



STRATHMORE UNIVERSITY BUSINESS SCHOOL
BACHELOR OF SCIENCE IN SUPPLY CHAIN AND OPERATIONS MANAGEMENT
END OF SEMESTER EXAMINATION
SCM 1204: PROCUREMENT OF GOODS, SERVICES AND WORKS

DATE: Thurs, 14th March 2024

TIME: 10:30 – 12:30

INSTRUCTIONS

- 1) Answer **QUESTION ONE** and any other **TWO QUESTIONS**
- 2) Question one is compulsory and carries 30 marks
- 3) All other questions carry 15 marks each

Question One

- a) It is said that focusing on improvements and effectiveness in procurement processes can lead to more significant effects on profitability than many other parts of the organisation. Discuss. **(4 marks)**
- b) You have recently attended a school fair promoting various courses in business and some courses have 'Purchasing' as part of the course name whilst other courses have 'Procurement' as part of the course name. You overhear a recent form four leaver arguing with another as to which of the two is better.

Required:

As a student of Supply Chain and Operations Management, resolve the argument between the two students by a logical explanation that should include:

- i). A clear distinction between the two terms **(3 marks)**
- ii). Use of the two terms in practice. **(2 marks)**
- iii). Historical development of procurement. **(4 marks)**
- c) Approaches to procurement may differ when procuring goods, services or works. Study of the essential characteristics and hence appropriate procurement procedures for these different procurement 'objects' is important.

Required:

Explain how the distinguishing characteristics of 'goods, services and works' call for differences in procurement approaches for these scenarios in procurement. **(5 marks)**

- d) Discuss any two current trends and issues in procurement of goods, services & works **(4 marks)**
- e) Explain e-procurement and its role in efficiency of procurement. **(3 marks)**

- f) With the aid of an example explain any three general principles and rules governing government or public procurement. **(5 marks)**

Question Two

Wasia Innovation Hub (WasiaHub) is planning to establish a cutting-edge innovation centre to foster technological advancements. The project involves the procurement of specialized equipment, software, and services. The project is estimated to take 18 months and has a budget of about Ksh 30 million. As the Procurement Manager, your role is crucial in defining clear and detailed specifications to meet the project's unique requirements.

- a) specification for the procurement of specialized equipment is a critical section of the procurement.

Required:

- i). Outline the key components to be included in the specification for the procurement of specialized equipment for the WasiaHub. **(4 marks)**
 - ii). Explain the importance of two of the components in ensuring the equipment meets the project's requirements. **(3 marks)**
- b) Another important section of the procurement is the specification for the procurement of services for the project.

Required:

- i). Outline the critical elements to be included in the service specification for the procurement of external services required for the WasiaHub. **(3 marks)**
 - ii). Discuss the significance of two of the elements in ensuring the successful execution of the project. **(2 marks)**
- c) Discuss how the procurement specifications can be crafted to encourage innovation from potential suppliers. **(3 marks)**

Question Three

A multinational corporation, GlobalTech Industries headquartered in Nairobi, Kenya, is evaluating its procurement strategy to optimize its global supply chain. The company produces and sells computer parts regionally and has a presence in Kenya, Uganda, Rwanda, South Sudan and Democratic Republic of Congo. It currently does the majority of its manufacturing in Kenya with about 40% spread across the other countries. The individual countries are responsible for purchasing for their manufacturing plants. The company is considering revising its procurement approach to centralise all the purchasing but is unclear as the effect of that approach to its overall performance. As the Procurement Manager, your role is to analyse the situation and recommend the most suitable approach.

Required:

- a) Based on the scenario and discussing the pros and cons of each approach recommend the most suitable approach for GlobalTech Industries. **(9 marks)**
- b) Recommend key performance metrics that GlobalTech Industries should use to evaluate the success of its chosen procurement approach. **(3 marks)**
- c) Explain how the metrics identified in (b) above align with the goals of optimizing the global supply chain. **(3 marks)**

Question Four

TechX Solutions, a technology company, is aiming to implement lean procurement practices to optimize its supply chain and reduce costs. As the Procurement Manager, your task is to design a lean procurement strategy for the company.

- a) Lean Procurement Principles are the basis of many organisational improvement and sustainability programmes.

Required:

With reference to the scenario explain how implementing any **three key principles** of lean procurement can benefit TechX Solutions in streamlining its procurement processes.

(5 marks)

- b) Supplier Relationship Management is a key element of success of any lean procurement implementation.

Required:

Develop a strategy for effective supplier relationship management within the context of lean procurement. Justify any choices you have picked.

(5 marks)

- c) Implementing lean procurement may introduce risks that could potentially cripple the organisation and even in extreme cases lead to its collapse.

Required:

- i). Identify two potential risks associated with implementing lean procurement at TechX Solutions. **(2 marks)**
- ii). Develop a risk mitigation plan that addresses the identified risks and ensures the success of the lean procurement initiative. **(3 marks)**

Question Five

One common procurement method is tendering. Let's explore various procurement methods, focusing on tendering:

Required:

- a) Explain the meaning and application of tendering. **(5 marks)**
- b) Explain three types of tendering. **(5 marks)**
- c) Evaluate tendering as a procurement method. **(5 marks)**