



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

MSc PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

BPC 5101: PROCUREMENT MANAGEMENT

END OF SEMESTER EXAMINATION

ORDINARY EXAMINATIONS

SERIES: AUGUST 2019

TIME: THREE HOURS

DATE: AUGUST 2019

Instructions to Candidates

You should have the following for this examination

-*Answer Booklet*, examination pass and student ID

This paper consists of FIVE questions. Attempt Question One and Any other Three Questions.

Do not write on the question paper.

QUESTION ONE

ONE TIME LTD in Kenya has outlined the importance of cost to its performance but inly as one factor in a range of other activities. When asked about what part of their procurement activities contribute to overall competitiveness, cost was the first aspect mentioned. ONE TIME LTD also says it is considering on its suppliers upstream so that they also focus on total supply chain cost reduction and improve their supplier performance. The Firm's procurement manager is also keen to analyze both total cost of acquisition and total cost of ownership so as to advise the firm in making better sourcing decisions.

In light of the above, answer the following questions:

- a) Other than the purchasing cost, advise the management of ONE TIME LTD on the other factors that affect the total cost of using a supplier (10 marks)
- b) The firm is considering investing in its suppliers. Explain to the management of ONE TIME LTD the barriers/challenges it should expect to encounter in their supplier development programmes (10 marks)
- c) Help the firm in understanding its total cost of acquisition and total ownership cost and the application of both (10 marks)
- d) Propose to the management of ONE TIME LTD some of the leading edge concepts it can adopt so as to improve its procurement performance (10 marks)

QUESTION TWO

- a) With examples, discuss the main reasons for the growth in procurement involvement in strategic decision making in modern day organizations (10 marks)
- b) Explain how an organization can improve its sourcing performance and relationships using the Carter's 10C's model (10 marks)

QUESTION THREE

- a) It is evident that operators, and production and finance staff, need to be involved in making buying decisions concerned with capital equipment. With examples, discuss the contribution of the procurement function in in the acquisition of capital equipment (10 marks)
- b) The buyer should always be fair when dealing with suppliers. Discuss what this statement means in practice (10 marks)

QUESTION FOUR

- a) Although the procurement function's financial impact is major, procurement contributes to organizational goals and strategies in a variety of ways. Clearly explain the direct and indirect contribution of procurement to organizational objectives (10 marks).

- b) Supply management is a series of activities that must be managed effectively for the organization to deliver the best value to the final customer. Clearly discuss the major objectives of proactive procurement departments. (10 marks)

QUESTION FIVE

- a) Explain the reasons why a firm should continuously and objectively evaluate the performance of its suppliers (12 marks).
- b) Benchmarking is more than another name for the kinds of monitoring, assessment and measurement so far mentioned. Explain the steps followed in procurement benchmarking (8 marks)