

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

MAIN EXAMS

2022/2023 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCP 411

COURSE TITLE: MANAGING SUPPLY CHAIN RELATIONSHIPS

DATE: 12/04/2023

TIME: 9:00-11:00

INSTRUCTIONS TO CANDIDATES

- 1) Answer Question **ONE** (Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

QUESTIONS : SECTION A (Compulsory)

QUESTION ONE

Read the extract below and answer the questions that follow

Volatile economic conditions, global competition, and well-informed and demanding customers are constantly challenging manufacturing companies. In response to these challenges, companies must be vigorous in speeding up product cycles, cutting costs, and focusing on their core competencies to deliver maximum customer service. Businesses that remain competitive do not look into its internal operations only but also communicate and work concurrently with all players in the enterprise network. Unlike the past, the performance of an enterprise now depends much on the performance of its partners in the value chain.

High transactional cost will be involved if information cannot be effectively and efficiently communicated with customers externally and with suppliers internally. This is especially true for firms relying heavily on outsourcing or contract manufacturing.

In order to cope with the revolving change of the business environment, a new pattern of inter-enterprise relationship is evolving. There has been worldwide research to model, build and test agile and distributed manufacturing network to share manufacturing information and resources among "loosely connected" firms (Lee and Lau, 1999). Reduction of the time-to-market of new products and overhead costs required for small-batch production of increasing varieties can be realized. The type of organizational and enterprise change needed to support this new networked paradigm has been addressed extensively by a lot of researchers (Skinner, 1996; Shi et al., 1998). However, the importance of adopting and implementing the relevant and appropriate IT tools to bring effective changes into an organization has often been undermined. Despite the much publicized importance of IT in increasing the competitiveness of an enterprise, the exploitation of the Internet by most small and medium sized firms is still far from satisfactory and is still limited to information searching, emailing and posting of company web sites.

Customer relationship management (CRM) has become very important in the competitive business environment since late 1990s and is now a multimillion-dollar industry. In increasingly competitive markets, customer satisfaction is a vital corporate objective. Key elements to increasing customer satisfaction include producing consistently high-quality products and providing high-quality customer service. In

addition, intensive global competition among manufacturers to co-ordinate and respond quickly to the industry value chain from suppliers to customers has made customer-supplier relationship management important in the new business era. In such circumstances, decision-making in each business plays a key role in cost reduction. Supplier selection is one of the important functions in SRM because doing business with the appropriate suppliers is beneficial for the organization to provide a sufficient production volume of good quality. Very few manufacturers now own all the activities along the chain but integrate the supply network with various supplier networks.

The ability to make fast and accurate decisions often constitutes a competitive advantage, compared with the competitors or other networks. The rapid advance in IT is now deployed not only to improve existing operational effectiveness of a business but also to build the new capability to meet today's business environment and complexity. Consequently, top management may find it difficult to select the most appropriate supplier.

Required

- a) In order to cope with the revolving change of the business environment, a new pattern of inter-enterprise relationship is evolving. Examine the various forms of relationships that organizations adopt to remain competitive in modern business environment.

(10 marks)

- b) Supplier selection is one of the important functions in SRM because doing business with the appropriate suppliers is beneficial for the organization to provide a sufficient production volume of good quality. Discuss the various factors considered in supplier evaluation.

(10 marks)

- c) The rapid advance in IT is now deployed not only to improve existing operational effectiveness of a business but also to build the new capability to meet today's business environment and complexity. Explore FIVE ways through which Supply Chain partners integrate electronically.

(10 marks)

(30 Marks)

QUESTION FIVE
QUESTIONS : SECTION B

QUESTION TWO

a) Modern organizations are investing heavily on long term relations with their partners. However, they may not have the same type of relationships with all of its customers and suppliers and as such, the choice of relationship to be established could be best chosen through a detailed Purchase Portfolio Matrix Analysis. Discuss.

(10 marks)

b) Identify and explain ten indicators that would suggest that the purchasing function has built effective internal and external relationships.

(10 marks)

(20 marks)

QUESTION THREE

a) "Supplier development by a buying organization is a waste of time" Discuss this statement by the use of relevant examples

(10 marks)

b) As a Management Expert, you have been tasked to justify the inclusion of Supply Chain Relationship Management in the BCOM - Procurement Curriculum by Kibabii University's SOBE. Discuss the contents of your report.

(10 Marks)

(20 marks)

QUESTION FOUR

a) Vendor Managed Inventory are slowly being adopted by different partners I the supply chain. Examine the key benefits VMI machines to both a supplier and a customer.

(10 marks)

b) Discuss FIVE reasons for terminating relationships between a buyer and a supplier.

(10 marks)

(20 marks)

QUESTION FIVE

a) Explain using examples the weighted method of supplier evaluation.

(10 marks)

b) 'Maintaining purchasing and supply relationship with suppliers in different parts of the world is difficult'. Discuss.

(10 marks)

(20 marks)