

# WOMEN'S UNIVERSITY IN AFRICA



*Addressing gender disparity and fostering equity in University Education*

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**FACULTY OF MANAGEMENT AND ENTREPRENEURIAL SCIENCES**

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**BSc HONOURS DEGREE IN PURCHASING AND SUPPLY CHAIN  
MANAGEMENT**

**MAIN PAPER**

**PSM423: MEASURING PURCHASING PERFORMANCE**

**INTAKE 8: THIRD YEAR FIRST SEMESTER**

**DATE: TIME: 2 HOURS**

**INSTRUCTIONS TO CANDIDATES**

Answer Question 1 and any other **two**

## **Question 1**

### **Comet introduces supply chain performance measurement system**

Comet, a large UK-based electrical goods retailer, decided in 2005 to improve the level of visibility and control it had over its supply chain. Using a custom-designed measurement tool, designed in conjunction with an external consulting company, they designed a new scorecard measuring system. The scorecard, to be fit for purpose, had to allow Comet to rank suppliers and identify specific issues in the supply chain, such as late deliveries and quality-related issues. The scorecard was compatible with Comet's warehouse and business intelligence system to help ensure widespread adoption and consistent measurement. For a pan-European firm such as Comet, compatibility throughout all its regions was of utmost importance. The actual system itself measured supply issues such as order fill success (i.e. is what is ordered actually delivered?), availability cover (i.e. does the supplier have enough stock to cover forecasts?) and 15 items related to delivery performance, including method of delivery, quality of goods on arrival and the number of rejects per batch.

Comet centralised the information the scorecard collected, offering a single point of reference for supply staff to identify problems. The system also allowed ranking of suppliers according to various criteria such as product line and delivery location. Specific supply issues could be addressed based on performance in each area. The system in and of itself, however, could not solve supply problems. The system had to be managed correctly and information kept up to date. Comet update their system weekly and offer reports the day after the system is updated, ensuring that their scorecard system remains a valuable management tool, rather than an expensive source of obsolete data. Comet believe the system has been a resounding success. Since the installation of the scorecard system, Comet has seen customer service improve along with supplier relations, and, more importantly, profitability.

*Source: [www.conchango.com](http://www.conchango.com)*

### **Required**

- (a) Outline the benefits derived by Comet from introducing a supply chain performance measurement system. [20]
- (b) Illustrate the steps that Comet could take to come up with a performance measurement system. [20]

## **Question 2**

Outline the reasons for measuring purchasing costs in your organization [20]

## **Question 3**

Outline the benefits of supply chain performance measurement to an organization of your choice. [20]

**Question 4**

Explain the evolution of supply chain performance measurement [20]

**Question 5**

Discuss four barriers to supplier development [20]

**Question 6**

Identify the methods and techniques used in supplier performance measurement [20]

**END**