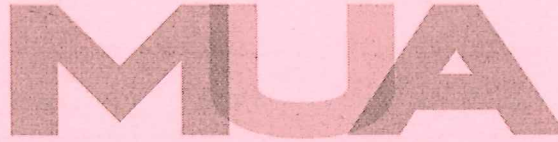


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DIPLOMA UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

DSM 100 : WAREHOUSING AND INVENTORY MANAGEMENT

DATE: 2<sup>ND</sup> DECEMBER 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **FOUR** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

**Read the Case Study below carefully and answer the questions that follow:**

**EXCELLENT GARMENT MANUFACTURING COMPANY**

Excellent Garment Manufacturing company had its own manufacturing and distribution system, and had its presence across Mombasa wanted to expand its operations beyond Mombasa and was mulling at options of establishing a warehouse and a manufacturing unit in Kajiado. This thought of expanding business was because of the easy availability of land and it was a lucrative option as compared to other counties.

The owners of excellent garment Manufacturing Company were searching for a place to expand its own manufacturing unit and a warehouse. Various factors had to be taken into account before it set up its warehouse and other establishments as it would facilitate in a seamless flow of operations. Various factors had been contemplated, such as the availability of raw materials near the warehouse, whether skilled labour and the sufficient workforce, were taken into consideration. There was proximity of transport facility so as to make the products reach the desired location within time. After considering all these factors, the owners acquired land in Kitengela, Kajiado and set up a manufacturing unit and two warehouses one storing raw materials and the other for storing finished goods since Excellent Garment Manufacturing Company had also launched its own e-commerce site where consumers can buy products via ordering them online. The company had also implemented warehouse management system (WMS) to cater to customers' needs in a time bound manner.

A number of activities were performed in the warehouse, such as weekly inspection of raw materials and finished goods to check its condition. Since Excellent garment manufacturing company had provided an e-commerce facility for its customers, the employees in the warehouse had to pick orders pertaining to the request of customers and pack them for shipment. After commencement, the work was streamlined and everything worked in well.

**Required:**

- a) In reference to the case, analyse the importance of a warehouse that made owners of Excellent garment manufacturing company think for expansion  
(10 marks)
- b) Give five reasons as to why you think Excellent garment manufacturing company wanted to construct two warehouses  
(10 marks)
- c) Discuss various factors that had to be considered before setting up the warehouses  
(10 marks)

### QUESTION TWO

- a) Discuss three alternative reasons for existence of stock in organizations  
(3 marks)
- b) Explain any four principal assumptions of Economic Order Quantity (E.O.Q) approach  
(4 mark)
- c) Discuss three safe methods organizations can adopt for safe use of Fork-lift trucks (FLT)  
(3 marks)

### QUESTION THREE

- a) Define variety reduction and give five Advantages of Variety Reduction  
(6 marks)
- b) Explain any four methods used to dispose redundant stocks  
(4 marks)

### QUESTION FOUR

- a) Organizations to function need inventories, but there are costs involved. List and explain three costs of inventories organizations incur as they hold stocks.  
(4 marks)
- b) List and describe in details any three types of Inventory Management Systems  
(6 marks)

**QUESTION FIVE**

- a) Explain four Effects of Good Material Handling (Benefits) (4 marks)
- b) Discuss three objectives of Material Requirement Planning (MRP) technique. (3 marks)
- c) Principles of material handling provide efficiency, explain any three principles (3 marks)

**QUESTION SIX**

- a) Enumerate four Indicators of Poor Material Handling (4 marks)
- b) When you know what to measure in a warehouse, key performance indicators can tell you a lot about the state of your supply chain. Explain any three key performance indicators to measure. (3 marks)
- c) There are a number of reasons why a company might choose or need to hold stocks of different products. Explain any three reasons of holding stock. (3 marks)