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>> L6M3問題集 <<

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## CIPS Global Strategic Supply Chain Management 認定 L6M3 試験問題 (Q28-Q33):

### 質問 # 28

XYZ is an online clothes retailer with no physical stores. Customers place orders which are picked up by warehouse staff and transferred to a logistics company for delivery. Customers are able to return clothes they do not like or that do not fit free of charge. XYZ has had success in the UK market and is planning to expand to the USA. Discuss SIX factors that XYZ should consider when determining the number and location of operating facilities in the USA.

### 正解:

#### 解説:

See the Explanation for complete answer.

#### Explanation:

For an online retailer like XYZ Ltd, determining the number and location of operating facilities (such as warehouses, distribution centres, and return-processing hubs) is a strategic supply chain decision that directly impacts service levels, delivery speed, logistics costs, and customer satisfaction.

The USA's large geographic area, diverse customer base, and regional differences in infrastructure, regulation, and logistics capacity make this decision particularly complex.

To ensure efficient market entry and long-term success, XYZ must carefully consider six key factors when deciding how many facilities to establish and where to locate them.

#### 1. Customer Location and Demand Distribution

##### Description:

Customer proximity is one of the most critical determinants of facility location.

Since XYZ operates purely online, customer demand patterns will dictate where facilities should be placed to optimise delivery speed and cost.

##### Considerations:

- \* Analyse geographic demand concentration- identifying high-density population centres (e.g., New York, Los Angeles, Chicago).
- \* Consider e-commerce behaviour- certain regions may have higher online shopping penetration.
- \* Evaluate delivery lead time expectations, especially with the rise of next-day and same-day delivery services.

##### Impact:

Locating warehouses closer to major customer hubs reduces transportation time and cost, improves delivery performance, and enhances customer satisfaction.

##### Example:

Amazon's distribution strategy includes multiple fulfilment centres across key U.S. states to serve 90% of the population within two days.

#### 2. Transportation and Logistics Infrastructure

##### Description:

Efficient logistics networks are vital for online retailers that rely on third-party carriers for outbound deliveries and returns.

Facility locations must be chosen to maximise connectivity to major transport routes and logistics partners.

##### Considerations:

- \* Proximity to major highways, ports, airports, and rail terminals for fast inbound and outbound transportation.
- \* Availability and performance of logistics service providers (3PLs) in the area.
- \* Cost and reliability of shipping to different regions of the USA.

##### Impact:

Strong transport infrastructure ensures quick delivery, lower shipping costs, and reliable returns management

- essential for maintaining competitiveness in online retail.

##### Example:

A warehouse located near Atlanta (a major logistics hub) allows rapid distribution to the East Coast and Midwest regions.

#### 3. Labour Availability and Cost

##### Description:

Operating an online retail warehouse requires a reliable and skilled workforce for picking, packing, returns handling, and logistics coordination.

Labour costs and availability vary significantly across U.S. states.

Considerations:

- \* Availability of skilled warehouse and logistics labour in target regions.
- \* Wage rates, overtime costs, and local labour laws.
- \* Seasonal labour flexibility (e.g., for peak seasons such as holidays).

Impact:

Regions with a good supply of affordable labour will reduce operational costs and improve efficiency.

However, choosing areas with labour shortages may lead to recruitment challenges or higher turnover.

Example:

Midwestern states like Ohio and Indiana offer lower labour costs compared to major cities like San Francisco or New York.

#### 4. Cost and Availability of Land and Facilities

Description:

The cost of real estate and availability of industrial space will influence both the number and location of facilities.

Considerations:

- \* Land and warehouse rental costs differ greatly between urban and rural areas.
- \* Proximity to key urban centres must be balanced with real estate affordability.
- \* Zoning regulations, building permits, and tax incentives offered by local governments.

Impact:

Establishing facilities in lower-cost areas can reduce fixed costs, but being too remote may increase transport times and costs.

An optimal balance between land cost and logistics efficiency must be achieved.

