



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF MARKETING, SPORT MANAGEMENT AND LOGISTICS

QUALIFICATION: POST GRADUATE DIPLOMA: PROCUREMENT MANAGEMENT BACHELOR OF LOGISTICS AND SUPPLY CHAIN HONOURS	
QUALIFICATION CODE: 08PDPM 08LSCH	LEVEL: 8
COURSE CODE: SPM802S	COURSE NAME: STRATEGIC PROCUREMENT MANAGEMENT
SESSION: NOVEMBER 2024	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100
FIRST OPPORTUNITY EXAMINATION	
EXAMINER	MS. PAULINA SHINANA MR. TANGENI MWASHEKELE
MODERATOR:	MS. MARTHA SHINGENGE
INSTRUCTIONS	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Number the answers clearly and correctly.	

THIS EXAMINATION PAPER CONSISTS OF 7 PAGES (Including this front page)

SECTION A: MULTIPLE CHOICE

(30 marks)

QUESTION 1

There are fifteen (15) multiple-choice questions with several possible choices. Choose the best possible answer, e.g., 1.1 A. Each question is equivalent to 2 marks. Write the letter next to the correct answer.

1.1. Which of the following forms part of a product or service's full life cycle costs?

(2 marks)

- a) Purchase price (cost price including supplier mark-up)
- b) Associated costs (transportation, packing, customs duties etc)
- c) Acquisition cost (procurement team operating costs)
- d) All of the above

1.2. Namcor has been struggling with rising operational costs and inconsistent supplier performance. To stay competitive, the company's leadership team is considering adopting a strategic procurement approach to align their procurement activities with long-term business goals rather than just short-term savings. What could be the primary goal of Namcor's shift toward strategic procurement?

(2 marks)

- a) Reducing operational costs
- b) Aligning procurement strategies with short-term goals
- c) Enhancing value creation and achieving competitive advantage
- d) Securing goods and services at the lowest cost

1.3. What is the term for the action in which managers at an organisation analyse the current situation of their organisation and then develop plans to accomplish its mission and achieve its goals?

(2 marks)

- a) Strategic analysis
- b) Strategy formulation
- c) Strategic decision-making
- d) Strategic planning

1.4. What is the key difference between NUST's current traditional procurement strategy and its new strategic procurement approach?

(2 marks)

- a) Traditional procurement focuses on short-term cost savings, while strategic procurement focuses on long-term value creation.
- b) Strategic procurement focuses solely on cost reduction while traditional procurement focuses on long-term value creation.
- c) Traditional procurement is proactive, while strategic procurement is reactive.
- d) There is no difference between traditional and strategic procurement.

1.5. Telecom Namibia has recently received an exemption to procure above its threshold and is now managing a much larger procurement budget. The management team has decided to conduct a spend analysis. What is the primary benefit of conducting spend analysis for Telecom Namibia? **(2 marks)**

- a) Increasing the number of suppliers
- b) Reducing procurement cycle times
- c) Understanding spending patterns to drive cost-saving strategies
- d) Increasing supplier lead times

1.6. Consider the statements below:

I. Procurement is a strategic activity only if the procurement activities and strategy are in line with the overall strategy of the company.

II. The scope of the procurement function consists of all commercial activities that are executed by the entire procurement department. **(2 marks)**

- a) Statement I is correct, and Statement II is incorrect.
- b) Both statements are incorrect.
- c) Statement I is incorrect, and Statement II is correct.
- d) Both statements are correct.

1.7. Which of the following is a risk associated with supplier performance management?

- a) Increased collaboration with suppliers
- b) Decreased quality of goods and services due to supplier non-compliance
- c) Cost reduction due to better negotiation terms
- d) Improvement in supply chain resilience

1.8. How can an organisation mitigate supply chain risks after a natural disaster such as an earthquake or tsunami? **(2 marks)**

- a) By reducing supplier diversity
- b) By increasing its inventory of critical components
- c) By outsourcing all of its production to foreign countries
- d) By decreasing the number of suppliers

1.9. Windhoek Municipality is facing difficulties managing the procurement of various goods and services for its public services. The organisation has traditionally focused on transactional buying, leading to inconsistent supplier performance and pricing fluctuations. They now aim to implement a category management approach to improve sourcing strategy.

Which of the following is the best step for Windhoek Municipality to take in implementing category management? **(2 marks)**

- a) Identify and group similar goods and services to create focused sourcing strategies.

