CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT (CILT) 
EXAMINATIONS IN COLLABORATION WITH MANAGEMENT UNIVERSITY OF AFRICA 
PROFESSIONAL DIPLOMA IN LOGISTICS AND TRANSPORT

SOURCING AND PROCUREMENT

DATE:  22ND FEB 2018  
DURATION:  2 HOURS  
MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. DO NOT write on this question paper.
3. This paper contains SIX (6) questions.
4. Question ONE is compulsory.
5. Answer any other THREE questions.
6. Question ONE carries 25 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided.
QUESTION ONE

Read the Case Study below carefully and answer the questions that follow

E- PROCUREMENT APPLICATION

Agility logistics International launched its e-procurement service as a strategy in July 2000. Its e-catalogues contain a broad list of suppliers ranging from huge contract partners to small chemical producers with which Agility has pre-negotiated discounts and service contracts. When a purchasing order is received, it will be automatically forwarded to the appropriate suppliers.

Required

a) Discuss the highs and lows of an e-procurement strategy practiced by an organization.  
   (10 marks)

b) E-Procurement is not just providing a catalogue on the internet of what is to be bought. Justify the statement and what must be done  
   (5 marks)

c) Small chemical producers with which Agility Company has pre-negotiated discounts and service contracts with are not ready to use e-procurement. Explain the reasons why some SMEs are not ready to implement e-procurement strategy  
   (10 marks)

QUESTION TWO

a) Differentiate between Strategic Management of Procurement and operational procurement system  
   (10 marks)

b) Discuss the inefficiencies of maverick buying/traditional procurement process in an organization  
   (5 marks)

QUESTION THREE

a) Discuss the concept of outsourcing in supply chain.  
   (10 marks)

b) Negotiation is a process by which whereby two or more parties with differing views initially attempt to reach an agreement by the selective use of different methods and techniques. Discuss the approaches and objectives of negotiation.  
   (5 marks)
QUESTION FOUR

a) Discuss the general methods used to obtain tenders whether in public or private sector. (10 marks)

b) In order to reduce costs in a supply chain the purchasing department has to employ sourcing strategies. Identify and discuss the various buying strategies for small orders, emergency orders, and bulk purchases (5 marks)

QUESTION FIVE

a) Discuss and justify the reasons why organizations consider holding stock. (5 marks)

b) Describe and discuss the whole purchasing cycle used in the sourcing process. (10 marks)