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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR THREE**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

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

**COURSE CODE: BBM 344**

**COURSE TITLE: SUPPLY CHAIN MANAGEMENT**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 06/04/2021 TIME: 12.00-2.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

Zara is a chain of fashion stores owned by Inditex, Spain’s largest apparel manufacturer and retailer. In 2009, Inditex reported sales of about 11 billion euros from more than 4,700 retail outlets in about 76 countries. In an industry in which customer demand is fickle, Zara has grown rapidly with a strategy to be highly responsive to changing trends with affordable prices. Whereas design-to-sales cycle times in the apparel industry have traditionally averaged more than six months, Zara has achieved cycle times of four to six weeks. This speed allows Zara to introduce new designs every week and to change 75 percent of its merchandise display every three to four weeks. Thus, Zara’s products on display match customer preferences much more closely than the competition. The result is that Zara sells most of its products at full price and has about half the markdowns in its stores compared to the competition. Zara manufactures its apparel using a combination of flexible and quick sources in Europe (mostly Portugal and Spain) and low-cost sources in Asia. This contrasts with most apparel manufacturers, who have moved most of their manufacturing to Asia. About 40 percent of the manufacturing capacity is owned by Inditex, with the rest outsourced. Products with highly uncertain demand are sourced out of Europe, whereas products that are more predictable are sourced from its Asian locations. More than 40 percent of its finished-goods purchases and most of its in-house production occur after the sales season starts. This compares with less than 20 percent production after the start of a sales season for a typical retailer. This responsiveness and the postponement of decisions until after trends are known allow Zara to reduce inventories and forecast error. Zara has also invested heavily in information technology to ensure that the latest sales data are available to drive replenishment and production decisions.

**Required;**

1. Zara operated internationally with speed and responsiveness because of investing heavily in information technology, discuss ways in which Zara integrated technologies into to improve SCM [10 marks]
2. Barcodes system update inventory levels automatically by use of a scanner, explain how zara stores could benefit by using barcodes [10 marks]
3. Discuss the challenges of global supply chain management posed by the emerging modern trends [10 marks]

**QUESTION TWO**

1. Discuss five problems addressed by supply chain management [10 marks]
2. Supplier Relationship Management (SRM) involves assessment of suppliers’ assets and capabilities in determination of what activities to engage in with different suppliers, explain the strategies for SRM [10 marks]

**QUESTION THREE**

1. Information technology **(IT)** is the utilization of computer based information systems, especially software application and computer hardware. Discuss the limitations of IT in SupplyChain Management [10 marks]
2. Demand forecasting is the use of data and analytics to predict customer demand for a specific period. Explain the steps of demand forecasting [10 marks]

**QUESTION FOUR**

1. Supply Chain Operations Reference (SCOR) enable managers to address, improve and communicate supply chain practices effectively. Explain the five stages in the SCOR model [10 marks]
2. Green procurement/purchasing, means buying products and services that do not cause adverse environmental impact. Discuss the challenges facing implementation of green supply chain management [10 marks]

**QUESTION FIVE**

1. Outsourcing is the strategic use of outside/external resources to perform activities previously done by the internal staff, discuss five main reasons for Outsourcing in SCM [10 marks]
2. An integrated supply chain is an association of customers and the suppliers who work together to optimize their collective performance. Discuss the benefits of supply chain integration [10 marks]