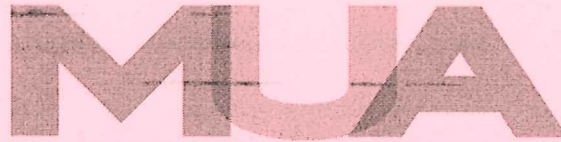


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BML 104: INTRODUCTION TO PURCHASING AND SUPPLIES

DATE: 7TH APRIL 2025

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 a, b and c:

Case Study: Inventory Management a Manufacturing Firm

Effective inventory management is a cornerstone of operational success in **manufacturing firms**. A prominent case study of an automotive parts manufacturer illustrates the complexities and strategic approaches to inventory control. Faced with **challenges** of excess inventory and supply chain disruptions, the company recognized the need for a robust inventory management system. The excess **inventory** not only tied up capital but also increased storage costs, while stockouts led to delays in production, risking contracts with major clients. To tackle these **challenges**, the manufacturer adopted a hybrid inventory management approach, combining Just-In-Time (JIT) principles with advanced forecasting techniques.

By implementing JIT, the company aimed to reduce excess stock by receiving goods only as they were needed in the production process. Concurrently, they invested in sophisticated demand forecasting tools that analyzed historical sales data and market trends to predict future demand more accurately. This dual approach allowed the **manufacturer** to streamline their inventory levels while ensuring they met production needs efficiently.

Collaboration with suppliers became a critical aspect of the new inventory strategy. The manufacturer established strong relationships with key suppliers, integrating them into their planning processes to enhance delivery reliability. They also employed vendor-managed inventory (VMI) practices, allowing suppliers to manage stock levels based on real-time data. This not only reduced lead times but also enabled the firm to maintain lower inventory levels without compromising on production continuity.

Moreover, the company leveraged technology by implementing an inventory management software system that provided real-time visibility into stock levels and **automated** reorder processes. This technology facilitated better tracking of inventory **movements** and allowed for quicker response times to fluctuations in demand. By **centralizing** inventory data, managers could make informed decisions about

restocking and production scheduling, further minimizing the risk of shortages or overstocking.

As a result of these strategic changes, the automotive parts manufacturer achieved significant improvements in inventory turnover rates and reduced holding costs by 25%. The integration of JIT, enhanced forecasting, and strong supplier relationships not only optimized their inventory management but also positioned the company for long-term success in a competitive market. The case study underscores the importance of a comprehensive approach to inventory management that balances efficiency with responsiveness to market dynamics.

Required:

- a) Evaluate the inventory management strategies the automotive parts manufacturer implemented to address their challenges. (10 marks)
- b) Based on the case study, analyse how technology play a role in enhancing the company's inventory management processes. (10 marks)
- c) Discuss the impact of implementing supplier collaboration on the company's inventory levels and production efficiency. (5 marks)

QUESTION TWO

- a) Analyse how a company effectively conduct a supplier appraisal to assess and select the most suitable suppliers for its operations. (8 marks)
- b) Discuss the key components of supplier market analysis, and how can a company utilize this analysis to improve its procurement strategy. (7 marks)

QUESTION THREE

- a) Evaluate the key measurement criteria used to evaluate procurement performance, and how can these criteria be effectively implemented. (8 marks)
- b) Analyse how benchmarking can be applied in procurement, and what are its potential benefits. (7 marks)

QUESTION FOUR

- a) Analyse the role of quality control in procurement, and how organizations can implement effective quality control measures. (8 marks)
- b) Discuss the difference between quality assurance and quality control in procurement, and how organizations can implement effective quality assurance practices. (7 marks)

QUESTION FIVE

- a) Analyse the scope of purchasing ethics in procurement. (8 marks)
- b) Discuss three key ethical considerations in procurement. Use an organization, industry or sector to provide practical illustrations. (7 marks)

QUESTION SIX

- a) Analyse how organizations effectively evaluate outsourcing suppliers to ensure they meet quality and performance standards. (8 marks)
- b) Evaluate the potential benefits and risks associated with supplier subcontracting in procurement. (7 marks)