Example:

Locating distribution centres on the outskirts of major cities (e.g., Dallas-Fort Worth or Chicago suburbs) allows access to urban markets at a lower cost.

#### 5. Returns and Reverse Logistics Management

Description:

Returns are a critical aspect of online fashion retail. XYZ's policy of free returns requires efficient reverse logistics operations to handle large volumes of returned products.

Considerations:

- \* Proximity of return centres to major customer locations to minimise return lead times.
- \* Integration with carriers that can manage reverse logistics flow efficiently.
- \* Facilities must be equipped for inspection, repackaging, and restocking of returned items.

Impact:

Well-planned reverse logistics facilities enhance customer satisfaction, reduce turnaround times, and minimise losses from unsellable stock.

Strategically locating return centres near high-volume sales regions can reduce costs and improve sustainability.

Example:

Zalando and ASOS operate regional return hubs in Europe to ensure fast processing and resale of returned garments.

#### 6. Market Entry Strategy and Future Scalability

Description:

XYZ should plan facility locations not only for immediate operations but also for future expansion as the business grows.

The U.S. market may initially require a limited number of regional facilities that can scale over time.

Considerations:

- \* Begin with a centralised fulfilment centre to serve early U.S. operations, followed by regional hubs as sales increase.
- \* Assess state-level incentives (e.g., tax reliefs, grants) for locating in specific regions.
- \* Consider technology infrastructure (e.g., automation readiness, digital connectivity).

Impact:

Scalable and flexible facility planning supports long-term growth and adaptability to changes in demand or logistics trends.

Example:

A phased approach - starting with one central warehouse in the Midwest, expanding later to the East and West Coasts as demand grows.

#### 7. Additional Factors (Supporting Considerations)

Although the six factors above are primary, XYZ should also consider:

- \* Political and economic stability of chosen states.
- \* Environmental and sustainability policies (e.g., carbon footprint from transport).
- \* Legal and regulatory compliance (e.g., customs, data protection, safety standards).
- \* Proximity to suppliers and import hubs if goods are sourced internationally.

#### 8. Evaluation and Recommendations

Factor

Strategic Impact

Key Considerations

Customer Demand

High

Delivery speed, proximity to customers

Transportation Infrastructure

High

Connectivity, 3PL performance

Labour Availability

Medium

Cost, skill level, flexibility

Land & Facility Cost

Medium

Rent, taxes, zoning

Reverse Logistics

High

Returns volume, processing speed

Scalability

High

Long-term flexibility and growth potential

Recommended Strategy:

XYZ should adopt a phased regional facility strategy:

- \* Start with one central U.S. fulfilment centre (e.g., Midwest - near Chicago or Memphis) for national coverage.

- \* Expand to regional hubs (East and West Coasts) as customer demand grows.

- \* Establish specialised returns processing facilities close to high-volume markets to enhance customer satisfaction and sustainability.

## 9. Summary

In summary, determining the number and location of facilities is a strategic decision that must balance cost efficiency, customer service, and scalability.

For XYZ's U.S. expansion, six key factors should guide decision-making:

- \* Customer location and demand distribution

- \* Transportation and logistics infrastructure

- \* Labour availability and cost

- \* Land and facility cost and availability

- \* Reverse logistics management

- \* Scalability and future growth potential

By analysing these factors comprehensively and aligning them with corporate objectives, XYZ can design a cost-effective, agile, and customer-focused U.S. logistics network, positioning itself for sustainable success in a highly competitive online retail market.

## 質問 # 29

Explain what is meant by knowledge transfer.

正解:

解説:

See the Explanation for complete answer.

Explanation:

Knowledge transfer refers to the systematic process of sharing information, expertise, skills, and best practices from one individual, team, department, or organisation to another in order to improve performance, innovation, and decision-making.

It ensures that critical knowledge - whether technical, procedural, or experiential - is not lost but is used to strengthen organisational capability, continuity, and competitive advantage.

In essence, knowledge transfer enables an organisation to turn individual or tacit knowledge into collective organisational knowledge.

