



**POST GRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**LSO 503: STRATEGIC PROCUREMENT**

**DATE: 1<sup>ST</sup> APRIL 2026**

**DURATION: 3 HOURS**

**MAXIMUM MARKS: 60**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

## **QUESTION ONE**

**Carefully read the case and attempt questions a), b), c) and (d).**

### **TECHBUILD LTD**

TechBuild Ltd is a regional construction materials supplier operating across East Africa. Over the past decade, the company has expanded aggressively, supplying cement, steel, and prefabricated housing components to both private developers and government projects. While growth has positioned TechBuild as a significant player in the construction industry, the firm's procurement function has become a bottleneck to competitiveness, threatening its ability to sustain market leadership.

First, procurement practices remain largely transactional. Managers focus heavily on cost reduction without aligning purchases to the company's long-term corporate strategy. This short-term approach has led to missed opportunities for value creation, such as building strategic partnerships with suppliers, innovating supply chain processes, or leveraging procurement as a driver of competitive advantage.

Second, the company struggles with supplier identification and selection. Procurement officers continue to depend on a narrow supplier base, exposing TechBuild to risks of supply disruptions, quality inconsistencies, and limited bargaining power. Many of its suppliers also lack modern manufacturing technologies, limiting their ability to meet large-volume or specialized orders. This has undermined the company's reliability in fulfilling customer contracts on time.

Third, inventory management weaknesses remain a major challenge. Overstocking of cement has tied up significant working capital and increased warehousing costs, while frequent shortages of critical inputs

like steel rods have delayed construction projects. The absence of ICT-enabled systems means procurement officers cannot monitor inventory levels in real time, further aggravating inefficiencies and reducing responsiveness to market demand.

Fourth, TechBuild has faced persistent challenges in outsourcing and make-or-buy decisions. For instance, the company outsources its transportation function but does so without a clear strategy or performance-based contracts. As a result, transportation costs have risen sharply, service quality is inconsistent, and customer satisfaction has been negatively affected.

Finally, negotiation processes within the procurement department are inconsistent and underdeveloped. Officers rely on ad hoc bargaining tactics rather than structured negotiation frameworks, leading to supplier disputes, unfavorable contract terms, and missed opportunities to create long-term value. This lack of professionalism has weakened supplier relationships and contributed to higher procurement costs. Recognizing these problems, the board of directors has hired you as a procurement consultant. You are expected to conduct a strategic review of TechBuild's procurement function, identify the critical challenges, and propose actionable strategies to transform procurement into a strategic tool that supports organizational competitiveness across East Africa.

**Required:**

- a) Identify and analyze the main strategic procurement challenges at TechBuild Ltd.

**(8 marks)**

- b) Recommend strategies for supplier selection, inventory management, and outsourcing.

**(8 marks)**

c) Explain how structured negotiation approaches could strengthen procurement effectiveness.

**(8 marks)**

d) With reference to the case study, describe the characteristics of partnership approach to negotiations.

**(6 marks)**

## QUESTION TWO

a) Assume the role of a Procurement Consultant in a Private University. Discuss the strategic role of procurement in enhancing organizational competitiveness.

**(7  
marks)**

b) Procurement function in the 21<sup>st</sup> Century is a strategic undertaking. Explain Mintzberg's strategic view and its relevance to procurement. **(8 marks)**

## QUESTION THREE

a) Idea generation or contextualization is the starting point in New Product Development. Analyze the role of procurement in new product development (NPD).

**(7 marks)**

b) Technology is considered an “enabler” in organizational success. Evaluate the impact of leveraging technology (AI, IoT, and robotics) on procurement efficiency; base your answer on an existing or hypothetical organization, firm or institution.

**(8 marks)**

## QUESTION FOUR

a) As a supply chain trainer and educator, the role of procurement analysis and measurable objectives is crucial. Discuss the importance of procurement analysis and measurable objectives; base your answer on an existing or hypothetical organization, firm or institution. **(7 marks)**

b) Strategic procurement is considered as the core of supply chain performance. Critically assess emerging issues in outsourcing and make-or-buy decisions, base your answer on an existing or hypothetical organization, firm or institution.

**(8 marks)**