

3304

2903/302

2922/302

**OPERATIONS MANAGEMENT**

**July 2016**

**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE  
EXAMINATIONS  
DIPLOMA IN SUPPLY CHAIN MANAGEMENT  
DIPLOMA IN PROJECT MANAGEMENT  
MODULE III**

**OPERATIONS MANAGEMENT**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of SEVEN questions.*

*Answer any FIVE questions in the answer booklet provided.*

*All questions carry equal marks.*

*Candidates should answer the questions in English.*

**This paper consists of 3 printed pages.**

**Candidates should check the question paper to ascertain that  
all the pages are printed as indicated and that no questions are missing.**

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**Turn over**

1. (a) Highlight **five** factors that an operations manager should consider when deciding on the transformation process to be adopted by an organization in the production of goods. (10 marks)
- (b) Explain the circumstances under which a firm may find it necessary to sub contract maintenance services for its machines and equipment. (10 marks)
2. (a) Describe the features of a flow production system in an organization. (10 marks)
- (b) Outline the kind of information that the production control department would require for its efficient working. (10 marks)
3. (a) Explain the benefits of proper material management in an organization. (10 marks)
- (b) Suitr Company Limited has recently adopted computer integrated manufacturing system. Explain **five** reasons that may have led to this decision. (10 marks)
4. (a) Highlight **five** causes of equipment breakdown in an organization. (10 marks)
- (b) A company to undertake the production of medical equipment has to decide on the location of new plant. The following table represents the location under consideration.

Location	Fixed costs (Ksh.)	Variable costs per unit (Ksh.)
A	300,000	3,000
B	500,000	2,000
C	250,000	3,500

The average sales price of the equipment is Ksh. 7,000 per unit.

Select the most suitable location if the budgeted quantity to be produced and sold is 20,000 units.

- (10 marks)
5. (a) Explain **five** measures that an organization may take to enhance the success of a new product. (10 marks)
  - (b) Explain **five** factors that the management of an organization should consider during capacity planning. (10 marks)
  6. (a) Jotia Company Limited has decided to adopt mass production. Explain **five** reasons that may have influenced this decisions. (10 marks)

- (b) Outline the conditions that should be met in order for bench marking exercise to be beneficial to an organization. (10 marks)
7. (a) Highlight **five** factors that the management of an organization should consider before developing a new product. (10 marks)
- (b) The management of Amkis Manufacturing Limited has decided to adopt a line layout in its warehouse. Highlight **five** benefits that may accrue to the organization from adopting this layout. (10 marks)

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