



MUEO

MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS
2015/2016 ACADEMIC YEAR**

FORTH YEAR END OF SEMESTER EXAMINATIONS

**FOR THE DEGREE OF
BACHELOR OF BUSIN ESS MANAGEMENT**

EXAM CODE:- BBM 447

**COURSE TITLE:- PRODUCTION & OPERATIONS
MANAGEMENT**

DATE:- 11TH APRIL, 2016

TIME:- 2.00 P.M. – 5.00 P.M.

INSTRUCTION TO CANDIDATES

➤ SEE INSIDE.

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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BBM 447: PRODUCTION AND OPERATIONS MANAGEMENT

INSTRUCTIONS: -

- Answer Question **ONE** and any other **THREE** questions
- Time allowed: **3 hours**

QUESTION ONE. (COMPULSORY 25MARKS)

Operations management is a vital part of KEA's success
KEA is the most successful furniture retailer ever. With 276 stores in 36 countries, it has managed to develop its own special way of selling furniture. The stores' layout means customers often spend two hours in the store – far longer than in rival furniture retailers. KEA's philosophy goes back to the original business, started in the 1950s in Sweden. Behind the public face of KEA's huge stores is a complex worldwide network of suppliers, 1,300 direct suppliers, about 10,000 sub-suppliers, wholesale and transport operations include 26 Distribution Centres. This supply network is vitally important to KEA. From purchasing raw materials, right through to finished products arriving in its customers' homes, KEA relies on close partnerships with its suppliers to achieve both ongoing supply efficiency and new product development. However, KEA closely controls all supply and development activities from KEA's home town of Älmhult in Sweden

KEA shows how important operations management is for its own success and the success of any type of organization. Of course, KEA understands its market and its customers. But, just as important, it knows that the way it manages the network of operations that design, produce and deliver its products and services must be right for its market. No organization can survive in the long term if it cannot supply its customers effectively. And this is essentially what operations management is about – designing, producing and delivering products and services that satisfy market requirements. For any business, it is a vitally important activity. But they do give an indication, first of how operations management should contribute to the businesses success, and second, what would happen if KEA's operations managers failed to be effective in carrying out any of its activities. Badly designed processes, inappropriate products, poor locations, disaffected staff, empty shelves, or forgetting the importance of continually improving quality, could all turn a previously successful organization into a failing one. Yet, although the relative importance of these activities will vary between different organizations, operations managers in all organizations will be making the same type of decision (even if what they actually decide is different).

Required: Guided by the above excerpt, answer the following questions

- a) Discuss the Scope of operations management at KEA (8 Marks)
- b) Critically appraise any four factors that are likely to influence operation management decisions at KEA (4 marks)
- c) Using an Input–transformation–output illustration, discuss why operations management is a vital function at KEA (6 marks)

- d) Discuss the major factors that are likely to affect the productivity of an operations unit at KEA (7 marks)

QUESTION TWO (15 MARKS)

- a) Discuss the impact of the experience curve on effective capacity and state the issues which may hinder a firm from riding smoothly down the experience curve (7 marks)
- b) Identify and discuss any four major contemporary trends in Operations Management (8 marks)

QUESTION THREE (15 MARKS)

- a) Discuss any four Short-term Capacity Strategies that can be put in place to increase capacity during Peak Periods (8 marks)
- b) Critically appraise the concept of Material Requirement Planning as used in Production and Operations Management (7 Marks)

QUESTION FOUR (15 MARKS)

- a) What are the steps in new product development explain with the help by taking a fictitious product (8 marks)?
- b) What are the factors affecting the choice of process design for a manufacturer (7 marks)?

QUESTION FIVE (15 MARKS)

- a) "Scheduling is not only important in manufacturing firms but also in Service industry". Elaborate how scheduling is applicable in service industry (4 marks)
- a) Discuss the role of *Production and Operations Management function in quality management in a manufacturing organization* (8 marks)
- c) Discuss the factors that are likely to affect the productivity of an operations unit a Service industry (4 marks)