



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

**DATE:** Monday, 11<sup>th</sup> January 2021

**Time:** 2 hours

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**Instructions**

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

**QUESTION ONE (30 MARKS)**

- a) Differentiate the following terms used in category management approach to procurement
- i. Strategic sourcing and sourcing strategy (2 marks)
  - ii. Procurement category management and Account management (2 marks)
  - iii. Purchasing and Procurement (2 marks)
  - iv. Contract Administration and Contract Management (2 marks)
- b) You are a category manager in the banking sector, using your knowledge in category management, categorize the following procurement requirements into three (3) categories and name each category.
- Guarding services; Photocopying paper; Cheque scanners; Paper clips; Catering services; Shredders; Air travel management services; Rubber bands and Note counters (6 marks)
- c) Explain a process that might be used for the implementation of a category management approach to procurement. (10 marks)
- d) One of the key success factors in category management is the ability to easily move from one supplier to another. Assess three (3) factors that influence the ability of an organisation to switch suppliers. (6 marks)

**QUESTION TWO**

- a) Explain the concept of “Benchmarking” in your own words citing two (2) benefits of benchmarking performance in category management. (4 marks)
- b) A multinational company has hired you as an IT software solutions category manager. Your first task is to introduce strategic sourcing. Propose the four (4) main elements of strategic sourcing. (8 marks)
- c) In stakeholder mapping, RACI analysis divides stakeholders by their level of engagement from those involved to those least involved. Describe the stakeholders identified in this analysis. (8 marks)

### **QUESTION THREE**

- a) Successful category management is not possible without securing buy-in of key stakeholders. Outline four (4) ways a category manager can get stakeholder buy-in. (4 marks)
- b) Using relevant examples, discuss the following three (3) approaches to identifying suitable suppliers. (6 marks)
- i. Competition
  - ii. Reverse Auction
  - iii. Request for Quotation
- c) You have been invited to a category management forum for companies in the telecommunication sector. Advise the companies on five (5) areas that they can focus on in order to fully realise the potential of their category management initiatives. (10 marks)

### **QUESTION FOUR**

- a) Batler Hospital wants to estimate the cost of each patient stay. It is a general health care facility offering only basic services and not specialized services such as organ transplant. Classify each of the following costs as either direct or indirect costs with respect to each patient. (4 marks)
- Electronic monitoring; Nurses salaries; Security services; meals for patient.
- b) As category managers, we must be aware of how suppliers analyse us. The supplier preference tool/matrix analyses why suppliers view our organisation as they do. Illustrate four (4) categories in the supplier preference matrix. (8 marks)
- c) Using examples, describe the four (4) Ts of risk management. (8 marks)

### **QUESTION FIVE**

- a) Explain four (4) types of data a category manager will need to be able to gain insight into category. (8 marks)
- b) You have been appointed the Chairman of the Steering group in a governance structure for category management. Examine four (4) roles of your steering group. (8 marks)
- c) You have been working on a category sourcing plan for printed stationery and are ready to present to stakeholders. Outline the contents of your category sourcing plan presentation. (4 marks)