

Please answer all of the following six questions:

Question 1 (10 points)

Describe and discuss Kraljic's portfolio approach by identifying its key components, and by explaining its usefulness for purchasing managers. Illustrate your key points with examples.

Question 2 (10 points):

How can companies achieve cost savings through purchasing? Summarize your key points in a table or a diagram and illustrate them with examples,

Question 3 (12 points)

The new purchasing manager at the manufacturing company ADAM has made a preliminary analysis of the purchasing of services within the company. She found that a majority of these services are purchased with little involvement from the purchasing function. Discuss the following, and make recommendations:

- (a) What would the benefits from professionalizing purchasing of services in ADAM be? Discuss and recommend what points should be made in a proposal to the management team at ADAM. (6p)
- (b) What challenges might she face when professionalizing purchasing? (3p)
- (c) Discuss and suggest steps to implement a more professional purchasing of services in ADAM? (3p)

Question 4 (25 points)

Define and critically examine in brief terms the following concepts:

- a) Public procurement (5 points)
- b) Moral hazard (5 points)
- c) Purchasing *efficiency* (5 points) session 2
- d) Service level agreements (5 points) session 9
- e) Decision-making unit (5 points) ch 2 p 27

Question 5 (8 points)

Identify and describe in brief terms four types of 'resource interfaces' in supplier relationships.

Question 6 (15 points)

The Coffee Bean Roasters (CBR) have a long and successful history as a key player in the natural food supply chain. The company is regarded as a high-quality supplier of

roasted coffee and cocoa with a market-leading position in Scandinavia, the Baltic countries and Russia. The products are sold as CBR's own brand to a growing customer base, ranging from large retail chains to smaller coffee shops. The company has been hesitant to sell private-label brands to their customers. It comes with the nature of the product and the location of the key markets that the supplier base is quite dispersed, both in volume and geographical location (Latin America, Southeast Asia and Africa). Decision making at all levels is guided by the following vision:

"We share our passion for coffee and cocoa in our high quality products and services. We strive for excellence from bean to cup – and from cup to a great coffee experience."

As an external consultant with expertise in purchasing and supply management in particular, you are asked to identify at least four key managerial challenges purchasing managers at Coffee Bean Roasters may be facing, motivate the importance of each of these, and suggest ways by which these challenges can be addressed. At the end of your answer, summarise your key points in clear statements -- a set of bullet-points or a table -- that can be presented to those you believe are the relevant stakeholders in this scenario.

END OF EXAM PAPER

Please answer all of the following **five questions**:

Question 1 (10 points)

Explain in what ways purchasing can contribute to improving a company's 'social (or ethical) image. Illustrate your arguments by providing a brief example for each of these ways.

Question 2 (15 points)

Identify various types of supply risk a company may face, and provide examples to illustrate the nature and importance of these.

Question 3 (25 points) – concepts

Explain the following concepts and discuss in brief their usefulness to purchasing professionals. Illustrate key points with examples:

- a) Service level agreements (5 points)
- b) Supply market structures (5 points)
- c) Purchasing performance (5 points)
- d) Agency theory (5 points)
- e) Classification of purchasing goods (5 points)

Question 4 (10 points) – a brief essay question

"Riding the next wave of outsourcing – all companies in the consumer-goods industry should consider outsourcing to LCCs (Low Cost Country)".

Discuss this statement and produce arguments in support and / or in conflict with the statement as you see appropriate. In doing this, you are expected to select and make use of theoretical frameworks and concepts from the course syllabus. Provide examples from industry to illustrate key points, and summarise your results in clear statements (e.g. a table or bullet-points).

Question 5 (20 points) – case question

Analysis of a particular context:

Analyse the strength and weaknesses of the buyer-supplier relationships described in the supply chain in the case example below.

Case "Toshiba and UPS"

“UPS and Toshiba America Information Systems agreed on a new laptop process. Any broken laptop will be picked up by UPS and instead of shipping it to a Toshiba repair center, the laptop will be inspected and repaired in the specially set up UPS Logistics & Technology Park in Louisville, Kentucky. The 2 million-square foot campus, which specializes in high-tech support, is adjacent to the UPS Worldport global air hub. The proximity to the air hub means it is possible that the laptop can be received, repaired, and shipped back to the customer very quickly.

The overall goal of this partnership was to diminish the total repair cycle time for laptops and to increase customer satisfaction. By eliminating multiple transportation steps and by improving inventory visibility, they made the total repair process very streamlined. Whenever a Toshiba laptop breaks down, the customer can call a customer-service center toll-free. The customer will then receive the address of the nearest UPS store, where the laptop can be dropped off. From there, the computer is shipped to the repair center. This process reduces the cycle time from 10 days to 4 days, as the UPS engineers are able to do the job faster than the Toshiba’s technicians in the past. “

Source: Skjoett-Larsen et al. 2007:308-309

***** End of the exam paper *****

Please answer all of the following six questions:

Question 1 (10 points)

Explain in what ways purchasing can contribute to improving a company's 'green' (or environmental) image. Illustrate your arguments by providing a brief example for each of these ways.

Question 2 (10 points)

Identify various types of supply risks a company in the food supply chain may face. Explain how the company's sourcing strategy can help to mitigate these types of risk.

Question 3 (15 points)

Describe at least four ways by which purchased materials and services can be categorised. How can this improve decision making in purchasing?

Question 4 (15 points)

Define and critically examine in brief terms the following concepts:

- a) Early supplier involvement (5 points)
- b) Competitive bidding (5 points)
- c) Framework agreements (5 points)

Question 5 (10 points)

Explain the theoretical logic of the following statement, and discuss how purchasing managers may benefit from this way of thinking: "The value of a resource is dependent on its connections to other resources".

