



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF MARKETING AND LOGISTICS

QUALIFICATION: BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT	
QUALIFICATION CODE: 07BLSC	LEVEL: 7
COURSE CODE: PMM711S	COURSE NAME: PROCUREMENT MANAGEMENT
SESSION: JUNE 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. This paper consists of 2 Sections, A and B2. Answer ALL 4 questions in all sections3. Read each question carefully4. Write as legible and precise as possible5. Indicate your class lecturer's name on your answer sheet

THIS EXAMINATION QUESTION PAPER CONSISTS OF 5 PAGES (Including this front page)

SECTION A**[30 MARKS]****QUESTION 1:
MULTIPLE CHOICE****[20 marks]**

There are ten multiple choice questions with several possible choices each, choose the best possible answer e.g. 1.1 A. Each question is worth 2 marks.

- 1.1 You are in the middle of a project in a company that designs and manufactures precision testing equipment. The procurement officer refuses the deliverable, stating it does not meet the requirement on page 259 of the technical specifications of the contract signed with supplier. You review the document and find that you agree. What is the Best thing to do?
- a) Inform the supplier that they failed and must refund
 - b) Explain that the contract is wrong and should be changed.
 - c) Arrange for a meeting with the supplier to discuss and find a way forward
 - d) All of the above
- 1.2 You are busy evaluating bids with the rest of your procurement team, one team member argues for a certain supplier while another team member wants the project to be awarded to a different supplier. Since you are heading the procurement department you remind the team of which of the below to make a selection?
- a) Procurement documents.
 - b) Procurements audits.
 - c) Source selection criteria.
 - d) All of the above
- 1.3 Non- critical procurement refers to?
- a) Low complexity procurement for routine items from various suppliers
 - b) High complexity procurement for strategic items from fewer suppliers
 - c) Non complexity procurement from monopolistic markets
 - d) All of the above
- 1.4 Which of the below is a general sourcing rules when making sourcing decisions?
- a) Long term procurement commitments are always best for sourcing decisions
 - b) Always select supplier that provide design support
 - c) Well defined key performance indicators (KPI's)
 - d) All of the above

- 1.5 Which of the following is not a factor/s affecting supplier's assessment?
- a) Cash flow
 - b) Openness and Approachability
 - c) Gifts and gratuities
 - d) All of the above
- 1.6 Which of the following is not true about outsourcing?
- a) Outsourcing should be used for all materials when suppliers are available
 - b) Outsourcing can enable leveraging of the suppliers expertise and increases in innovation
 - c) Outsourcing can result in reduced costs and more flexibility
 - d) All of the above
- 1.7 You are a buyer from a large company and a supplier gives you a nice gift like a fancy dinner for you and your spouse, a personal discount or an expensive case of wine. What is the actual intention of the supplier?
- a) Supplier is being friendly
 - b) Getting you drunk to get you to sign a contract while intoxicated.
 - c) Utilizing his marketing budget for tax reasons.
 - d) Building relationship for future potential business
- 1.8 In which of the following steps of the purchasing process is the contribution of a good buyer more valuable than in the other steps?
- a) Supplier selection
 - b) Determination specification
 - c) Supplier contracting
 - d) Creating purchase order
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- 1.9 Peter Kraljic, described a portfolio model in which you can determine a purchasing tactic in a certain situation. Which tactic should you use in the events where the model results shows that the financial impact of a product is high but the risk of not being able to find these products on the market is low?
- a) Make long term contracts to ensure deliveries.
 - b) Divide and conquer, have multiple suppliers bid against each other to lower the price due to competition.
 - c) Try to reach a strategic partnership with the supplier.
 - d) Do not spend too much time on this product, try to use system contracting to lower the total procurement costs.

- 1.10 A supplier has not raised the price of a product for the third year in a row. What should your action be?
- a) Don't contact the supplier, maybe he has forgotten to raise the price, enjoy it as long as it lasts.
 - b) Give the supplier a call and ask him if he did not make a mistake. You do not want a surprise during the year on your purchasing budget.
 - c) Give the supplier a call and thank him for the fact that the price is so stable.
 - d) You should wonder if you are not paying too much, and also whether you have paid too much in the past years.

QUESTION 2: TRUE & FALSE

[10 MARKS]

State whether each statement below is true or false. PLEASE SPELL YOUR ANSWERS OUT AND DO NOT WRITE "T" OR "F". Each question is worth 1 mark.

- 2.1 Collaborative relationships are typically used for the procurement of commodity items
- 2.2 The larger the company supplier base the less the risks
- 2.3 Transactional relationship is an appropriate first step on the road to a strategic alliance.
- 2.4 The fundamental difference between collaborative relationships and supplier alliances is the presence of cost measurement and information technology in alliances
- 2.5 Firms are becoming more aware of the strategic dimension of the make or buy decision
- 2.6 The smaller the organization, the less likely the purchasing operations will be strategic
- 2.7 Managing supplier relationships is a strategic responsibility
- 2.8 A Company should spend more effort and resource on high spending categorized procurement
- 2.9 A good supplier scoring and assessment process will primarily track performance along the price dimension when evaluating a supplier
- 2.10 A reliable supplier has low variability of lead time, whereas an unreliable supplier has high variability

Section A subtotal: 30 marks

SECTION B: STRUCTURED QUESTIONS

[70 MARKS]

QUESTION 3

[30 MARKS]

3.1 Evaluate how a firm of your choice can benefit from a good sourcing decision?

[10 marks]

3.2 You are hired to design a supplier scorecard by the new Namibian procurement board, to procure an e-procurement system, discuss how you will go about it?

[15 marks]

3.3 Suggest any five attributes of a good supplier in the above scenario? (Question 3.2)

[5 marks]

QUESTION 4

[40 MARKS]

4.1 Categorize Namibia Brewery Limited (NBL) sourcing strategic matrix based on risk, complexity and amount spend, and create a sourcing strategy for NBL, giving practical example of sourced material/products for each portfolio?

[20 marks]

4.2 Would you say that the procurement act is a form of policy and procedure for Namibian government procurement, justify your answer?

[20 marks]

Section B subtotal: 70 marks

GRAND TOTAL: 100 MARKS