



KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

**FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF
COMMERCE**

BMS 318: PRINCIPLES OF PROCUREMENT MANAGEMENT

DATE: Thursday 23rd November, 2017

TIME: 8.00 a.m. - 10.00 a.m.

INSTRUCTIONS: Answer Question **One and any Other **Two** Questions**

QUESTION ONE

KK ltd is a global cosmetic manufacturing company based in kenya. The company has been experiencing inefficiencies in its operations management processes. With suppliers across the world delivering raw materials for the company's products. The company needed a way to keep a master list of all inventory with easy access to parts' delivery statuses and other pertinent information relevant to the company. At times the company operations would stall due to shortage of supplies, and at times raw materials supplied would fail the quality test forcing the firm to return them. The firm had no procurement plan and all purchases done were done by the chief procurement officer on requisition. The company had difficulty managing its supplier's base and complex product offering, due to the vast number of options and feature combinations available for most products. Also, the company did not understand the benefits and costs of that broad offering. A lack of integrated financial data, inadequate competitor, supplier and market knowledge, all combined to hinder the company's ability to develop a market-driven product portfolio.

Required:

- a) A lack of integrated financial data, inadequate competitor, supplier and market knowledge, all combined to hinder the company's ability to develop a market-driven product portfolio. Explain the relationship between purchasing and marketing department (10 marks)
- b) The company has been experiencing inefficiencies in its operations management processes . In this explain five ways that procurement team can identify opportunities that adds true value in the KK Ltd (10 marks)
- c) Discuss any five basic functions that the purchasing department of KK ltd has performed dismally suggesting best practices to employ (10 marks)

QUESTION TWO

- a) Explain the cost management methods that KK ltd would have used to manage cost in its procurement processes (10 marks)
- b) Discuss five Inventory control methods used in organizations (10 marks)

QUESTION THREE

- a) Discuss the procurement procedures for a new buy (12 marks)
- b) Explain the emergent challenges facing procurement managers in exercising their duties (8 marks)

QUESTION FOUR

- a) Discuss five sourcing policies used in procurement management (10 marks)
- b) Explain the five key factors identified as key drivers of world class supply chain systems (10 marks).