



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR SPECIAL/ SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 317: PRINCIPLE OF SUPPLY CHAIN MANAGEMENT

DATE:

TIME:

INSTRUCTIONS:

Answer Question **ONE** and any other **TWO**

QUESTION ONE: 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 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:

- Identify and explain **five** supply chain operation issues in the case. (10 marks)
- As purchasing manager of Household Appliances PLC, discuss **five** supply chain management strategies you would recommend to improve the situation. (10 marks)
- Identify and explain **five** inventory management techniques Household Appliances PLC could deploy to manage her stock levels competitively. (10 marks)

QUESTION TWO (20 MARKS)

- a) Discuss the **four** generic Supply Chain Enablers. (10 marks)
- b) Explain **five** factors affecting performance of Supply Chain Management in manufacturing industry. (10 marks)

QUESTION THREE (20 MARKS)

- a) Explain **five** advantages of Information Technology in managing supply chain efficiently. (10 marks)
- b) Explain five emerging issues in Supply Chain Management. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss **five** industry related sources of Supply Chain Risks. (10 marks)
- b) Explain **five** goals of Supply Chain Optimization. (10 marks)

QUESTION FIVE (20 MARKS)

- a) When you don't plan, you plan to fail. Explain five advantages of Planning in supply chain management. (10 marks)
- b) Discuss any **five** activities in the upstream of supply chain. (10 marks)