



MUEO

# **MOI UNIVERSITY**

**OFFICE OF THE DVC ACADEMIC AFFAIRS, RESEARCH AND EXTENSION**

## **UNIVERSITY EXAMINATIONS**

### **2014/2015 ACADEMIC YEAR**

*FOURTH YEAR END OF SEMESTER EXAMINATIONS*

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

**EXAM CODE:       BBM 447**

**EXAM TITLE:     PRODUCTION & OPERATIONS  
MANAGEMENT**

**DATE: 25<sup>TH</sup> AUGUST, 2015     TIME: 2.00 P.M.– 5.00 P.M.**

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*INSTRUCTION TO CANDIDATES*

➤     **SEE INSIDE**

THIS PAPER CONSISTS OF (2) PRINTED PAGE

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**INSTRUCTIONS:-**

- Answer Question **ONE** and any other **THREE** questions.
  - Question **ONE** carries **25 Marks**
  - Time allowed: **3 hours**
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**QUESTION ONE**

**CASE STUDY – Prêt A. Manger**

Described by the press as having “revolutionized the concept of sandwich making and eating”, Prêt A Manger opened its first shop in London in the mid 1980s. Now it has over 130 shops in the UK, New York, Hong Kong and Tokyo. The company says its secret is to focus continuously on quality – not just of the food but in every aspect of the operations practice. It goes to extraordinary lengths to avoid the chemicals and preservatives common in most “fast” food.

“Many food retailers focus on extending the shelf life of their food, but that of no interest to us. We maintain our edge by selling food that simply cannot be beaten for freshness, at the end of the day; we give whatever we have not sold to charity to help feed those who would otherwise go hungry. When we were just starting out, a big supplier tried to sell us coleslaw that lasted sixteen days. Can you imagine salad that lasts sixteen days? There and then we decided Prêt would stick to wholesome fresh food - natural stuff. We have not changed that policy”.

The first Prêt A Manger shop had its own kitchen where fresh ingredients were delivered first thing every morning and food was prepared throughout the day. Every Prêt shop since has followed this model. The team members serving on the tills at lunchtime will have been making sandwiches in the kitchen that morning. The company rejected the idea of a huge centralized sandwich factory even though it could significantly reduce costs. Prêt also owns and manages all its shops directly so that it can ensure consistently high standards in all its shops.

“We are determined never to forget that our hardworking people make all the difference. They are our heart and soul. When they care, our business is sound. If they cease to care, our business goes down the drain. In a retail sector where high staff turnover is normal, we are pleased to say our people are much more likely to stay around. We work hard at

building great teams. We take our reward schemes and career opportunities very seriously. We do not work nights, we wear jeans, we party”.

Consumer feedback is regarded as being particularly important at Pret. Examining customers’ comments for improvement ideas is a key part of weekly management meetings and of the day team briefs in each shop.

### Questions

- a) Although all operations are similar in that they all transform input resources into output products and services, they do differ in a number of ways which are explained by the “four Vs of operations.” Discuss the implications of the “four Vs” in Prêt A Manger’s operations. **( 13 marks)**
- b) What are the advantages and disadvantages of Prêt A Manger organizing itself so that the individual shops make the sandwiches that they sell? **( 6 marks)**
- c) How can effective operations management at Prêt A Manger contribute significantly to its success? **( 6 marks)**

### QUESTION TWO

Write brief note on the following methods of valuing materials:

- a) LIFO
  - b) FIFO
  - c) Average Price
  - d) Market Price
  - e) Standard Price
- (3 marks for each and total marks of 15)**

### QUESTION THREE

The distinction between goods and services is not clear-cut. In reality almost all services are a mixture of a service and a tangible product; similarly the sale of many goods includes or requires a service. Define goods and services and explain why the distinction is not clear-cut. **(15marks)**

### QUESTION FOUR

- a) Describe four major ways in which poor quality affects an organization and give a brief example of each. **( 8 marks)**
- b) Explain the relationship between quality and market share . **( 7 Marks)**

## QUESTION FIVE

- a) Discuss the differences between MRP1 and MRP2. **( 5marks)**
- b) “MRP just prepares the shopping lists. It does not do the shopping or cook the dinner”. Do you agree with this comment? Explain with reasons whether you agree or disagree with this comment. **(10 marks)**

## QUESTION SIX

- a) Under what conditions would a plant manager elect to use a fixed order quantity model as opposed to a fixed time period model? **(8 marks)**
- b) What are the advantages of using a fixed time period ordering system? **(7 marks)**