



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT

BPC 2102: STORAGE AND DISTRIBUTION MANAGEMENT

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2015

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Three printed pages.

QUESTION 1 (Compulsory)

“The warehouse is in most organizations the area in which significant improvements can be made. If properly designed, built, planned, located, organized and managed, it can improve customer service levels while reducing money tied up in stock and in processes that do not add value. This has the effect of improving organization’s profitability”.

- a) As a designer of a warehouse, discuss the factors that should be part of the selection criteria for a new warehouse site. **(12 marks)**
- b) State the basic roles of a warehouse manager. **(5 marks)**
- c) Highlight **FIVE** objectives of material handling equipment with an organization. **(5 marks)**
- d) Outline the advantages of using the internet within storage and distribution department. **(8 marks)**

QUESTION 2

- a) State **FIVE** security measures that could be taken to protect warehouse. **(5 marks)**
- b) Differentiate between fixed order system and periodic review system. **(5 marks)**
- c) With examples, discuss the various coding systems applicable in stores. **(10 marks)**

QUESTION 3

- a) What is stock proliferation? Give reasons as to why stock proliferation occur. **(10 marks)**
- b) Explain how the pareto analysis can be used in stock management. **(10 marks)**

QUESTION 4

- a) Explain the **THREE** types of warehouse layout. **(10 marks)**
- b) Discuss **FIVE** possible criteria which should be evaluated and assessed in order to choose the best channel of distribution. **(10 marks)**

QUESTION 5

- a) Identify **SIX** reasons for outsourcing the storage and distribution function to a third party. **(6 marks)**
- b) A company has an annual demand for materials “MUKUBIRO” of 25,000 tons per annum. The cost per tone is 2,000 and stock holding is 25% per annum of the stock value delivery cost per batch is 400.
- i) Calculate the Economic Order Quantity (EOQ) **(4 marks)**
- ii) State **FIVE** reasons for keeping inventory. **(10 marks)**