



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2018/2019 ACADEMIC YEAR
SECOND YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF COMMERCE**

COURSE CODE: BCM 3251

COURSE TITLE: SUPPLY CHAIN MANAGEMENT

DATE: 23RD APRIL 2019

TIME: 8.30 AM – 10.30 AM

INSTRUCTIONS TO CANDIDATES

1. Question ONE is compulsory
2. Answer Question **ONE** and any other **THREE** questions.
3. All Examination Rules Apply.

This paper consists of 4 printed pages, please turn over.

QUESTION ONE (COMPULSORY)

You are advised to read the following case study carefully before answering question one.

Matibo Enterprises

Matibo Enterprises (ME) is a highly successful manufacturer and deliverer of sweaters and other woollen clothing. It makes these sweaters in Italy and sells them in its own licensed shops throughout the world. ME's supply chain starts with the purchase of wool yarn in northern Italy. The wool is woven into garments by dozens of small knitting firms. The garments are stored in a central warehouse. When orders are received, the sweaters and scarves are dyed into a huge range of colours, producing the exact combination of colours, sizes and styles which customers want in 6,000 shops in 83 countries on every continent.

ME's 6,000 outlets sell 60 million garments each year. Their one range of clothes is sold in small boutique-style shops, strictly merchandised and heavily advertised. ME's target market is young and multiracial. They operate in a highly competitive, mature industry with a fickle consumer base demanding a large variety of products. They change their product line ten times a year. ME's Italian owners match the demands of fashion by flexibility and speed. They rapidly adapt to consumer tastes while gaining efficiencies of scale. To do this their supply chain must operate very competently to support the incessant pace.

The lynch-pin of ME's supply chain is information communications. ME's agents in each country use electronic data interchange (EDI) to transmit orders daily to the head office near Venice. Eliminating the filters between customer and production, ME manufactures only those garment styles, colours and sizes required.

The traditional manufacturer of clothing dyes the yarn, then knits the garment. But knitting is slow and would lead to high levels of finished garments. ME's solution is to manufacture clothes from bleached yarn and

delay the dyeing until colour information comes from customers via EDI. The process is:

- Garments are designed in-house using CAD technology
- Design data are transferred directly to computer-controlled garment cutters and knitting machines
- Garment assembly is done by sub-contractors, small family operations
- Garment dyeing is done by ME, retaining control of the high-technology elements
- Garments are sent to an automated distribution centre in Italy, packed in standard boxes
- On receipt of an order from their agent in one country, ME picks the required boxes to make up the order and air freights them direct to the destination country.

ME has replaced a raft of carriers, freight forwarders and customs brokers with its own integrated distribution function to manage internal freight forwarding and customs clearance. Again, EDI is used to transmit documents ahead of consignment arrival to allow speedy clearance and on-forwarding to retail shops in the destination country.

ME uses a blend of in-house expertise and outsourced resources throughout the value chain. For example, manufacturing is carried out by subcontractors who receive support for production planning, quality control and advice on technology. In return, ME demands exclusivity. The partnership arrangement is a version of the Italian extended family. This gives ME a high level of flexibility. Risks and rewards are shared without the use of legal contracts. At each stage of the supply chain ME consciously decides whether to process in-house or sub-contract, considering the effect on cost, flexibility, speed and service.

Questions (use information from the case study to answer the following questions)

- a) Explain why ME is so successful. **(5 marks)**
- b) Identify the key innovation which enables this success. **(10 marks)**

- c) Describe how ME handles information about orders and shipping. **(9 marks)**
- d) List the key parts of this supply chain. **(6 marks)**

Question Two

- a) Explain the three types of supplier - buyer relationships using relevant examples. **(10 marks)**
- b) Outline the characteristics of a green supply chain member. **(5 marks)**

Question Three

- b) Discuss at least three strategies that can be applied to design a highly responsive supply chain. **(9 marks)**
- c) Explain why high-end electronic goods including mobile phones and computer manufacturers apply the pull strategy to manage their supply chains. **(6 marks)**

Question Four

- a) Explain how supply chain integration can be achieved. **(3 marks)**
- b) Describe the SCOR model of supply chain performance. **(12 marks)**

Question Five

- a) Outline five factors considered when selecting an international supplier. **(5 marks)**
- b) Discuss the contents of a supply chain management strategy. **(10 marks)**

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