

WOMEN'S UNIVERSITY IN AFRICA



Addressing gender disparity and fostering equity in University Education

FACULTY OF MANAGEMENT AND ENTREPRENEURIAL SCIENCES

**BACHELOR OF SCIENCE HONOURS DEGREE IN PURCHASING AND SUPPLY
CHAIN MANAGEMENT**

MAIN PAPER

**PSM 111 : INTRODUCTION TO PURCHASING AND SUPPLY
CHAIN MANAGEMENT**

INTAKE 13 : FIRST YEAR FIRST SEMESTER

DATE : 2020

TIME : 2 HOURS

INSTRUCTIONS TO CANDIDATES

Answer Question 1 and any other **two**.

Question 1

WELVSON QUARRY PRODUCTS (WQP)

Welvson Quarry Products (GQP) was formed in the late 2000's in the UK to supply quarry equipment that required strong, robust machinery capable of crushing and screening 6000 tonnes of quarry rocks per day. As the market developed GQP became a leading global supplier. GQP's production facilities expanded from one factory site to four factory sites in the UK. The main focus for GQP became new product development and ensuring that it maintained the quality and reliability synonymous with its brand. In the last decade new low-cost competitors have entered the market and are starting to reduce GQP's market share. GQP needs to concentrate on costs if it is going to sustain its market share leadership. GQP directors insist that it must maintain its brand image but achieve the same quality product at a lower cost. This may involve the use of low-cost country sourcing. Areas of concern for low-cost country sourcing are as follows:

- Poor quality product
- The passing of title
- Initial prices increasing once a commitment to supply has been made
- Orders not shipping on time and 'premium' transport arrangements having to be made
- Low-cost country suppliers subcontracting work and GQP not being aware that they have done this.

This may result in poor quality

Sourcing from low cost countries

WQP has a set time-frame of 6 months for the launch of its new product and needs to ensure no risk of failing to meet this deadline. The local fabrication suppliers to WQP are very financially dependent on WQP with WQP being 80% of most of the local fabricators business. Simon believes that there may be collusion between the local suppliers when pricing. It is time for change and Simon believes that low-

cost country sourcing may remove some of the complacency WQP feels they are experiencing with the local suppliers. Simon must ensure that any change to low-cost country sourcing must be seamless.

Required

- a) As a procurement consultant for WQP explain any five benefits that may be attained through international sourcing. [25]
- b) Discuss how the procurement team may prepare for international negotiations when sourcing from the low cost countries. [15]

Question 2

Evaluate the **significance** of the procurement function within any organisation of your choice. [20]

Question 3

“Ethics play an important role amongst parties in the supply chain.” Explain how a procurement practitioner can implement ethics when practicing his supply chain duties. [20]

Question 4

With the use of an organizational structure, analyse the role of the procurement department within any organization in the private sector. [20]

Question 5

Discuss the use and origin of any eight procurement and stores documents used in any purchasing organization. [20]

Question 6

“Power in negotiations between the buyers and the suppliers is unavoidable.” Giving practical examples, discuss any four types of power and the role each plays during a negotiation. [20]

END