### 1. Definition and Concept

Knowledge transfer is a central concept in knowledge management, which focuses on the creation, sharing, and utilisation of knowledge to achieve business objectives.

It can occur:

- \* Internally - between employees, departments, or business units.

- \* Externally - between organisations and their supply chain partners, customers, or consultants.

Effective knowledge transfer ensures that expertise is shared, retained, and reused, supporting continuous improvement and innovation.

### 2. Types of Knowledge in Knowledge Transfer

Knowledge can be broadly classified into two categories, both essential in the transfer process:

#### (i) Tacit Knowledge

- \* Personal, experience-based, and often difficult to formalise or document.

- \* Includes intuition, judgement, skills, and insights gained through practical experience.
- \* Typically transferred through direct interaction, mentoring, or shared practice.

Example:

An experienced supply chain manager teaching a new employee how to negotiate effectively with suppliers by demonstrating and guiding in real scenarios.

(ii) Explicit Knowledge

- \* Formalised and codified knowledge that can be easily documented and shared.
- \* Includes written policies, manuals, databases, reports, and standard operating procedures (SOPs).

Example:

A company maintaining a central digital database of procurement procedures, supplier evaluations, and contract templates for all employees to access.

### 3. Importance of Knowledge Transfer in Business

Knowledge transfer plays a crucial role in organisational success for several reasons:

(i) Prevents Knowledge Loss

When key employees retire or leave the organisation, valuable knowledge can be lost.

Effective knowledge transfer ensures continuity through documentation, mentoring, and succession planning.

(ii) Enhances Organisational Learning

By sharing lessons learned and best practices, knowledge transfer helps the organisation to learn from successes and failures, leading to continuous improvement.

(iii) Promotes Innovation and Collaboration

Collaborative knowledge sharing encourages creativity and innovation by combining diverse ideas and expertise.

(iv) Improves Efficiency and Decision-Making

Access to accurate and relevant information enables faster and more informed decisions, reducing duplication of effort and errors.

(v) Strengthens Supply Chain Relationships

When organisations share knowledge with suppliers and partners (e.g., through joint training or performance reviews), it improves coordination, quality, and long-term collaboration.

### 4. Methods of Knowledge Transfer

Different methods are used depending on the type of knowledge and organisational culture:

Method

Description

Example

Training and Mentoring

Experienced staff coach or mentor newer employees.

A senior buyer mentoring a junior in contract negotiation.

Documentation and Manuals

Formal written procedures, templates, and case studies.

Procurement manuals or supplier evaluation checklists.

Knowledge Management Systems (KMS)

IT systems storing and sharing data and insights.

Shared databases, intranets, or collaboration tools like SharePoint.

Workshops and Communities of Practice

Forums for sharing expertise across departments.

Monthly supply chain meetings to share lessons learned.

Job Rotation and Cross-Functional Projects

Exposes employees to different functions to enhance understanding.

Moving logistics staff into procurement roles temporarily.

After-Action Reviews (AARs)

Reviewing completed projects to capture lessons learned.

Post-project debriefs documenting best practices and challenges.

### 5. Barriers to Effective Knowledge Transfer

Despite its importance, knowledge transfer often faces challenges, including:

- \* Cultural resistance: Employees may fear losing power by sharing knowledge.
- \* Lack of systems or structure: No formal mechanism for documentation or sharing.
- \* Time constraints: Employees prioritise operational tasks over knowledge sharing.
- \* Loss of tacit knowledge: Difficult to capture or codify intuitive, experience-based skills.

To overcome these, organisations should:

- \* Build a knowledge-sharing culture based on trust and collaboration.
- \* Recognise and reward employees who contribute to knowledge sharing.
- \* Use technology platforms to make information accessible and up to date.
- \* Embed knowledge transfer into onboarding, training, and project closure activities.

