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3307

**PURCHASING AND SUPPLY
STRATEGY**

November 2021

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE III

BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE EXAMINATION

STAGE III

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 3 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) Chunga Limited has decided to adopt the strategic management approach in its procurement operations. Outline **five** reasons that may have influenced the company to make such a decision. *pa Easy communication Reduce paper work paper work done* (10 marks)
- (b) You have been included in a team tasked to develop a strategic plan for a certain purchasing organization. Highlight **five** activities that the team will be expected to carryout at the strategy development stage. *avoid error accuracy* (10 marks)
2. (a) Anga Enterprises completed the development of its supply chain management policies. Explain **five** benefits that may accrue to the enterprise from developing such policies. *increase sales and there is minimize quality defects avoid risk good communication reduction of loss To avoid exp-sure own company's interest and confidence* (10 marks)
- (b) ABC Limited intends to adopt the functional organizational structure for its supply chain management function. Explain **five** factors that the company may consider in this regard. (10 marks)
3. (a) A certain organization has adopted the lean supply chain strategy in its operations. Describe **five** operational features of this strategy. *flexible Easy to manage Low cost Economy* (10 marks)
- (b) Explain **five** factors that may account for the failure of an organization to evaluate the performance of its supply chain management function. *inadequate resources Poor policy Finance - Environmental factors Inadequate* (10 marks)
4. (a) Mrs. Sapa, the supply chain manager at Kombek Limited intends to evaluate the performance of the strategies in her department. Highlight **five** aspects that she should cover when carrying out the task. *flexible Economy Accuracy* (10 marks)
- (b) Explain **five** measures that a supplies manager should take to enhance effective implementation of the supply policy manual in an organization. *paper participation consistency communication organizational goal* (10 marks)
5. (a) Dindo Limited has decided to adopt agile strategies in its supply chain management function. Explain **five** advantages to the company of adopting such strategies. (10 marks)
- (b) The supplies manager of XYZ Limited is reluctant to adopt decentralization of its supply chain function. Outline **five** reasons that may account for the reluctance. *Economic diseconomies* (10 marks)
6. (a) Explain **five** factors that an organization may consider when preparing a strategic plan for its supply chain management function. *Availability of Resources Centralization of the org Economic period Allocation of resources Finance Environmental Scan* (10 marks)
- (b) There are certain factors which may hinder effective implementation of the consortia sourcing strategy in an organization. Highlight **five** such factors. *Economic cost reduction customer demand quality of goods Supplier price Buyer power Threats of substitution Competitors* (10 marks)

7. (a) Highlight five decisions that may be made at the business level in the strategic management of an organization. (10 marks)
- (b) Chebe Limited recently undertook a measurement exercise of the performance of its supply chain management function. Explain five ways in which the results obtained may be used in the organization. (10 marks)

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