

Name \_\_\_\_\_ Index No. \_\_\_\_\_

2903/101  
**SUPPLY CHAIN MANAGEMENT  
 AND PURCHASING PRINCIPLES**  
 November 2015  
 Time: 3 hours

Candidate's Signature \_\_\_\_\_

Date \_\_\_\_\_



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**  
**DIPLOMA IN SUPPLY CHAIN MANAGEMENT**  
**MODULE I**

**SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

- Write your name and index number in the spaces provided above.*
- Sign and write the date of examination in the spaces provided above.*
- This paper consists of SEVEN questions.*
- Answer any FIVE questions in the spaces provided in this question paper.*
- All questions carry equal marks.*
- Do NOT remove any page from this question paper.*
- Candidates should answer the questions in English.*

**For Examiner's Use Only**

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

**This paper consists of 16 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

1. (a) An organisation has been experiencing problems in co-ordinating its supply chain operations. Explain the ways in which the firm may enhance co-ordination of the supply chain operations. (10 marks)
- (b) Outline **five** dimensions of materials quality in relation to supply chain management. (10 marks)
2. (a) A supply chain officer is in the process of selecting the pricing method to use in a contract. Explain the factors that the officer may consider in selecting the method. (10 marks)
- (b) ABC Company Limited is in the process of compiling a list of approved suppliers. Highlight **five** factors that the company should consider in selecting suppliers to be included in the suppliers list. (10 marks)
3. (a) The Management of Okonguo Enterprises has decided to use the Blanket ordering method in sourcing of materials requirements. Explain the factors that may have influenced the firm to make the decision. (10 marks)
- (b) Mr. Okinyua, the supply chain officer of Ndovu Company Limited has received a consignment of goods. Highlight **five** ways in which he may ascertain the quality of the goods delivered. (10 marks)
4. (a) A public sector organisation has been receiving complaints from its suppliers due to delays in payment. Highlight the measures that the organisation should take to minimize such delays. (10 marks)
- (b) Highlight **five** benefits that an organisation would derive from preparing a proper scheduling and routing timetable for its fleet. (10 marks)
5. (a) An organisation intends to set up a procurement department in its organisational structure. Highlight the factors that the organisation should consider when setting up the department. (10 marks)
- (b) One of the methods used by organisations in specifying materials is the use of sample. Highlight **five** advantages of using this method. (10 marks)
6. (a) Explain the ways in which price analysis would be important to a buyer during the negotiation process. (8 marks)
- (b) Highlight the criteria that a supply chain officer may use in selecting the method to use during the receipt and inspection process. (12 marks)
7. (a) Some organisations are reluctant to use purchase cards as a means of payment. Explain the reasons that may account for the reluctance. (10 marks)
- (b) Highlight **five** reasons that may influence an organisation to outsource its distribution services. (10 marks)