benefits are lower operating cost, improved quality and reliable flow. However, a very lean system can be vulnerable when demand changes abruptly or supply is disrupted, particularly if buffers have been removed.

Agile supply-chain management is market-sensitive: it uses timely information and flexible capabilities to meet changing demand. Its benefits are higher customer service, faster time-to-market and better suitability for uncertain markets. The trade-off is normally higher cost and greater management complexity, for example from reserve capacity, buffer stock, expedited transport or flexible supplier arrangements.

Key contrast: lean asks, “How can the supply chain eliminate waste and operate at lowest total cost?”; agile asks, “How can it react fastest and most effectively to an uncertain customer requirement?”

Similarity: both require cross-functional coordination, dependable suppliers, good information flows, quality management and a supply-chain strategy aligned with customer value. Neither is universally superior; suitability depends on demand predictability, product characteristics, service expectations and the cost of stock-outs.

Many organisations use a **leagile** hybrid. For example, they may operate upstream sourcing and base production on lean principles, then use agile postponement, final configuration and distribution downstream of the **decoupling point** to respond to actual customer demand. This retains efficiency for predictable volume while protecting responsiveness where demand is most variable.