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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
THIRD YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 18th April, 2023
Time: 8.30am –10.30am

KPS 301 - INVENTORY PLANNING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

TARGET'S DISASTROUS FAILED MARKET EXPANSION

Target is a well-loved brand in the US, so it seemed only natural that it would be just as well-received with expansion up north into Canada. Target executives had a decision to make. They needed a way to track their stock levels and chose to work with an entirely new and untested system. In 2013, the company had trouble moving products from its large distribution centers onto store shelves, leaving Target outlets poorly stocked. It didn't take long for Target to figure out the underlying cause of the breakdown: The data contained within the company's supply chain software, which governs the movement of inventory, was riddled with flaws. The checkout system was faulty and didn't process transactions properly. Worse, the technology managing inventory and sales were new to the organization; no one seemed to fully understand how it worked.

Besides technology issues, problems of ordering and inventory were running amok. Target stalled items with long lead times coming from overseas—products weren't fitting into shipping containers as expected, or tariff codes were missing or incomplete. Finished goods that made it to a distribution center couldn't fulfill orders for shipping to a store. Other items weren't able to fit correctly onto store shelves. What appeared to be isolated fires quickly became a raging inferno threatening to destroy the company's supply chain. Target's distribution centers were bursting with products and dead stock. Target Canada had ordered way more stock than it could sell. The company had purchased a sophisticated forecasting and replenishment system, but it wasn't beneficial at the outset, requiring years of historical data to provide meaningful sales forecasts. When the buying team was preparing for store openings, it relied on wildly optimistic projections developed at US headquarters. Roughly two years after they launched, Target Canada filed for creditor protection, marking the end of its first international foray and one of the most confounding sagas in Canadian corporate history. The debacle cost the parent company billions of dollars, sullied its reputation, and put roughly 17,600 people out of work.

Questions;

- a) Highlight factors that led to Target's Canada to be poorly stocked. (6 Marks)
- b) Explain three causes of dead stock in Targets Canada stores and shelves. (6 Marks)
- c) Explain three stock control methods that target could have used to control its stock levels. (6 Marks)
- d) Explain three benefits of employing best inventory management techniques to Targets Canada. (6 Marks)
- e) Due to technology failure, Target was not able to carry out good stock taking and stock checking. Highlight three disadvantages of stock taking. (6 Marks)

QUESTION TWO (20 MARKS)

- a) Discuss four reasons for holding inventories in an organization. (8 Marks)
- b) Inventory planning involves tracking inventory to determine the available stock for production. Explain four disadvantages of computerized inventory system. (8 Marks)
- c) Highlight two types of inventories in a manufacturing plant. (4 Marks)

QUESTION THREE (20 MARKS)

- a) Stock taking is done to check the condition of inventories and quantities of items held in a store. Explain four types of stock taking in an organization. (8 Marks)
- b) Describe four essential features of a codification system in a warehouse. (8 Marks)
- c) Explain two benefits of variety reduction in inventory planning. (4 Marks)

QUESTION FOUR (20 MARKS)

- a) Explain three advantages of stock taking to an organization. (6 Marks)
- b) Discuss three key benefits of Just In Time philosophy in an organization. (6 Marks)
- c) Explain four factors to consider when determining stockholding in an organization. (8 Marks)

QUESTION FIVE (20 MARKS)

- a) Discuss four advantages of standardization in an organization (8 Marks)
- b) Explain three objectives of codification in inventory planning. (6Marks)
- c) Explain three causes of slow moving and redundant stock in a warehouse. (6 Marks)