



STRATHMORE BUSINESS SCHOOL
BACHELOR OF SCIENCE IN SUPPLY CHAIN & OPERATIONS MANAGEMENT
END OF SEMESTER EXAMINATION
SCM 1203: CATEGORY MANAGEMENT

Date: Wednesday, 16th March 2022

Time: 2 hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer Question **ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE (30 MARKS)

Luxury Bags Inc. manufactures high quality bags that are sold by designer retail outlets. Its annual turnover is Kes. 100m. To carry out category management, the procurement and supply chain team has used portfolio tools to analyse the following categories of spend.

- Harris Tweed cloth- used in the manufacture of the Scottish range of bags
- Zip fasteners- Used for all types of bags
- Mobile Phones- Provided to the sales teams to enable communication and order placement for customers while on the road
- A4 paper- Used in HQ offices

The Harris Tweed is only available from producers in the Outer Hebrides of Scotland. Sources of supply are limited and not available from any other source. The Scotland range of bags amount to 50% of sales. The Zip fasteners are generic range and available from many suppliers at low cost. The sales team needs to be in constant contact with the office and ordering in the field must be carried out using mobile phones. Many of the central administrative functions including communication with customers are carried out by e-mail. Paper is used from time to time for a limited number of tasks.

- (a) With relevant examples from the case, suggest an appropriate model to map categories of expenditures for Luxury Bags Inc. (8 marks)
- (b) Highlight strategies of handling items in each segment of the model suggested above to achieve value for money (4 marks)
- (c) Discuss **FOUR** differences between a reactive sourcing process (Purchasing) and a strategic sourcing process (Procurement). (8 marks)
- (d) With the help of an appropriate framework, discuss the category management process. (10 marks)

QUESTION TWO (20 MARKS)

- a) Distinguish between an open competitive procedure for supplier selection and restricted procedure as approaches to supply market in the category management process. (4 marks)
- b) Ruth is a new colleague who has joined your department as a category manager, Branch Operation and Office Equipment Category in the banking industry. Her first task is to gain insight into this category using information held within the organisation. Using this scenario, explain to Ruth at least **THREE** types of data she will gather during this task. (6 marks)
- a) Risk Management is about highlighting, assessing, and managing the likely risks and issues inherent in the disruptive process of adopting strategic sourcing and category management approaches. Describe the risk management process. (10 marks)

QUESTION THREE (20 MARKS)

- a) Using an example, explain the concept of Total Cost of Ownership (TCO) as used in category management. (4 marks)
- b) Contract register is useful way of identifying when the existing arrangements with suppliers will end for planning purposes. Highlight **FOUR** types of information contained in an effective contract register. (4 marks)
- c) Supply Chain Mapping is the process of identifying and documenting the exact source of every material, every process and every shipment involved in bringing goods to the market. Explain the stages in mapping of Supply Chain. (6 marks)
- d) Explain **THREE** performance measures that can be used to assess the success of a category management process. (6 marks)

QUESTION THREE (20 MARKS)

- a) Using a practical example, provide a clear distinction between sole sourcing strategy and single sourcing strategy as used in category management. (4 marks)
- b) Discuss **FOUR** types of technical skills required for the successful implementation of category management. (8 marks)
- c) With Relevant examples, explain **FOUR** enablers of Category Management. (8 marks)

QUESTION FOUR (20 MARKS)

- a) Outline **TWO** ways a category manager can obtain financial data on potential suppliers in the category management process. (4 marks)
- b) Using an appropriate theory, explain **FOUR** way that could be used in analysing stakeholders in category management using Mendelow's approach. (8 marks)
- c) Describe **FOUR** typical responsibilities of a category management steering group within an organisation's governance structure (8 marks)

QUESTION FIVE (20 MARKS)

- a) You are the manager in charge of supply chain management department in Kakuzi Stationery Limited (KSL). You would like to introduce the category management approach in the procurement section. Explain to the Board of Directors **THREE** benefits of implementing category management in your organisation. (6 marks)
- b) Forecasting uses the data that an organization holds about the future. Explain **THREE** types of data a category manager can forecast while implementing category management. (6 marks)
- c) Describe **TWO** tools of analysis that could be used to assess the supply market in the category management process. (8 marks)

***** END*****