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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 440**

**COURSE TITLE: PRODUCTION AND OPERATIONS MANAGEMENT**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 09/04/2021 TIME: 09.00-11.00 AM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of THREE (3) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

Read the case below and answer the questions that follow

**GARDEN SOFTWARE COMPANY**

Garden software company (GSC) is a company that develops customized software that enhances teamwork in the workplace. The mission statement of the company is ‘’unleash the potential in every team.’’ According to CEO, Mr. Kibet, diversity and inclusion is a non- negotiable part of the company’s vehicle to fulfill this mission for teams perform better.

To be competitive in the market, the company decided to take an innovative and enhance Cost leadership to reduce cost the team and also change its location The company also highlighted the benefits offered to people of different backgrounds and stages of career life, such as career growth opportunities. Finally, the company hired a consultant to undertake market forecast and advice the management accordingly.

1. Explain factors that GSC is likely to consider when looking for a new location site (10marks)
2. Explain the benefits that may accrue to GSC from good operations practices (10marks)
3. Explain elements of forecasting that the hired consultant at GSC will consider when performing his work (10 marks)

**QUESTION TWO**

1. Jotia Company Limited has decided to adopt mass production. Explain **five** reasons that may have influenced this decision (10 marks)
2. Highlight **five** factors that the management of an organisation should consider before developing a new product (10marks)

**QUESTION THREE**

1. Suitr Company Limited has recently adopted computer integrated manufacturing system. Explain **five** reasons that may have led to this decision (10marks)
2. The following data was obtained from the books of Kesho Limited with respect to material PQ 301
	* + Demand = 20000 per annum
		+ Ordering cost = ksh 20 per order
		+ Carrying cost = 20% of item price
		+ Basic item price = ksh 10 per item
		+ Minimum consumption per week, 6,000 units
		+ Normal consumption per week, 8000 units
		+ Maximum consumption per week, 12,000 units
		+ Re- order period:
* Minimum 2 week
* Normal 3 week
* Maximum 4 weeks

 Re –order quantity, 50,000 units

 Calculate

1. Re- order level
2. Minimum stock level
3. Maximum stock level (10marks)

**QUESTION FOUR**

1. Discuss **five** challenges associated with the implementation of an MRP system (10marks)
2. Describe **five** elements of a good forecast (10marks)

**QUESTION FIVE**

1. Explain **five** factors that a production manager should consider when deciding on the transformation process to be adopted by an organisation in the production of goods

(10 marks)

1. The management of Amks Limited has decided to adopt a process layout in its warehouse. Highlight five benefits that may accrue to the organisation from adopting this layout (10marks)