

Answers to Supply Chain Costing Quiz

1) We would conduct a costing of the supply chain for all of the reasons below except?

- a. To advocate and plan for funding
- b. To better design and plan systems
- c. To inform decision making on supply chain policies and financing
- d. To inform decision making on fees for supply chain services
- e. WRONG RESPONSE: To determine which supply chain design results in better performance

2) Two outputs of a costing exercise are supply chain costs specific to each _____ and _____

Answer:

- Supply Chain Function: Procurement, Transportation, Storage, Management costs as a percentage of total supply chain costs
- Supply Chain Tier: i.e. central, region, clinic, or urban vs. rural
- Input type: Labor, equipment, storage space, fuel, vehicles, etc.

3) If you have \$1000 worth of commodities, with an associated supply chain cost of 100 dollars, then the supply chain cost represents _____% of the total commodity value

Answer: 10% of the total commodity value or 10 cents per \$ of value.

4) Budgeting is the same as costing True or False

Answer: False. Costing aims to place a monetary value on all the resources used to operate a supply chain whereas a budget typically only accounts actual expenditures. For example if you use trucks and you don't buy one in given year you don't budget for it in that year however you do apply costs to it as you use up some of the life value (i.e. depreciation) of the truck.

5) When doing a costing exercise the term commodity throughput refers to?

Answer: Quantities of commodities flowing through the pipeline during a given time period. In other words the amount of commodities received plus the amount of commodities distributed divided by two.

6) Four main categories of supply chain costs are: Procurement, Management, _____ and _____

Answer: storage, transportation

7) Should supply chain costing reports be given by the national level or by individual levels?

Answer: Both type of analysis provides important information. Breaking down costs by level helps pinpoint where costs and what type of costs are being incurred.

8) A costing exercise will tell you how well your system is performing. True or False

Answer: On its own false. A costing cannot tell you how your system is performing. However if you match costs with performance data you get a sense of how efficiently your system is operating. Matching costs with performance with costing data is a type of economic evaluation that can be helpful for decision making.

9) To conduct a costing study you need which of the following data:

- a. Data on numbers of assets and supply chain activities
- b. Data on cost and value rates for individual assets and activities
- c. Costs of applicable overhead (security for facilities, power, etc)
- d. Data on commodity throughput
- e. Answer: All of the above