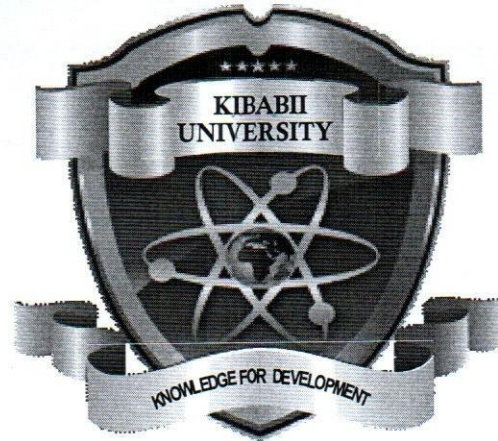


KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS 2021/2022 ACADEMIC YEAR SECOND YEAR SECOND SEMESTER

SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBL 221

**COURSE TITLE: PURCHASING AND SUPPLY
MANAGEMENT**

DATE: 25/07/2022

TIME: 8.00 – 10.00AM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

KIBU observes **ZERO** tolerance to examination cheating

QUESTION ONE

CASE STUDY: QWETU STORES

Any supply chains success is closely linked to the appropriate use of transportation. Qwetu stores have effectively used a responsive transportation system to lower its overall costs. To achieve a high level of product availability at a reasonable price, Qwetu stores carry a low level of inventory (relative to demand) at its stores and replenishes frequently as product is sold. To lower the transportation cost of frequent replenishment, Green Valley aggregates products destined for different retail stores on trucks leaving a supplier. In Athi River, Qwetu uses cross-docking, a process in which product is exchanged between trucks so that each truck going to a retail store has products from different suppliers.

Qwetu stores also uses its transportation system to allow stores to exchange products based on where shortages and surpluses occur. The use of a responsive transportation system and cross-docking allows the company to lower inventories and costs and therefore increase profits. Transportation is thus a key to Qwetu's ability to improve the matching of supply and demand while keeping costs low.

Required:

- a) Inventory is a necessary evil. Discuss this with reference to inventory management at Qwetu stores. (10 marks)
- b) Analyse how the use of cross-docking in Athi River allows Qwetu stores to lower its inventory holding costs. (10 marks)
- c) Evaluate the relationship between demand forecasting and inventory management with respect to the Qwetu stores. (10 Marks)

(30 marks)

QUESTION TWO

- a) Purchasing is Procurement but Procurement is not necessarily Purchasing. Do you agree with this statement? (10 marks)
- b) Just-In- Time inventory control philosophy aims at maintaining just enough materials in just the right place at just the right time to make just the right amount of a product. Discuss any three advantages that may accrue to an organization as a result of adopting JIT inventory management approach (10 marks)

(20 marks)

QUESTION THREE

a) Negotiation is a part of developing good relationships with suppliers. Well planned negotiations assist organization to save on cost and maximize profits. Explain the most common phases of negotiation for procurement.

(10marks)

b) Identify the advantages and disadvantages of FIVE purchasing organizational designs

(10 marks)

(20 marks)

QUESTION FOUR

a) Modern day enterprises are opting for strategic outsourcing in order to remain competitive in today's global markets. Discuss FIVE benefits an organization is likely to enjoy from outsourcing of non-core functions.

(10 marks)

b) To allow for specialization in the purchasing and supply field, there are four natural divisions in this field. Discuss.

(10 marks)

(20 marks)

QUESTION FIVE

a) Green procurement is one of the new trends in modern procurement. Rationalize the statement using relevant examples.

(10 marks)

b) Professional bodies have advocated for embrace of ethical principles in purchasing that should be practiced in organizations. Discuss any five ethical standards of purchasing.

(10 marks)

(20 marks)