



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 317: PRINCIPLE OF SUPPLY CHAIN MANAGEMENT

DATE: 3/12/2019

TIME: 8.30-10.30 AM

INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

QUESTION ONE: (30 MARKS)

Case Study

HOUSEHOLD APPLIANCES PLC

Originally, Household Appliances had several suppliers of critical components. Following a consultancy exercise, it decided to adopt a policy of single sourcing for some of its items. The policy has led to several problems. The manufacture of two critical die-cast items involves the use of expensive moulds. The present supplier of these two items agreed to supply the moulds free of charge on the condition that the moulds would remain the supplier's property and that Household Appliances would not source elsewhere for a minimum of two years. This supplier is located some 150 miles from Household Appliances.

Household Appliances' production line also experienced a serious hold-up during an industrial dispute affecting deliveries of a third component. Subsequent enquiries elicited the facts that the supplier of the component manufactured the same item for three of Household's competitors, all of whom placed substantially larger orders. It also emerged that a preferred alternative supplier for this component has entered into a collaborative arrangement with one of Household's competitors for a joint development of an alternative item offering substantial cost and performance advantages over that currently in use.

To obviate losses, which, due to the above factors have been significant, Household Appliances PLC has adopted a policy of keeping significant stocks of critical components.

Tasks:

- a) Identify and explain **five** supply chain operation factors affecting the performance of Household Appliances PLC. (10 marks)
- b) As purchasing manager of Household Appliances PLC, explain five steps you would recommend to improve the situation. (10 marks)
- c) Identify and explain five stock management best practices which Household Appliances PLC could deploy to increase her competitiveness. (10 marks)

QUESTION TWO (20 MARKS)

- a) Identify and discuss **four** Supply Chain Enablers in the manufacturing industry in Kenya. (10 marks)
- b) Explain **five** key performance measures of Supply Chain Management in retail industry. (10 marks)

QUESTION THREE (20 MARKS)

- a) In **five** points, discuss how retail firms have been able to use Information Technology to significantly improve their supply chain effectiveness and efficiency. (10 marks)
- b) When you don't plan, you plan to fail. Explain **five** advantages of Planning in supply chain management. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss **five** key sources of Supply Chain Risks. (10 marks)
- b) Explain **five** objectives of Supply Chain Optimization. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain **five** emerging issues in Supply Chain Management. (10 marks)
- b) Discuss any **five** activities within supply chain management process. (10 marks)