

2903/301

3307

**PURCHASING AND SUPPLY STRATEGY**

**July 2016**

**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN SUPPLY CHAIN MANAGEMENT**

**MODULE III**

**BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE  
EXAMINATIONS**

**PURCHASING AND SUPPLY STRATEGY**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of SEVEN questions.*

*Answer any FIVE questions in the answer booklet provided.*

*All questions carry equal marks.*

*Candidates should answer the questions in English.*

**This paper consists of 2 printed pages.**

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

1. (a) Explain the **five** elements which should be incorporated in strategic management. (10 marks)
- (b) Internal analysis is an important step in strategic planning process. Explain the key aspects that should be covered in the analysis. (10 marks)
2. (a) Explain the generic strategies which a firm may pursue to succeed in its markets. (10 marks)
- (b) Many business organizations prepare strategic plans for their operations. Explain the reasons which may prompt an organization to prepare a strategic plan. (10 marks)
3. (a) Purchasing departments should prepare appropriate purchasing strategies to guide their operations. Explain the factors which should be considered in the development of such strategies. (10 marks)
- (b) Some organizations prepare purchasing policy manuals for use in procurement operations. Explain the benefits likely to be derived from use of such manuals. (10 marks)
4. (a) Cost-reduction is one of the key strategies in a purchasing department. Explain the activities which would support the successful implementation of this strategy. (10 marks)
- (b) A purchasing organization has adopted a policy of purchasing from small business enterprises. Explain the advantages which the organization is likely to derive from such a policy. (10 marks)
5. (a) Explain the features of organic purchasing structures. (10 marks)
- (b) Explain the attributes of an effective purchasing performance measurement system. (10 marks)
6. (a) Explain the advantages of a devolved purchasing structure. (10 marks)
- (b) Highlight the reasons which may prompt an organization to conduct purchasing performance audits. (10 marks)
7. (a) Explain ways in which functional strategies interrelate with corporate strategies. (10 marks)
- (b) Explain the potential disadvantages of placing purchasing function at a low level in an organizational structure. (10 marks)