



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	Johannesburg Business School
DEPARTMENT	Transport and Supply Chain
CAMPUS(ES)	APB
MODULE NAME	Purchasing 4
MODULE CODE	BIC44A4/PRO 01
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Supplementary Summative Assessment June 2019

ASSESSMENT DATE	July 2019	SESSION	08:30-11:30
ASSESSOR(S)	Mr H van den Berg		
MODERATOR(S)	Mr H du Rand (External)		
DURATION	3 hours	TOTAL MARKS	120

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	4
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INFORMATION/INSTRUCTIONS:

- This is a closed-book assessment.
- ***Answer question 7 on the exam paper, hand in the exam paper together with your answer paper***
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.

Question 1**[30 MARKS]**

Studies done in USA by Kolchin, Giunipero and Percy (2000) has confirmed that an individual will be require 32 different types of skills to be considered a world-class purchaser. These skills are categorised under 7 different headings. Examples of these 32 different types of skills are *strategic*, *behavioural* and *quantitative* skills, and under each of these three skills are different sub-categories:

- a. Identify the 7 different headings into which the 32 different types of skills are classified and fully explain each of the headings making use of relevant practical examples, relating to purchasing. (7x2=14)
- b. Identify all the sub-areas of *strategic*, *behavioural* and *quantitative* skills and fully explain each of the sub-areas making use of relevant practical examples, also related to purchasing. (13x2=26)

Question 2**[12 MARKS]**

According to the Japanese motor manufacturers, '*muda* or *waste*' refers to any human activity that absorbs resources but creates no value. Various types of organisations have classified six examples of '*muda*'. Identify all the different types of '*muda*' and fully explain each type with relevant examples related to the automotive/car manufactures industry. (6x2=12)

Question 3**[14 MARKS]**

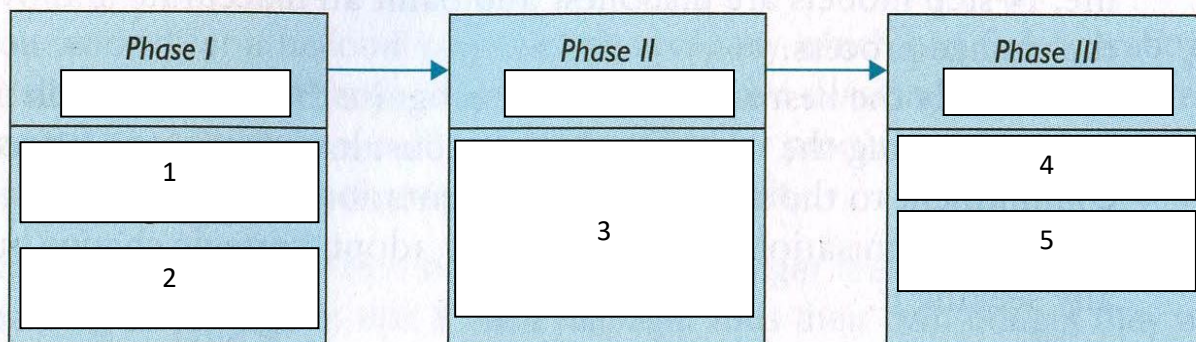
According to Gunasekaran, there are seven enablers of agile manufacturing. Identify all the enablers and fully explain each enabler with relevant practical examples, relating your explanations back to the automotive/car manufactures industry. (7x2=14)

Question 4**[16 MARKS]**

According to Kurt Lewin, the process of implementing change involves three basic steps.

- 4.1 Identify and fully explain these three basic steps. (3x2=6)
- 4.2 In the figure cited below, identify 1 to 5 and explain with practical examples what these changes could be for the automotive/car manufactures industry. (5x2=10)

Lewin's view of the change process



Question 5**[14 MARKS]**

You are the procurement manager for Albany, and through experience, you know that Globalisation is one of the many factors that can increase the complexity of inventory management. Identify and explain all the activities that can comprise inventory management at Albany.

Question 6**[20 MARKS]**

With the use of RFID, better inventory management and replenishment practices are possible, which in turn should result in a reduction of interrupted production or lost sales due to items being out of stock. Identify (a) five (5) advantages and (b) five (5) limitations of RFID technology and fully explain the advantages and limitations with relevant examples relating back to chocolate manufacturers.

(10x10=20)

Question 7**[14 MARKS]**

You are the owner of Jo's Wood. You have an agreement with Sappi Wood Distributors to order and pay up to 4 months of pinewood in advance. Using the information below, complete/fill in Table 1, using the 'Volume timing of Purchases' method.

- ☞ Jo's Wood demand for pinewood a month is 500kg.
- ☞ The average monthly price for 500kg of pinewood varies between R1315 and R1435, depending on the time of the year.
- ☞ Sappi Wood Distributors is currently selling 500kg of pinewood to Jo's Wood for R1250.00 and the market price is currently R1500 for 500kg of pinewood.
- ☞ Sappi Wood Distributors informed you that market price pinewood would increase with 5% at the end of April. At the end of August, another 7% increase can be expected on the July market price for pinewood.
- ☞ Sappi Wood Distributors have fixed your prices for pine wood as the following;
 - ↳ January – April, R1250 for 500kg
 - ↳ May – August, R1390 for 500kg
 - ↳ September – December, R1415 for 500kg

You have the option of paying the fix contract price for 4 months **or** the market price

Volume timing of purchases

Table 1

<i>Date</i>	<i>Quantity purchased (kg)</i>	<i>Your price p/kg</i>	<i>Market price p/kg</i>	<i>Your cost</i>	<i>Market cost</i>
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

Average price p/kg over 1 year

Average market price p/kg

Saving over total period

Your choice, market price or fixed price?

Market

Fixed

TOTAL: 120 MARKS