Scott Christian UNIVERSITY

SCHOOL OF PROFESSIONAL STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

UNIT CODE/NAME: BAP 401: INVENTORY MANAGEMENT

September- December 2019/2020 End Semester Exam - Time: 2 Hours

Instructions: Answer Question ONE (Compulsory) and any other TWO questions.

QUESTION ONE

a) Define the following terms as used in inventory management (11 Marks)

- i) Economic order quantity
- ii) Holding costs
- iii) Lead time
- iv) Purchase order (PO)
- v) Pipeline inventory
- vi) Safety stock
- vii) Third-party logistics (3PL)
- viii) Variant
- ix) Order fulfillment
- x) Cost of goods sold (COGS)
- xi) Dead stock

b) Suppose that your company sells a product for which the annual demand is 10,000 units. Holding costs are $1.00 per unit per year, and setup costs are $200 per order

- i) What is the economic order quantity for your product? (3 Marks)
- ii) What is the total annual cost of ordering and holding? (3 Marks)

c) Explain in detail the major inventory management techniques (6 Marks)

d) Explain why inventory management is important to organizations and business entities (7 Marks)

QUESTION TWO

a) Citing examples explain the major inventory management types (10 Marks)

b) Why are SKUs(**Stock Keeping Units**) important in inventory management (5 Marks)

QUESTION THREE

a) Define Demand forecasting (3 Marks)

b) Why is demand forecasting useful in inventory management (5 Marks)

c) Why is Perpetual inventory management important to organizations (7 Marks)

QUESTION FOUR

a) What are the major Pros and cons of ABC inventory management (10 Marks)

b) What do you understand by backordering and why is important in inventory management. (5 Marks)

QUESTION FIVE

a) Highlight the major Ethical issues in inventory management (10 Marks)

b) What are some of the contemporary issues in inventory management (15 Marks)