

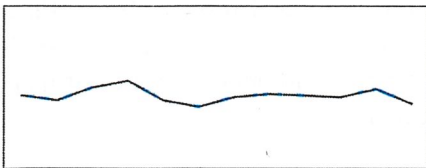
Supply Chain Management Exam (February 28, 2020)

Notes:

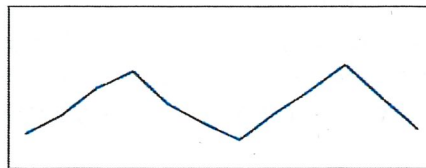
- Please attempt to answer all questions (partial credit will be given when appropriate).
- You are not allowed to share materials, use your notes, phone or laptop.
- Good Luck!

- 1) Explain the role of logistics management in supply chain management and write up the key activities within logistics management (write up your answer not more than half a page) (20 point).
- 2) Write up four primary tasks of the purchasing function (write up your answer not more than half a page) (20 point).
- 3) Explain supply chain risk management and mention two success factors in risk management (write up your answer not more than half a page) (20 point).
- 4) Consider the following demand trends, and specify which type of pattern they have (10 p)

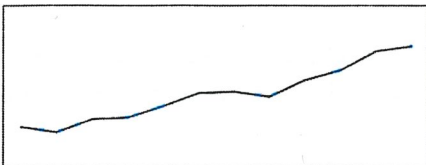
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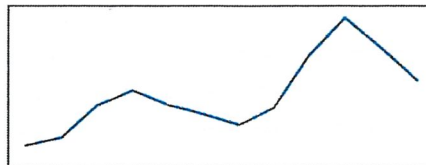
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C: -----



D: -----



5) Read the following brief case description and answer its following questions (30 point).

**“Hyundai to halt South Korea output as China virus disrupts parts supply”**

Hyundai Motor will suspend production in South Korea because the coronavirus outbreak has disrupted the supply of parts, becoming the first major carmaker to do so outside of China. The flu-like virus has killed more than 1500 people and its economic impact has spread beyond mainland China.

In China, global automakers have already extended factory closures in line with government guidelines. Those manufacturers include Hyundai, Tesla, Ford, PSA Peugeot Citroen, Nissan and Honda Motor. "Hyundai and Kia may be more affected as they tend to import more parts from China than other global automakers," said Lee Hang-koo, senior researcher at the Korea Institute for Industrial Economics & Trade.

European carmakers have suffered disruptions only to their Chinese factories so far, with their European and U.S. plants still running thanks to localised supply chains in keeping with a "build where you sell" strategy. Volkswagen, Audi, BMW, Fiat Chrysler, General Motors and Ford said their factories outside of China remain unaffected by supply bottlenecks.

Hyundai has built huge production capacity in China over the past two decades. "South Korean parts makers followed and built their own facilities along with Hyundai," Lee said. South Korea imported \$1.56 billion worth of auto parts from China in 2019, up from \$1.47 billion in 2018, trade data shows.

Schedules for suspension will vary by production line, a Hyundai spokeswoman said. The move follows a shortage of wiring harnesses, which Hyundai sources mainly in China, industry officials said. Two of the affected suppliers, Kyungshin and Yura Corporation, said they were trying to boost production at their factories in South Korea and Southeast Asia to compensate for the disrupted supply from China.

"We are in an emergency," a Kyungshin official told Reuters. Hyundai has seven factories in South Korea, catering for the local market and the United States, Europe, Middle East and other markets. Its production in South Korea accounts for about 40% of the company's global output. Hyundai's decision to halt assembly lines at home could delay supplies of its popular sport utility vehicles (SUVs), such as the Palisade and Genesis.

The automaker recently turned in its best quarterly profit in more than two years and said it was on track for higher profit margins, aided by increased sales of SUVs.

***Imagine yourself as a supply chain consultant: What would be your suggestions for Hyundai? Please give two promising suggestions and explain the pros (benefits) and cons (costs, risks) of each suggestion*** (write up your answer not more than one page).