



KENYATTA UNIVERSITY
EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION
BMS 831: PROCUREMENT AND LOGISTICS MANAGEMENT

1ST SEMESTER 2021/2022

TIME: 3 HRS

INSTRUCTIONS

Answer Question One and any other THREE questions

Question One (40 MARKS)

Manufacturing Supply Chain Logistics and Inventory Control A specialty chemical company with worldwide operations serving the electronics, surface finishing, and decorative industries engaged Daniel Penn Associates to improve its supply chain logistics and inventory control systems. At the time, the company had 14 manufacturing site, six R&D facilities, sales, and distribution centers worldwide and employs 1,300 people.

In their efforts to reduce finished goods inventories and expenses while improving customer service, the company wanted to determine how they could reduce the number of warehouse facilities and service their customers based from fewer locations in Kenya. At the time, products were manufactured from four facilities and distributed through 22 distribution centers, of which 16 were public warehouses and six were company-owned . initially, DPA visited with senior managers to define the study objectives in the areas of distribution management and inventory control.

Inventory control is the implementation of management's inventory policies in a manner that assures that the goals of inventory management are met. Wise control of inventory is often a critical factor in the success of businesses in which inventories are significant. The goal of inventory control is to be sure that optimum levels of inventories are available, that there are minimal stock outs (i.e. running out of stock). And that inventory is maintained in a safe, secure place and is always readily accessible to the proper personnel.

Questions

- a) Discuss the specific activities which form part of inventory management (10 marks)
- b) Explain the various reasons for the company to keep inventories (10 marks)
- c) Discuss any five categories of inventory related costs (10 marks)
- d) Explain any five techniques of controlling inventory in an organization (10 marks)

Question Two (20 marks)

- a) Materials handling system is classified on the basis of its degree of sophistication.
Discuss the various classifications of the materials handling system (10 marks)
- b) The selection of a particular system of materials handling depends on various factors.
Discuss these factors. (10 marks)

Question Three (20 marks)

Customer service is the measure of how logistics creates time and place utility for a product.

- a) Explain the phases for customer service in logistics and discuss the various activities under each phase (12 marks)
- b) Discuss any four factors that are considered in customer perception of service quality (8 marks)

Question Four (20 marks)

- a) Discuss the factors influencing organizational structure in logistics organization (10 marks)
- b) Explain any five organization design principles that are considered in logistics organization (10 marks)

Question Five (20 marks)

Like the management information system (MIS) which is designed more for general management information needs the logistic information system (LIS) caters to the specific needs for decision making in areas of logistics management.

- a) Discuss any five elements of LIS (10 marks)
- b) Explain any five desired characteristics of LIS and its importance (10 marks)