



KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

**SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF
COMMERCE**

BMS 322: GENERATION OF REQUIREMENTS

DATE: Thursday, 18th May 2017

TIME: 11.00 a.m. - 1.00 p.m.

INSTRUCTIONS:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

ABC MATERIAL MANAGEMENT

ABC is a multi-product and multi-disciplinary organization with focus on Computers, Control Systems and Communications. The company had to initiate a number of innovative measures to tide over the crisis in material management. These initiatives need to be in consonance with the nature of global electronics business characterized by high rate of obsolescence, falling prices, high quality inputs and global sourcing. It was ensured that the requirements of the customers of ABC are clearly communicated to the suppliers, thus making the latter jointly responsible for ensuring customer satisfaction. This is done through constant touch with the suppliers to indicate the priorities through written and verbal means and by hosting vendor meetings.

The suppliers were continuously provided all the support during product development and engineering, prototype testing, evaluation, qualification and guidance in the implementation of ISO 9000 Quality Management System and other industry standards and practices. Emphasis was on prevention rather than detection and correction. Suppliers are encouraged to imbibe the culture of 'Ownership of Quality'. The scheduling of placement of orders and receipt of materials was streamlined to ensure efficient inventory management covering such requirements as timely of material, minimization of waste and surplus due to obsolescence etc.

- a) The company had to initiate a number of innovative measures to tide over the crisis in material management. What internal factors could have affected ABC material planning?
(5 Marks)
- b) What characteristics did ABC specification have to ensure that the requirements of the customers of ABC are clearly communicated to the suppliers?
(10 Marks)
- c) The suppliers were continuously provided all the support during product development process. At each stage of product development how did purchasing offer support to suppliers?
(10 Marks)
- d) In this regard how could an effective procurement plan helped ABC in achieving their goals?
(5 Marks)
2. a) Discuss different methods that a company may use to communicate material needs.
(10 Marks)
- b) Highlight the disadvantages of using design specifications to describe what to purchase.
(10 Marks)
3. a) Discuss make/buy issues to consider before making decisions.
(10 Marks)
- b) Explain the advantages of partial outsourcing.
(10 Marks)
4. a) Discuss the factors that govern the drawing up of material budgets.
(10 marks)
- b) Using a diagram explain the requisition flow process.
(10 Marks)