



**MASINDE MULIRO UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

(MMUST)

NAIROBI CAMPUS

UNIVERSITY MAIN EXAMINATIONS

2021/2022 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF COMMERCE

COURSE CODE: BCB 411

COURSE TITLE: MANAGING SUPPLY CHAIN RELATIONSHIPS

DATE: MONDAY, 25TH JULY 2022 TIME: 2:00 – 4:00PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

TIME: 2 HOURS

MMUST observes ZERO tolerance to examination cheating

QUESTION ONE

CUSTOMER SERVICE VERSUS EFFICIENCY AT DELL

As firms look to drive down costs and increase speed, they focus more on internal efficiency benchmarks based on costs and time-based measures of performance. This means they focus less on customer-driven benchmarks like customer service performance. This tendency is also driven by human nature: It is much easier to measure costs and time than something as subjective as customer satisfaction. As a result, more and more firms must continuously walk a fine line between service and operational efficiency. Some companies successfully walk this line. Others, however, have damaged customer relationships in their attempt to reduce costs. This has been especially true with the recent downturn in the economy. In some cases, firms have been forced to reduce customer service to maintain or improve profitability. Dell is one of the recent examples of such firms.

Dell's strategy and its success have long been tied to internal efficiency. Its business model of selling via phone and Internet is a textbook example of supply chain integration and operational excellence. In recent years, however, Dell has pursued cost cutting with a vengeance. The reason is competition. Virtually all of Dell's competitors now match the company on pricing and product availability. Unfortunately, Dell's moves have alienated its customers, especially in the company's call center operations, which Dell outsourced to firms in foreign countries. Not surprising, Dell's customer satisfaction ratings, along with its market share, fell dramatically. To turn things around, Dell initiated a \$100 million program to improve customer service. The company began by appointing a new director of customer service, who immediately expanded the size of Dell's call centers to 1,000 to 3,000 reps and began an aggressive cross-training program. Before the training, 45 percent of customer service calls required at least one transfer to an appropriate specialist. By cross-training reps to handle more issues, Dell plans to buck that trend. If business can learn anything from these examples, it's that they can never win the fight between customer service and efficiency. Cost cutting that reduces customer service almost always has to be reinstated once customers start demanding better quality, more attention, and increased value for their money. Customer expectations are simply too high---and competitors too plentiful---for businesses to ignore.

Required

- a) Explain the benefits that Dell will derive from its renewed focus on customer satisfaction?
(10 marks)
- b) The increasing focus on customers will inevitably create some interesting challenges for Dell. What are some of the steps that the new director of customer service can take to manage customer satisfaction? (8 Marks)
- c) Measurement of customer satisfaction is key to its effective management. Giving appropriate examples explain the different rating scales that can be used to directly measure customer satisfaction performance.
(12 marks)

(Total 30 Marks)

Question Two

- a) Explain the 5 Cs that define what organizations need from their supply base in today's ever-changing world.
(10 marks)
- b) Illustrate how buyers and sellers move from adversarial, arm's length relationship to one of mutual trust and commitment
(10 marks)

Question Three

Supply base segmentation is the process of determining which suppliers are important through the application of a set of pre-defined criteria, why they are important and therefore what sort of intervention and relationship would be necessary or beneficial.

In line with the above statement, explain **Five** key criteria that relate to a supplier's ability to hurt us, help us or be a hero. **(20 Marks)**

Question Four

Supplier performance management (SPM) systems carefully target resource to measure just the right things, at the right time.

- a) Outline the reasons why SPM systems fail or end up sub-optimum. (10 marks)
- b) Identify and explain any five characteristics that define best practice for any SPM system. (10 marks)

(Total 20 Marks)

Question Five

- a) Supplier development intervention could be planned and executed in a systematic way or could also be ad-hoc. Outline any five ways in which suppliers can be developed. (10 marks)
- b) Discuss any five ethical principles and standards that should guide Supply Relationship Management and Conduct. (10 marks)

(Total 20 Marks)

