



**UNIVERSITY EXAMINATIONS: 2019/2020**  
**EXAMINATION FOR BACHELORS OF COMMERCE**  
**BAM 2201 – TOTAL QUALITY MANAGEMENT**

**DATE: AUGUST 2020**

---

**INSTRUCTIONS: Answer All questions**

---

**QUESTION 1**

**Case study**

**Concerns About Quality Control Improvements**

After years of struggling to improve its image after major quality lapses, the consumer giant Johnson & Johnson announced two recalls of well-known products in the space of a week in September, 2013, raising questions about the extent to which it has moved on from its past problems.

The company's pharmaceutical unit, Janssen, informed doctors and patients on Wednesday that it was recalling one lot of Risperdal Consta, an injectable antipsychotic treatment, after routine testing turned up evidence of mold. Within the same week, Johnson & Johnson recalled 200,000 bottles of liquid Motrin for infants because they may have contained tiny particles of plastic. In both cases, the recalls involved products or ingredients that were made by outside companies.

Risperdal Consta, a long-acting version of the pill form of Risperdal that is typically administered in a doctor's office or clinic, is made by the company Alkermes, based in Ireland. It referred all questions to Johnson & Johnson. McNeil Consumer Healthcare, the over-the-counter division at Johnson & Johnson, said the plastic particles in Motrin — which were about the size of a poppy seed — originated at a third-party manufacturer of Motrin's active ingredient, ibuprofen. The company did not name the manufacturer. The company said in both cases that the risk to patients was low and it had received no reports of serious harm.

Still, some experts said the two recalls, announced over such a short span, raised questions about how well the company has improved its oversight after a string of manufacturing problems threatened its image as one of the world's most trusted brands. The company has recalled everything from Tylenol to contact lenses and artificial hips in recent years, and is operating under a consent decree with the Food and Drug Administration in which it has promised to overhaul production at three manufacturing plants. One plant, in Fort Washington, Pa., has been closed since 2010.

A spokesman for Johnson & Johnson said the company had been working to improve quality by creating a single, streamlined supply chain and shifting focus to the early detection of potential problems. This heightened attention, has led to several product recalls. He added, “Our goal is to minimize recalls, and yet when we recall a product, we are acting in the best interest of the consumers of our products.”

**Required;**

1. Basing your answer on your understanding of Total Quality Management, determine five areas that Johnson and Johnson need to pay attention to in order to build their “Quality infrastructure” (10 marks)
2. Explain five relevant methods that the company can use to determine customer satisfaction or otherwise in light of such high volume of recalls bearing in mind the company’s size and extent of operations (10 marks)

**QUESTION 2**

Mr. Salim has recently established a Bakery in Thika. He has received complaints from customers that the Party Cakes ordered are not always delivered on time. After a detailed analysis, he came up with the following causes for the delayed delivery of party cakes:

- Frequent breakdowns of machine
- Few skilled workers to bake cakes
- Inappropriate procedures
- Unavailability of materials
- Heavy pressure from supervisor
- Miscommunication between salesmen and Chef.
- Poor transportation

**Required;**

- a) Advise Mr. Salim by explaining the importance of Fishbone diagram in quality management and draw a diagram by showing causes under four specific headings (12 marks)
- b) Explain to Mr. Salim 4 strategies he can use to mitigate the four identified causes. (8 marks)

**QUESTION 3**

Quality directly affects costs in a business. While using less expensive parts and equipment might cut costs in the short term, the long-term effects might be far more expensive. For example, using certain software that costs less might save a company money in the short term, but that software might be more complicated than more expensive software or lack customer

service. In that case, employees will take longer to understand how to use the software. On top of that, if a problem arises with the software, the lack of customer support means it takes longer to accomplish the job, thereby costing the company more money than if it had used a more expensive, higher quality software product.

- a. Differentiate between internal failure costs and external failure costs. (2 marks)
- b. Explain four types of internal failure costs and write a strategy to avoid each type. (4 marks)
- c. Explain four types of external failure costs and write a strategy to avoid each type. (4 marks)