### 6. Strategic Value of Knowledge Transfer

Effective knowledge transfer contributes to:

- \* Organisational Resilience: Retains critical know-how during staff turnover or change.
- \* Innovation Capability: Encourages creative problem-solving and cross-functional collaboration.
- \* Operational Consistency: Ensures best practices are applied organisation-wide.
- \* Supply Chain Excellence: Facilitates stronger collaboration with suppliers and partners.
- \* Sustainable Competitive Advantage: Builds a culture of learning and continuous improvement.

## 7. Summary

In summary, knowledge transfer is the process of sharing and disseminating expertise, information, and experience within and across organisations to improve performance, innovation, and decision-making.

It involves both tacit and explicit knowledge and can be achieved through mentoring, documentation, technology systems, and collaborative learning practices.

By embedding effective knowledge transfer into its culture and systems, an organisation can build resilience, agility, and long-term strategic capability, ensuring that valuable knowledge remains a shared corporate asset rather than an individual possession.

## 質問 # 30

Joe is the Supply Chain Manager at XYZ Ltd - a multi-national toy manufacturing company with a global supply chain. He has been asked to provide a report to senior management about the performance of the supply chain. Discuss THREE challenges Joe may face in collecting and reporting data to senior management and describe the characteristics of good reporting Joe should have.

正解:

解説:

See the Explanation for complete answer.

Explanation:

In a global supply chain environment, accurate and timely data reporting is essential for performance management, decision-making, and strategic planning.

For Joe, the Supply Chain Manager at XYZ Ltd, the task of preparing a performance report for senior management will involve collecting, analysing, and presenting data from multiple sources - including suppliers, manufacturing sites, logistics partners, and distribution networks.

However, the process presents several challenges related to data quality, system integration, and communication, which must be managed effectively to produce accurate and meaningful reports.

### 1. Challenges in Collecting and Reporting Supply Chain Data

#### (i) Data Quality and Consistency Issues

Description:

In a global organisation like XYZ Ltd, data may come from multiple sites and systems, each using different formats, units of measurement, or performance definitions.

This inconsistency can lead to errors, duplication, and misinterpretation when compiling reports.

Example:

One regional supplier might record delivery times in calendar days, while another uses working days, causing reporting inconsistencies.

Impact:

- \* Inaccurate KPIs and misleading performance insights.
- \* Loss of credibility with senior management.
- \* Poor decision-making based on flawed data.

Possible Solutions:

- \* Implement a Master Data Management (MDM) system to standardise data definitions across the company.
- \* Establish data validation processes and governance policies to ensure accuracy.
- \* Use a centralised reporting platform to consolidate data automatically.

#### (ii) System Integration and Technological Complexity

Description:

XYZ Ltd may operate multiple ERP, procurement, and logistics systems across different countries or business units.

A lack of integration between these systems can make it difficult for Joe to collect and consolidate data efficiently.

Example:

Production data may be stored in SAP, supplier information in Oracle, and logistics data in a third-party system - requiring manual consolidation.

Impact:

- \* Increased time and cost in preparing reports.
- \* Higher risk of data errors or delays.
- \* Limited real-time visibility of performance metrics.

Possible Solutions:

- \* Invest in integrated ERP or data analytics platforms that connect all supply chain functions.
- \* Use cloud-based dashboards or business intelligence (BI) tools (e.g., Power BI, Tableau).
- \* Automate data extraction and reporting to reduce manual effort.

### (iii) Lack of Alignment and Understanding Between Departments

#### Description:

Different departments or regions may have conflicting performance priorities or interpret KPIs differently.

For example, procurement may focus on cost savings, while logistics prioritises on-time delivery, leading to difficulties in aligning metrics.

#### Example:

Procurement negotiates cheaper suppliers with longer lead times, negatively impacting logistics KPIs like customer service levels.

#### Impact:

- \* Misalignment of objectives and inconsistent data reporting.
- \* Difficulty communicating performance trends to senior management.
- \* Potential internal conflict over data interpretation.

#### Possible Solutions:

- \* Align departmental KPIs with overall corporate objectives using frameworks such as the Balanced Scorecard or SCOR Model.
- \* Establish a cross-functional reporting committee to agree on KPI definitions and performance standards.
- \* Provide training to ensure staff understand how data contributes to strategic goals.

