



COLLEGE OF BUSINESS AND ECONOMICS

## SUPPLEMENTARY EXAMINATIONS 2020

<b><u>DEPARTMENT</u></b>	TRANSPORT & SUPPLY CHAIN MANAGEMENT
<b><u>MODULE NAME</u></b>	PURCHASING MANAGEMENT 2A (EXTENDED)
<b><u>MODULE CODE</u></b>	PUROY2A
<b><u>DURATION</u></b>	3 HOURS
<b><u>TOTAL MARKS</u></b>	120

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<b><u>EXAMINER</u></b>	MR NJ MUOFHE
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<b><u>MODERATOR</u></b>	MR T MLILO
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**GOOD LUCK!!**

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### **INSTRUCTIONS TO CANDIDATES:**

- Answer all the questions
- Question papers must be handed in.
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Answer Section A in the answer sheet at the end of your answer book.
- Number your answers clearly.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

## SECTION A

[20 MARKS]

### QUESTION 1

Apart from impacting on our daily lives because of the products we need and want to buy, logistics also has a big impact on the \_\_\_\_\_ of organizations.

- A bottom – line
- B activities
- C purchases
- D suppliers

### QUESTION 2

If low customer service and high costs mean that an organization sells less of its products, then its \_\_\_\_\_ gets smaller.

- A market share
- B competitive advantage
- C logistics
- D total cost

### QUESTION 3

If people in a country want to maintain and improve their existing standard of living against the background of increasing numbers of people being born and increased inflation rate, improving \_\_\_\_\_ in logistics is also important.

- A gross domestic product
- B profitability
- C supply chains
- D production costs

### QUESTION 4

\_\_\_\_\_ deals with the handling, movement and storage activities within the supply chain, beginning with suppliers and ending with the customer.

- A Logistics
- B Purchasing Management
- C Materials handling
- D Logistics management

### QUESTION 5

\_\_\_\_\_ must be timely and accurate to support managers in their administration of the logistics activities.

- A Goods
- B Services
- C Information
- D Procurement

### QUESTION 6

Supply chain management should focus on the management of \_\_\_\_\_ in order to achieve a more profitable outcome for all parties in the chain.

- A relationships
- B information
- C equipment
- D goods and services

### QUESTION 7

When a seller offers standard products (e.g. Coca cola) to many customers who receive standard terms and conditions for purchasing, it is known as \_\_\_\_\_.

- A relationship management
- B arms – length relationships
- C point of consumption relationships
- D supply chain management

### QUESTION 8

The movement of materials as they flow from their source to the end customer is known as \_\_\_\_\_.

- A supply chain
- B purchasing
- C supply chain management
- D integrated logistics

### QUESTION 9

\_\_\_\_\_ involves minimizing the total costs of logistics while achieving the desired customer service level.

- A Total cost analysis
- B Total costs logistics
- C Integrated logistics
- D customer service cost

### QUESTION 10

\_\_\_\_\_ are the activities that are related to receiving, storing and distributing inputs to the product, such as materials handling, warehousing, inventory control, vehicle scheduling and returns to suppliers.

- A Inbound logistics
- B Outbound logistics
- C Procurement
- D Operations

### QUESTION 11

\_\_\_\_\_ are activities associated with transforming inputs into the final product form, such as machining, packaging, assembly, equipment maintenance, testing, printing and facility operations.

- A Inbound logistics
- B Outbound logistics
- C Procurement
- D Operations

### QUESTION 12

\_\_\_\_\_ relate to advertising, promotion, sales, distribution channel selection, the management of channel relations and pricing.

- A Inbound logistics
- B Outbound logistics
- C Procurement
- D Operations
- E Marketing and sales activities

### QUESTION 13

\_\_\_\_\_ is the acquisition of appropriate goods or services at the best possible total cost.

- A Purchasing
- B Technology management
- C Procurement
- D Operations
- E Marketing and sales activities

### QUESTION 14

The building of long-term relationships with a limited number of suppliers based on mutual trust is known as \_\_\_\_\_.

- A contract
- B loyalty
- C partnership
- D buyer – seller relationship

### QUESTION 15

It is not one of the purchasing activities.

- A Determining and transmitting the need;
- B Selecting the right supplier;
- C Arriving at the right price;
- D Specifying the terms and conditions of the agreement or contract;
- E producing goods at the lowest cost.

### QUESTION 16

They are information cards forming part of the just in time (JIT) system and provide a supplier with clear description and specification of the firm's specific needs.

- A Purchasing requisitions
- B KANBANS
- C Materials lists
- D Purchasing orders

### QUESTION 17

Technological innovation such as e-procurement, e-sourcing, electronic data interchange (EDI) and electronic catalogue are valuable in \_\_\_\_\_.

- A identifying potential suppliers
- B placing the order
- C describing the need
- D bidding and negotiating

### QUESTION 18

The process of asking for formal tenders and it is often described in the purchasing policy and procedure manual.

- A Identifying potential suppliers
- B Placing the order
- C Describing the need
- D Bidding and negotiating

### QUESTION 19

\_\_\_\_\_ consists of the constant monitoring of the supplier progress with the order so that the supplier may not fall behind delivery schedule.

- A Follow – up
- B Inspection
- C Expediting
- D Closing the order

### QUESTION 20

A step wherein all the necessary documents (order form, invoice, receiving notes, and quotations) are submitted to finance function under cover for payment is known as\_\_\_\_\_.

- A closing the order
- B awarding the contract
- C placing the order
- D bidding

**SECTION B****[100 MARKS]****QUESTION 1****[42 MARKS]**

- 1.1. Explain the four buying situations in which each product category can be purchased. (12)
- 1.2. Discuss the following steps in purchasing process in detail.
- Identification and description of the need (9)
  - Placing the order /Awarding of the contract (6)
  - Follow-up and Expediting. (6)
- 1.3 Identify the four stages in a product life cycle in their order of sequence. (4)
- 1.4. Discuss five reasons why an organisation will procure capital equipment. (5)

**QUESTION 2****[30 MARKS]**

- 2.1. Identify the five steps in the negotiation process and explain the fourth step in detail. (15)
- 2.2. Identify seven aspects of power position in negotiation. (7)
- 2.3. Discuss in detail the requirements of a good contract. (8)

**QUESTION 3****[28 MARKS]**

- 3.1. Identify 11 terms and conditions of procurement agreement. (11)
- 3.2. What is an “offer”? (2)
- 3.3. Draw a figure to illustrate customer order cycle. (6)
- 3.4. Most managers today do not trust forecasts because they are full of data that is not correct. What are the 7 comments often heard from supply managers in industry about the use of forecasts? (7)
- 3.5. What is lead time? (2)

**END OF ASSESSMENT**