- b) Continue using a transactional buying approach for each service independently.
- c) Increase the number of suppliers for each category without assessing performance.
- d) Solely focus on reducing costs by selecting the cheapest suppliers

1.10. How does spend analysis contribute to better supplier relationships? **(2 marks)**

- a) Identifying suppliers to eliminate
- b) By creating a competitive bidding environment
- c) By improving transparency and enabling better negotiations
- d) Decreasing performance audits

1.11. Pupkewitz Holdings is planning to build a new sustainable corporate headquarters in Windhoek. They aim to incorporate sustainability principles in their procurement process. Which action aligns most with Pupkewitz Holdings' goal of sustainable procurement? **(2 marks)**

- a) Select suppliers based solely on the lowest price.
- b) Prioritise suppliers that demonstrate commitment to environmental sustainability and fair labour practices.
- c) Evaluating suppliers' environmental practices and focus on short-term savings
- d) Ignore sustainability and use traditional procurement practices for quicker results.

1.12. A recently appointed procurement manager has a meeting with an important stakeholder who needs to be influenced. They are of an equivalent seniority level. The procurement manager is planning to meet them first over a coffee in the staff canteen to get to know them. Is this the right course of action? **(2 marks)**

- a) No, first meetings should always be more formal and minutes drafted.
- b) Yes, buying someone a coffee is a form of bargaining which can be traded in the negotiation
- c) Yes, this will build rapport and make influencing more effective
- d) No, meeting in the staff canteen for a coffee is unprofessional and unethical

1.13. NamPower is in the process of awarding a significant contract for renewable energy components. One of the key suppliers has offered an exclusive trip to their manufacturing facility in Europe for NamPower's procurement team in exchange for favourable consideration in the bidding process. What should NamPower's procurement team do to maintain ethical standards? **(2 marks)**

- a) Accept the trip as part of regular business and proceed with the supplier
- b) Reject the offer and ensure a fair and transparent bidding process
- c) Inform the supplier that gifts will be accepted after the contract is awarded
- d) Use the trip to gather more information, but not disclose it to other bidders

1.14. Which of the following steps would be taken to mitigate external risk associated with bribery and corruption? **(2 marks)**

- a) Senior leadership commitment and frequent communication
- b) Analyse supplier's spending patterns to ensure you are spending what you think you are and to avoid over-reliance on a single supplier
- c) Regular functional compliance training
- d) Monitoring and auditing of all departments

1.15. Namibia Breweries Ltd. sources hops and barley from Europe and North America. Fluctuations in currency exchange rates and transportation costs have significantly impacted procurement costs over the last year. Which strategy would best mitigate the risks associated with global sourcing for Namibia Breweries Ltd.? **(2 marks)**

- a) Lock in long-term contracts with suppliers to stabilise prices
- b) Increase procurement from a single country to minimise complexity
- c) Avoid hedging against currency fluctuations and focus on spot market purchases
- d) Reduce supplier engagement to speed up the sourcing process

SECTION A: 30 TOTAL MARKS

SECTION B: STRUCTURED QUESTIONS (70 MARKS)

QUESTION 2 (20 Marks)

Namibia Housing Enterprise (NHE), a state-owned enterprise tasked with providing affordable housing, recently embarked on a sustainable housing project in Windhoek. Using the Whole Life Costing (WLC) approach, NHE opted for eco-friendly construction materials, energy-efficient designs, and solar panels to reduce long-term operational costs for residents. The project also received positive public recognition for its contribution to Namibia's sustainability goals and environmental protection efforts.

- 2.1. Explain the concept of Whole Life Costing and its principles? **(10 marks)**
- 2.2. Analyse NHE's approach in the housing project? **(5 marks)**
- 2.3. Discuss potential long-term financial and environmental benefits of using the WLC approach? **(5 marks)**

QUESTION 3 (15 Marks)

Briefly explain the concept of "global sourcing" by highlighting its importance, challenges, and the necessary steps for its execution? **(15 marks)**

QUESTION 4 (20 Marks)

Namib Mills, the largest grain processing company in Namibia, relies on both local and international suppliers for raw materials such as wheat and maize. In recent years, the company has faced supply chain disruptions due to various risks. To mitigate these risks, Namib Mills introduced a supplier risk management framework. However, local suppliers have struggled to meet quality standards, which has led to production delays and increased costs.

- 4.1. Outline the possible Namib Mills' supplier performance strategy? **(5 marks)**
- 4.2. Discuss how supplier performance management can assist with Namib Mills' risk management? **(5 marks)**
- 4.3. Identify practical examples of potential risks and propose risk mitigation measures? **(10 marks)**

QUESTION 5 (15 Marks)

You have been hired as a procurement consultant by Total Energies Exploration Limited, a mid-sized oil exploration firm in Namibia, to help them control their rising procurement costs. They have been experiencing difficulties managing their suppliers and tracking their spending on raw materials and services. Total Energies Exploration Limited wants to introduce spend analysis to better their operations.

- 5.1. Define spend analysis and explain its importance in procurement? (5 marks)
- 5.2. Outline the key steps involved in conducting a spend analysis? (5 marks)
- 5.3. Discuss the challenges Total Energies Exploration Limited might face when implementing spend analysis and propose solutions to overcome them? (5 marks)

SECTION B: 70 TOTAL MARKS

TOTAL MARKS:100

ALL THE BEST