## 2. Characteristics of Good Supply Chain Reporting

For Joe's report to be effective and useful for senior management decision-making, it should demonstrate the following key characteristics:

### (i) Accuracy and Reliability

Data must be correct, verified, and consistent across all sources. Inaccurate reporting can lead to poor decisions, damaged credibility, and loss of stakeholder trust.

Joe should validate data through automated checks and ensure all calculations and metrics align with corporate definitions.

### (ii) Clarity and Simplicity

Reports should be clear, concise, and easy to interpret.

Senior managers may not have time for complex data analysis, so visual aids such as graphs, dashboards, and scorecards should be used to present key information at a glance.

#### Example:

Using traffic light indicators (red/amber/green) to show supply chain performance against targets.

### (iii) Relevance and Strategic Focus

Reports should focus on strategic KPIs that align with business objectives - not just operational detail.

Joe should select metrics such as:

- \* On-Time, In-Full (OTIF) delivery.
- \* Inventory turnover ratio.
- \* Supplier performance.
- \* Supply chain cost as a percentage of sales.
- \* Carbon footprint (for sustainability goals).

Irrelevant or excessive data can overwhelm management and obscure key insights.

### (iv) Timeliness and Consistency

Data must be up to date and provided on a consistent schedule.

Delayed reports reduce the ability of senior management to make timely decisions, especially in fast-moving industries like toy manufacturing.

#### Example:

Monthly KPI dashboards delivered within five working days of month-end.

### (v) Objectivity and Transparency

Reporting should be factual, unbiased, and supported by evidence.

Joe must ensure that performance data is transparent and open to verification, avoiding manipulation to present favourable results.

### (vi) Actionability

Good reporting should not only describe performance but also provide insight and recommendations for improvement.

Each KPI should include an analysis of causes, trends, and potential corrective actions.

#### Example:

If OTIF delivery drops below target, Joe should explain the root cause (e.g., supplier delays) and propose mitigation measures (e.g., dual sourcing, improved forecasting).

## 3. How Joe Can Ensure Effective Data Collection and Reporting

To produce high-quality reports, Joe should:

- \* Establish standardised KPI definitions across all supply chain functions.
- \* Use automated and integrated systems for data collection and analysis.
- \* Engage cross-functional teams to ensure buy-in and accuracy.
- \* Review and validate data before submission.

\* Present findings visually, focusing on insight, not just information.

By doing so, Joe's reporting will help senior management monitor performance, identify risks, and make informed strategic decisions.

#### 4. Strategic Value of Effective Reporting

Accurate and insightful reporting enables:

\* Performance visibility across the global supply chain.

\* Evidence-based decision-making for resource allocation and risk management.

\* Alignment of operational activities with corporate strategy.

\* Continuous improvement through trend analysis and benchmarking.

For XYZ Ltd, this ensures the supply chain supports its key strategic goals - such as cost efficiency, customer service excellence, and sustainability.

#### 5. Summary

In summary, Joe may face significant challenges in collecting and reporting supply chain data, including data quality issues, system integration difficulties, and misaligned KPIs across departments.

To overcome these challenges, he must adopt a structured approach supported by data governance, technology, and cross-functional collaboration.

A good supply chain report should be accurate, clear, relevant, timely, objective, and actionable, providing senior management with the insights needed to drive performance improvement and strategic success across XYZ Ltd's global operations.

### 質問 # 31

XYZ is a toy retailer which has a single distribution centre in Southampton, on the south coast of the UK. Over the past 10 years XYZ has grown from a small business serving only Southampton, to selling toys all over the UK. The CEO of XYZ is considering redesigning the company's distribution network to more accurately reflect the growing sales in all parts of the UK, and is looking to open a new distribution centre this year.

Describe 3 factors that would impact how XYZ designs its distribution network. How should the company select a location for a new distribution centre?

正解:

解説:

See the Explanation for complete answer.

