



Riara School of Business

Nurturing business innovators

**SEPTEMBER – DECEMBER 2019 TRIMESTER
EXAMINATIONS FOR DIPLOMA IN BUSINESS MANAGEMENT**

DAY PROGRAMME

RBM 026: OPERATIONS MANAGEMENT

DATE: 18TH DECEMBER 2019

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Text books/reference books/notes are not permitted.

SPECIAL INSTRUCTIONS:

1. Write your **ADMISSION NUMBER** clearly on the cover of the answer booklet(s).
2. Answer Question One and **ANY** other **TWO** questions.
3. Questions in all sections should be answered in answer booklet(s).
4. Marks allocated to each question are shown at the end of the question.
5. **PLEASE** start the answer to **EACH** question on a **NEW PAGE**.
6. Indicate the number of the questions answered on the cover of the answer booklet(s) in the order you answered them.
7. Write your answers in paragraph form unless stated otherwise.
8. Keep your phone(s) **SWITCHED OFF** at the front of the examination room.
9. Keep **ALL** bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.
10. You are only allowed to leave the examination room 30 minutes to the end of the Examination.

QUESTION ONE: COMPULSORY 30 MARKS

General Limited exists to satisfy demand. They sell music CDs at a price of Kshs 350 per CD. They receive the same from suppliers at a cost of Kshs 300 per CD. In a month they sell a total of 400 CDs evenly dispersed.

- a) Assuming cost of delivery is the same irrespective of which order is picked and average inventory is opening plus closing stocks divide by two; derive the returns on investment from each of the three forms of ordering available if all stock is sold.
- i) Receive the entire 400 CDs at once every 1st of a new month. **(8 Marks)**
 - ii) Receive every week on Sunday 100 CDs for four Sundays every month. **(8 Marks)**
 - iii) Receive 20 CDs Monday to Friday every week **(8 Marks)**
- b) Which of the three would you adopt as the operations manager and why? **(6 Marks)**

QUESTION TWO (20 MARKS)

- a) Quality Function Deployment has been used over time to complete process and product designs. State and explain how it accomplishes product and process designs beginning with the initial phase to the last phase. **(12 Marks)**
- b) Highlight four features that can be included in queues so as to manage the psychology of long waiting times. **(8 Marks)**

QUESTION THREE (20 MARKS)

- a) The owner of a local restaurant is interested in using seasonal indexes in forecasting daily walkins to help plan for his staffing needs. The daily walkins over the past four weeks are as shown below:

Day	Week 1	Week 2	Week 3	Week 4
Monday	15	10	18	14
Tuesday	10	7	15	18
Wenesday	12	9	12	15

Thursday	11	11	14	13
Friday	5	7	10	11
Saturday	9	8	10	8

The owner expects the daily average to go upto 20, what would the expected number of walkins be for each day? **(12 Marks)**

b). Briefly state and explain four key components of value.

(8 Marks).

QUESTION FOUR (20 MARKS)

M ,BNNRowan, a fresh graduate from Riara University joins the job market and is immediately confronted with the need to outsource some of its services to third party logistics providers.

Indicate ten factors that would be useful to consider before settling down on a third party provider. **(20 Marks)**