

2903/301, 3307
PURCHASING AND
SUPPLY STRATEGY
November 2016
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL
DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE III

PURCHASING AND SUPPLY STRATEGY

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of **SEVEN** questions.*
*Answer any **FIVE** questions in the answer booklet provided.*
All questions carry equal marks.
Candidates should answer the questions in English.

This paper consists of 2 printed pages.

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

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1. (a) Outline **five characteristics** of strategic management. (10 marks)
- (b) Explain **five economic** factors that a purchasing and supply manager need to consider when organising purchasing and supply activities in an organization. (10 marks)
2. (a) Explain **five challenges** that the purchasing and supply department may face when implementing purchasing and supply policies in an organization. (10 marks)
- (b) XYZ Company Limited conducted a SWOT analysis and realized that it was under threat due to sourcing of a sensitive material from a limited supply source. Outline the strategic decisions that the organization may make to address the threat. (10 marks)
3. (a) Explain **five circumstances** under which an organization may outsource some of its operations. (10 marks)
- (b) Explain **five factors** that may influence the effectiveness of purchasing and supply performance measurement. (10 marks)
4. (a) Describe **five activities** carried out in strategic supply chain management. (10 marks)
- (b) Highlight the importance of a corporate vision to an organization. (10 marks)
5. (a) Outline the merits of using a purchasing manual in an organization. (10 marks)
- (b) Explain the importance of measuring the performance of purchasing and supply function to an organization. (10 marks)
6. (a) Explain the contributions of purchasing and supply function to the corporate strategy of an organization. (10 marks)
- (b) Outline **five circumstances** that may favour the adoption of a decentralized structure when organising purchasing activities in an organization. (10 marks)
7. (a) Explain the steps followed when making a purchasing and supply policy in an organization. (10 marks)
- (b) Outline the merits of adopting a functional structure in the organization of purchasing and supply activities. (10 marks)

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engineers