Explanation:

A distribution network design determines how an organisation's goods move from suppliers and warehouses to customers in the most efficient, cost-effective, and responsive manner.

For a growing toy retailer like XYZ, designing an optimal distribution network is a strategic decision that directly impacts cost, delivery speed, customer satisfaction, and long-term scalability.

As the company expands from a regional to a national presence, it must carefully evaluate multiple factors that influence the structure, location, and capacity of its distribution facilities.

#### 1. Factors Impacting the Design of XYZ's Distribution Network

##### (i) Customer Location and Service Level Requirements

The geographic spread of XYZ's customers and the expected delivery times will significantly influence the distribution network design.

\* Rationale: The company's existing single distribution centre in Southampton is located far from customers in the Midlands, North of England, and Scotland. This increases delivery lead times and transport costs to those regions.

\* Strategic Impact: To maintain competitive service levels (e.g., next-day delivery) and reduce transport distance, XYZ may need to establish additional regional centres closer to customer clusters.

\* Implication: Customer density mapping and transport time modelling should guide the placement of the new DC to balance cost and service efficiency.

##### (ii) Transportation and Logistics Costs

Transport is often the largest cost component in distribution network design. The balance between warehousing costs and transportation efficiency is critical.

\* Rationale: Locating a new DC centrally - for example, in the Midlands - could reduce outbound transport costs to northern regions, even if it increases inbound freight slightly.

\* Strategic Impact: The optimal number and location of DCs must minimise the total landed cost (transport, handling, and inventory combined), not just one component.

\* Implication: XYZ should conduct a network optimisation study to identify a location that reduces mileage and improves vehicle utilisation while maintaining customer service targets.

##### (iii) Infrastructure and Accessibility

Efficient movement of goods depends on the availability of reliable transport infrastructure, including road, rail, ports, and courier service hubs.

\* Rationale: The new DC should be located near major motorway intersections (e.g., M1, M6, M40) or near national carrier hubs for



ease of access to all parts of the UK.

- \* Strategic Impact: Accessibility ensures timely deliveries, cost-effective distribution, and flexibility during peak periods such as Christmas.

- \* Implication: Locations in the Midlands (such as Northamptonshire or Leicestershire) are common for national distribution because of their proximity to transport links and population centres.

## 2. Additional Influencing Factors (Supporting Considerations)

While the question specifies three factors, XYZ should also consider the following during its distribution network design:

- \* Demand Patterns and Seasonality: Toys experience high seasonal demand peaks. Network capacity and location must accommodate increased Christmas and holiday volumes.

- \* Labour Availability and Costs: The DC should be located where skilled warehouse labour is accessible and affordable.

- \* Technology and Automation: Future plans for automation (e.g., robotic picking or warehouse management systems) may influence site size, layout, and investment levels.

- \* Sustainability Goals: Locating DCs to reduce carbon emissions and optimise transport routes supports ESG objectives.

- \* Risk and Resilience: Diversifying distribution centres reduces the risk of total supply chain disruption due to fire, weather, or transport breakdowns.

## 3. Selecting a Location for the New Distribution Centre

Selecting the right location for a new distribution centre is a multi-criteria decision-making process involving quantitative and qualitative evaluation. XYZ should follow these key steps:

### (i) Define Strategic Objectives

Clarify the company's goals for the new DC - e.g., improving delivery speed, reducing cost, supporting national growth, or enhancing customer experience.

These objectives will drive trade-offs between cost efficiency and service responsiveness.

### (ii) Conduct Network Modelling and Analysis

Use network optimisation modelling tools to analyse various scenarios and identify the most cost-effective configuration.

This should include:

- \* Mapping current customer demand by region.

- \* Evaluating transportation costs under different network layouts.

- \* Assessing total logistics cost vs. service level trade-offs.

Scenario analysis (e.g., two DCs vs. three DCs) can help determine the optimal solution.

