

ISyE 3104 - Homework #3
Due September 15, 2005 (20 points)

Question 1

(5 points) Determine the following cost parameters necessary for the aggregate production plan model from the information provided in The Groundhog's New Clothes case:

- a. Cost of firing a worker
- b. Cost of hiring a worker
- c. Total *relevant* material and overhead cost of producing a t-shirt
- d. Total *relevant* material and overhead cost of producing a golf shirt

Question 2

(2 points) Identify any (*quantitative*) information provided in The Groundhog's New Clothes case that is irrelevant in the development of an aggregate production plan.

Question 3

(2 points) How does a manager place limits on personal relationships when they conflict with professional interests? Which concern supercedes when the two are in conflict and why? [Answers should be 1-2 paragraphs in length.]

Question 4

(2 points) What obligation does a firm have to a workforce that has provided loyal service for a long period of time? [Answers should be 1-2 paragraphs in length.]

Question 5

(6 points) Read the following article (available through the Georgia Tech library's online catalog):

Amaral, J., C. A. Billington, and A. A. Tsay (2004). Outsourcing production without losing control. *Supply Chain Management Review*. **8**(8), 44-52.

Answer the following questions:

- a. Briefly explain what the authors mean by a *turnkey* approach to outsourcing.
- b. Identify and discuss the risks posed by outsourcing each of the nine types of procurement activities shown in Table 1.
- c. Why do the authors argue that procurement outsourcing is particularly risky?

Question 6

(3 points) Read the following article (available through the Georgia Tech library's online catalog):

McKone-Sweet, K. E. (2004). Lessons from a coffee supply chain. *Supply Chain Management Review*. **8**(7), 52-59.

In 2-3 paragraphs, summarize the Equal Exchange model of supply chain management. Pay special attention to the methods of collaboration Equal Exchange uses with its coffee suppliers and other supply chain partners. Also discuss the ways in which Equal Exchange's business model is consistent with the standards of Fair Trade.