



**MASINDE MULIRO UNIVERSITY OF SCIENCE AND
TECHNOLOGY
(MMUST)**

**UNIVERSITY MAIN EXAMINATIONS
2020/2021 ACADEMIC YEAR**

FIRST YEAR SECOND SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
MASTERS OF BUSINESS ADMINISTRATION**

COURSE CODE: MBA 896

COURSE TITLE: INVENTORY MANAGEMENT

DATE: THURSDAY, 3RD JUNE 2021 TIME: 2:00 – 5:00PM

INSTRUCTIONS TO CANDIDATES

- 1. ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

TIME: 3 HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of **3** Printed Pages. Please Turn Over.

PAMOJA PLC

Pamoja PLC, is a manufacturer of domestic appliances. In recent years, the company has faced more variability in consumer taste and competition from abroad. The company has gradually become associated with poor customer service and an inability to provide customers with goods advertised on its promotional fliers.

It is on record that it took several days before pallets arriving at the warehouse got logged onto the central tracking system. Investigations found instances where instead of a four-week supply, the firm was storing 26 weeks' stocks. The small fluctuations in the customer sales causes increasingly large fluctuations upstream resulting in orders for suppliers not being fully filled. The company order fulfillment system has changed. The warehouse had no system for locating products to fulfil an order. The storekeeper was the only one who knew the location and the only way to find out how much stock was in the warehouse was through physical counting.

A firm of consultants was called in. after several weeks of investigations, the firm presented their report. In the report they suggested that the stock situation was a major problem. They pointed out that the investment in stocks is at a very high level. However, the supply to the production is very poor with frequent stock outs of important components.

Required:

- a) "Investment in stocks is at a very high level but supply to production is very poor with frequent stock out". Discuss the aspects that may have led to this situations (10 marks)
- b) Propose FIVE measures which Pamoja PLC. Should put in place to enhance stock location (10 marks)
- c) As a supply chain expert, draft five performance metrics that can be used to assess the performance of Pamoja PLC. Warehousing functions (10 marks)
- d) Propose FIVE benefits of introducing inventory management systems to the organizations (10 marks)

Question 2

- a) Illustrate five measures that should be taken to reduce levels of redundant stock (10 marks)
- b) Illustrate five step procedure that can be used in receiving goods to ensure quality standards (10 marks)

Question 3

- a) Disputes could arise between the buying organization and the supplier when materials received in large quantities cannot be inspected and tested at the time of delivery but are received all the same. Discuss five precautionary measures that the parties can take to avoid legal challenges arising from such a delivery (10 marks)
- b) The decision to locate a warehouse facility is strategic in nature. As a newly appointed warehouse manager at Pamoja PLC., analyse FIVE strategic issues you would consider if the company was to establish a new regional warehouse (10 marks)

Question 4

- a) Discuss five activities of inventory management that promote customer satisfaction (10 marks)
- b) Illustrate five common problems affecting lead time in inventory management (10 marks)

Question 5

- a) In inventory management, inventory operations are very key. Briefly discuss some of this operations (10 marks)
- b) Many years ago, companies tracked inventory manually with a system known as the card system or cardex. At present, many companies have completely automated their inventory tracking workflow. Discuss the advantages that accrue to companies adopting automated tracking (10 marks)

