

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 421 : MANAGING PURCHASING RELATIONSHIPS

INTAKE 8 : THIRD YEAR FIRST SEMESTER

TIME : 2 HOURS

INSTRUCTIONS TO CANDIDATES

Answer Question 1 and any other two.

Question 1

Supply chain management: the Walmart way

Walmart is no small fish in the supply chain and logistics industry. The US retailer stocks products made in 70 different countries, operates more than 11,000 stores and manages an epic \$32 billion of inventory. From home furniture to fresh food, Walmart stocks it, and many experts say it's their use of technology that allows them to cast such a wide net. Without even needing to say, they have become one of the globe's most powerful retailers with the highest sales per square foot. But their success didn't happen overnight. They've innovated their supply chain operations since 1962 and have consistently invested in the latest and greatest technology solutions to ensure they can offer their customers the lowest prices available. Companies within the supply chain of Walmart synchronise their projected sales through a collaborative, planning, forecasting and replenishment system. Every chain in the link is connected by a centralized database system, store-level point of sale system and a satellite system. Walmart was the first to implement a companywide Universal Product Code for barcodes where store level information was then collected and analysed to help improve operations. No stranger to data analytics, Walmart was then able to create their Bentonville database, Retail Link which displays real-time sales data from cash registers straight to their distribution centres.

At the time of implementing these strategies, companies weren't in the business of collaborating and sharing information with third parties. Walmart really transformed the retail industry as its cooperative approach of sharing information between stores, distributions centres and suppliers. Improving collaboration resulted in fewer links in their supply chain and helped Walmart accurately forecast and manage inventory, but this wasn't the only way to save them time and money. Walmart is also known for reducing costs by working directly with manufacturers which cuts out opportunity for confusion and human error. But without customers, this smooth and well-run supply chain would go to utter waste. Walmart most recently has been working on implementing the latest technologies to improve the in-store customer experience. Walmart has some serious competition. With the likes of Amazon and Target all looking to dominate the consumer market, it's fair to say that Walmart had to use all the tricks of the trade to maintain its low prices for customers. Within its brick-and-mortar locations, Walmart focused on investing in technology that would improve the customer experience. For example, staff were equipped with handheld smart devices to respond to customer enquiries on inventory more efficiently. According to Forbes, Walmart hasn't been known for its great customer service, but it's looking to change that. Walmart is looking to create Training Academies that will educate department managers and assistant store managers to become more customer-focused. So what's the end-goal of this training academies? To

deliver a seamless shopping experience that offers the capabilities necessary to drive growth, and it's going through great efforts from converting the look and feel of their stores to implementing new technologies for their staff. Staying true to its history of innovation, Walmart is currently rolling out its new mobile app feature Walmart Pay that will eventually help to speed up transactions at the checkout, and encourage loyalty, while also encouraging a great range of customers to open a walmart.com account.

Required

- a) Select any four supply chain management practices that Walmart implements, and explain how they have resulted in the success of the organization. [25]
- b) Using the Kraljic Matrix, categorize the materials acquired by Walmart and explain their sourcing strategy. [15]

Question 2

Evaluate the role of management attributes in supply chain relationships. [20]

Question 3

Discuss the nature of the following concepts in supplier relationship management;

- (a) Traditional philosophies [10]
- (b) Agile and lean philosophies [10]

Question 4

'Cost- benefit analysis is inevitable when intending to develop a supplier.' Discuss [20]

Question 5

Analyse the methods for managing risks in any two commercial relationship of your choice.

[20]

Question 6

With an illustration of a "relationship spectrum" explain how and when trust has to be greatly considered in different types of buyer-supplier relationships. [20]

END