Question 6 (20 points)

Critically examine and discuss this statement, and illustrate your points with examples: "Outsourcing to low cost countries always pays off".

END OF EXAM PAPER

Please answer all of the following five questions:

Question 1 (10 points)

Define 'competitive bidding'. Under what circumstances might companies follow such strategy and what might the potential implications of doing so?

Question 2 (10 points)

When supply chain practitioners view their role as procuring goods and services rather than as procuring performance results, they are likely to encounter *internal customer* frustration. Describe and discuss, using examples to illustrate your arguments:

- a) As a purchaser what can the challenges in dealing with internal customers be when purchasing services? (4 points)
- b) How can internal customers contribute when purchasing services? (3 points)
- c) How can the purchaser contribute when purchasing services? (3 points)

Question 3 (15 points)

A supply network perspective suggests that actors interact, and their interactions impact and are impacted by a set of factors. These factors can be described using *three dimensions* of the atmosphere in which interactions takes place. Describe and discuss each of these three dimensions, and illustrate by examples as you find appropriate.

Question 4 (25 points)

Define and critically examine in brief terms the following concepts:

- a) Post-transaction elements of 'total cost of ownership' (5 points)
- b) Adverse selection (5 points)
- c) Modified rebuy (5 points)
- d) Purchasing *effectiveness* (5 points)
- e) Bottleneck items (5 points)

Question 5 (20 points)

As an external consultant, with expertise in purchasing and supply management in particular, you are asked to identify at least *three key managerial challenges* in this following situation. At the end of your answer, summarise your key points in clear statements -- a set of bullet-points or a table -- that can be presented to the relevant stakeholders.

*Background and context: The **2013 meat adulteration scandal** is on-going in Europe; food advertised as containing beef were found to contain undeclared horse meat, as much as 100% of the meat content in some cases, and other undeclared meats, such as pork. The issue came to light in January 2013, when it was reported that horse DNA had been discovered in frozen beef burgers sold in several Irish and British supermarkets. While horse meat is not harmful to health and is eaten in many countries, it is considered a taboo food in many countries, including the UK and Ireland. The analysis stated that 23 out of 27 samples of beef burgers also contained pig DNA, which is a taboo food to some communities.*

While not a direct food safety issue, the scandal revealed a major breakdown in the traceability of the food supply chain, and therefore some risk that harmful ingredients were included as well. Sports horses for instance could have entered the food supply chain, and with them the veterinary drug phenylbutazone, which is banned in food animals. The scandal has since spread to 13 other European countries and European authorities have decided to find an EU-wide solution. They initiated meat testing of about 4,000 horse meat samples for the veterinary drug. The EU Recommendation on Labelling the Origin of Processed Meat will be published as soon as possible.

A variety of viewpoints have been provided in the media coverage of this: "Inspections of supermarket meat suppliers are a disgrace", there is a need of "total review", and "supermarkets have failed to check the meat suppliers". Others pointed out a more fundamental issue and believed financial gain was the motive for the fraud – "horsemeat is cheaper than other meats in some countries". Allegedly, supermarkets have squeezed profit margins and it is "understandable" that people might "cut corners".

END OF EXAM PAPER

Question 1 (12 points)

Describe the purchasing process for a new task purchase. Illustrate it with an example. Discuss what is especially important in a new task situation.

Question 2 (10 points)

Describe how services differ from goods, and discuss what that means for purchasing of services. Provide examples to illustrate your points.

Question 3 (20 points)

Define and explain in brief the following concepts:

- a) Indirect sourcing (5 points)
- b) Hybrid purchasing structure (5 points)
- c) Levels of supplier assessment (5 points)
- d) Codes of conduct (5 points)

Question 4 (13 points)

Define in brief terms the two following concepts: dependence and uncertainty. Discuss how these can be applied to manage buyer-supplier relationships.

Question 5 (15 points)Background:

Good afternoon, I hope this email finds you well. Of course, I have a favour to ask. It's really to see if you could point me in the right direction? I have now moved from Porton Bay Constructions to J. R. Ewing Oil & Gas (JREOG), all very exciting and very different. Fingers in many pies, but one of the discussion areas I have just been involved with is the outsourcing or make versus buy decision. Now I have a basic reading list based books and articles on the subject, and so I shall be re-reading some of those soon. However, the favour I would like to ask is: Where might I find a generic process or step by step guide for making a Make versus buy decision? My personal experience has been to focus on the resource based view, looking at core competence, but this experience was in a completely different environment, and so I need something a little more to lend credibility to my approach. Also, I am very surprised that JREOG does not have an existing process for this, and so I am looking to introduce a template for decision-making. I know this may be a little cheeky to ask, but hopefully you can steer me in the right direction. Regards, Regina Branson.

Your task:

Your task is to critically examine this statement and then state in clear terms: a) what the key challenge is in this situation; b) develop and present a step-by-step framework with clear guidelines that helps Regina in the make-or-buy decision; c) this framework should be summarized in a diagram so Regina can present this in an effective manner to colleagues who need to be convinced how to decide upon 'make-or-buy'.

Question 6 (10 points)

Explain the theoretical logic of the following statement, and discuss how this way of thinking can influence purchasing performance: "Purchasing is about exploiting the resources and activities of suppliers, and the better these are adapted and adjusted to the way the buying company performs its own activities, the higher the efficiency".

END OF EXAM PAPER