

Name _____ Index No _____

2903/301

3307

PURCHASING AND SUPPLY STRATEGY

July 2015

Time: 3 hours

Candidate's Signature _____

Date _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN SUPPLY CHAIN MANAGEMENT
MODULE III**

**BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE
EXAMINATIONS
STAGE III**

PURCHASING AND SUPPLY STRATEGY

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.

Sign and write the date of examination in the spaces provided above.

This paper consists of SEVEN questions.

Answer any FIVE questions in the spaces provided in this question paper.

All questions carry equal marks.

Do NOT remove any pages from this question paper.

Candidates should answer the questions in English.

For Examiner's Use Only

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

This paper consists of 16 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

1. (a) Highlight **five** ways in which the purchasing function contributes to the success of an organization. (10 marks)
- (b) Explain **five** aspects which purchasing managers should consider when assessing the supply risk of materials. (10 marks)
2. (a) A purchasing manual is used to communicate information regarding purchasing policies, procedures and instructions. Explain **five** advantages of using purchasing manuals in an organization. (10 marks)
- (b) Explain **five** advantages of using Electronic Data Interchange (EDI) in purchasing. (10 marks)
3. (a) Explain **five** benefits which a purchasing organization would derive from adoption of Vendor Managed Inventory (VMI) approach in its purchasing operations. (10 marks)
- (b) Explain the requirements which a supplier should meet in order to be included in the approved list of a purchasing organization. (10 marks)
4. (a) Highlight **five** principles which should guide purchasing managers in the preparation of a code of ethics for purchasing practitioners in an organization. (10 marks)
- (b) BJW Company Limited intends to measure the performance of its purchasing unit. As an expert in purchasing and supply management, highlight **five** aspects which the company should examine when conducting the intended exercise. (10 marks)
5. (a) Supply market research helps to gather, analyze and evaluate supply data. Highlight **five** sources of supply market data. (10 marks)
- (b) Centralisation of the purchasing function in an organization leads to certain benefits. Explain **five** such benefits. (10 marks)
6. (a) Explain the operational characteristics of Just In Time (JIT) purchasing strategy. (10 marks)
- (b) Highlight **five** factors which should be considered in formulating a logistics strategy. (10 marks)
7. (a) Explain **five** disadvantages of outsourcing the purchasing function in an organization. (10 marks)
- (b) Explain **five** ways in which a purchasing unit interfaces with the production department in an organization. (10 marks)