### (iii) Apply Location Selection Criteria

Evaluate potential sites against quantitative and qualitative criteria, such as:

Quantitative Factors

Qualitative Factors

Transportation and distribution cost

Labour availability and skills

Proximity to suppliers/customers

Infrastructure and accessibility

Facility and land cost

Community support and local incentives

Taxation and business rates

Environmental and sustainability impact

Inventory and service levels

Expansion potential and risk exposure

Weighted scoring models can be used to objectively rank location options based on these factors.

### (iv) Risk and Sustainability Assessment

Assess each potential location for environmental, geopolitical, and operational risks.

Consider environmental regulations, carbon footprint implications, and compliance with sustainability objectives such as energy efficiency and waste management.

### (v) Final Decision and Implementation Planning

After selecting the optimal location, develop a phased implementation plan covering facility construction or leasing, systems integration, workforce recruitment, and supplier coordination to ensure seamless transition.

## 4. Strategic Impact on Corporate and Supply Chain Strategy

Redesigning the distribution network will have direct implications for XYZ's overall corporate strategy by:

- \* Enabling national market penetration and growth.

- \* Improving customer service and satisfaction through faster delivery.

- \* Reducing total logistics costs and carbon emissions.

- \* Increasing supply chain resilience through decentralisation.

This change supports the company's strategic transition from a regional retailer to a national omnichannel brand capable of serving all UK customers efficiently.

## 5. Summary

In summary, the design of XYZ's new distribution network will be influenced by key factors such as customer location and service

levels, transportation costs, and infrastructure accessibility.

When selecting a new distribution centre location, the company should apply a data-driven, multi-criteria approach combining network optimisation modelling with qualitative evaluation to ensure the decision aligns with cost, service, and sustainability objectives.

By carefully planning its network design, XYZ Ltd can achieve greater operational efficiency, improved customer responsiveness, and long-term competitiveness in the UK toy retail market.

### 質問 # 32

XYZ Ltd is a large sporting retailer selling items such as clothing, bikes and sports equipment. They have stores in the UK and France. Helen is the CEO and is looking at the product and service mix on offer at the company in order to plan for the future. What is this and how should Helen approach an analysis of the product and service mix offered by the company? How will this affect the way she decides the company's corporate strategy?

正解:

解説:

See the Explanation for complete answer.

Explanation:

The product and service mix refers to the range, diversity, and balance of products and services that an organisation offers to its customers. For a large retailer like XYZ Ltd, it includes not only the physical goods

- such as sports clothing, bicycles, and equipment - but also associated services such as repairs, maintenance, warranties, online ordering, and customer support.

Analysing the product and service mix helps management understand which offerings contribute most to profitability, growth, and customer satisfaction, and which may need improvement, repositioning, or withdrawal.

This analysis forms the foundation for shaping the organisation's corporate strategy, as it reveals where the company's strengths, risks, and opportunities lie across different product and service categories.

#### 1. Understanding the Product and Service Mix

The product mix represents the full assortment of products the company offers, defined by four key dimensions:

- \* Width: The number of product lines (e.g., clothing, bikes, footwear, accessories).
- \* Length: The total number of products within each line (e.g., mountain bikes, road bikes, e-bikes).
- \* Depth: The variety within a product line (e.g., different brands, sizes, colours, price ranges).
- \* Consistency: How closely related the product lines are in terms of use, production, and target market.

The service mix includes any intangible offerings that support or enhance the product experience - such as after-sales service, product customization, online chat support, or home delivery. For XYZ Ltd, this may include bicycle repair workshops, fitness advice, and loyalty programmes.

A balanced mix allows the company to meet diverse customer needs while maintaining profitability and brand consistency.

#### 2. How Helen Should Approach an Analysis of the Product and Service Mix

Helen, as CEO, should take a structured and data-driven approach to analysing XYZ Ltd's current product and service portfolio. The following analytical tools and methods are useful:

##### (i) Portfolio Analysis - The BCG Matrix

The Boston Consulting Group (BCG) Matrix is a widely used tool that classifies products or services according to market growth rate and market share, helping to guide resource allocation.

