# MACHAKOS UNIVERSITY

**University Examinations for 2018/2019 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF COMMERCE**

**BMS 401: PRODUCTION AND OPERATIONS MANAGEMENT**

**DATE: 26/7/2019** **TIME: 8:30 – 10:30 AM**

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**INSTRUCTIONS:** Answer Question ONE and any other TWO Questions.

**Question One**

**ARMCHEM'S DILEMMA: COPING WITH DISTRIBUTION CHALLENGES IN THE SUPPLY CHAIN MANAGEMENT**

*Below is an extract of the above case, apply it to answer questions 1a, b, and c;*

It was on Monday, the 3rd of April, 2011, when Mr. Charles Mulinge, the Managing Director (MD) of Farmchem Limited, a firm dealing in agricultural input products, received a phone call. "Hallo!" he answered the phone. The caller went on but a look at the MD"s face was not amusing. After about five minutes, he banged the receiver back. "What is it with these middlemen?" he mumbled to himself. The caller was a field officer covering Mount Kenya Region. "Sir is there something wrong?" His secretary enquired. "That was Mount Kenya Regional Manager reporting again that the distributors in his region are not delivering orders to the farmers on time and are overcharging by a mark-up of 10%, making our products more expensive and therefore not moving". After a long pause, he asked the secretary to invite the operations, finance and sales & marketing managers for an immediate meeting in his office. "Gentlemen, good morning again" he greeted his management team and continued. "Today we consider and decide whether we should maintain the status quo or shorten our supply chain by selling directly to farmers". The meeting continued.

**Required:**

a) Discuss five operational failures which forced Charles to call the emergency meeting (10 marks)

b) Under the operation environment depicted in the case, what would be the impact on the performance of operation management if distributors are removed from the supply chain? Justify your answer with five well explained points (10 marks)

c) Explain five possible ways Charles is likely to adopt to solve the issue permanently (10 marks)

**Question Two**

a) Explain five disadvantages of using ICT tools in managing manufacturing activities (10 marks)

b) Discuss five advantages of adopting ICT in operation management of a retail industry (10 marks)

**Question Three**

Quality has been defined as conformance to the users' requirements in all respect. In consideration of the definition, explain:

a) Five steps a manufacturing firm making cooking oil should take to produce quality products (10 marks)
b) Explain five requirements for successful implementation of Total quality Management concept (10 marks)

**Question Four**

a) Explain two reasons why division of labour is crucial for a successful production process (4 marks).
b) Explain two differences between production and service operations (4 marks)
c) Explain any one key issue to be considered when designing a plant layout (2 marks).
d) Discuss five challenges in allocating of duties to workers (10 marks).

**Question Five**

a) Discuss four types of production giving example in each case (10 marks).
**b)** "Inventory is a necessary evil to manufacturing firms". Use five well explained points to critique the statement (10 marks).