Category

Description

Example for XYZ Ltd

Strategic Action

Stars

High growth, high market share

E-bikes, performance apparel

Invest to sustain leadership

Cash Cows

Low growth, high market share

Traditional bicycles, core fitness gear

Maintain efficiency, generate profit

Question Marks

High growth, low market share

Smart fitness wearables

Evaluate potential; invest selectively

Dogs

Low growth, low market share

Outdated product lines

Rationalise or discontinue

This analysis helps Helen determine which product lines to grow, maintain, or phase out.

(ii) Product Life Cycle (PLC) Analysis

Each product or service progresses through introduction, growth, maturity, and decline stages.

Understanding where each offering sits on the life cycle helps in forecasting demand, managing inventory, and planning innovation or replacement.

- \* For instance, e-bikes may be in the growth phase, requiring investment in supply and marketing.

- \* Traditional sports equipment might be in maturity, needing efficiency and differentiation.

- \* Older models of clothing lines may be in decline, requiring markdowns or withdrawal.

(iii) Profitability and Margin Analysis

Helen should examine each product and service category's sales revenue, cost structure, and contribution margin.

High-turnover but low-margin items (e.g., sports accessories) may support traffic but reduce profitability, whereas premium services (e.g., bike repairs or loyalty memberships) could generate higher margins and customer retention.

(iv) Customer and Market Segmentation Analysis

Understanding which customer groups purchase which products or services - for example, casual consumers

, serious athletes, or parents buying children's equipment - enables more targeted offerings and efficient marketing spend.

This analysis may differ between the UK and French markets due to cultural and demographic variations.

(v) Competitive Benchmarking

Helen should also compare XYZ Ltd's product and service range against leading competitors to identify differentiation opportunities, pricing gaps, or innovation potential.

3. How the Product and Service Mix Analysis Affects Corporate Strategy

The findings from this analysis will directly influence XYZ Ltd's corporate and business strategy in several key ways:

(i) Strategic Focus and Resource Allocation

The company can decide which product lines or services are strategic priorities - for example, focusing investment on high-growth categories such as e-bikes and reducing emphasis on low-margin items. This ensures resources are deployed where they generate the greatest return.

(ii) Market Positioning and Differentiation

The analysis helps define how XYZ Ltd positions itself in the market - e.g., as a premium sports retailer, an affordable brand, or an eco-conscious supplier. The service mix (like repair workshops or sustainable sourcing) can reinforce that brand image.

(iii) Innovation and Product Development Strategy

Insights from the mix analysis can guide R&D or supplier collaboration efforts - for instance, introducing new eco-friendly clothing or smart fitness technology.

(iv) Supply Chain Strategy Alignment

Changes to the product mix influence sourcing, logistics, and inventory strategies. For instance, increasing e-bike offerings may require partnerships with new component suppliers, while expanding services might need new in-store capabilities or digital platforms.

(v) Geographic Strategy and Market Expansion

Comparing performance between the UK and France may reveal opportunities for regional adaptation or global standardisation, influencing whether the corporate strategy adopts a localisation or global integration approach.

4. Strategic Implications

Helen's analysis of the product and service mix will form a key input into corporate strategy formulation, as it identifies where the company's future growth, profitability, and differentiation lie.

It will determine:

- \* Which markets to expand or exit.

- \* How to balance products versus services.

- \* Where to invest in innovation or partnerships.

- \* How to align the company's supply chain and marketing functions with strategic priorities.

5. Summary

In summary, the product and service mix represents the total range of offerings that define XYZ Ltd's value proposition to its customers.

By systematically analysing this mix - using tools such as the BCG Matrix, Product Life Cycle analysis, and profitability evaluation - Helen can identify which areas to grow, sustain, or divest.

This analysis directly shapes the company's corporate strategy, guiding decisions on investment, market positioning, innovation, and supply chain alignment.

A well-balanced and strategically managed product and service mix ensures that XYZ Ltd remains competitive, customer-focused, and financially robust in both its domestic and international markets.

- [illegible]

