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**University Examinations 2015/2016**

SECOND YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BBS 3277: PURCHASING POLICY AND STRATEGY**

**DATE: AUGUST 2016 TIME: 2HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Discuss the importance of supply base optimization in an organization. (6 Marks)
2. Much has been written in recent years about desirability of “partnership relations” between buyers and suppliers. Conversely, experience has shown that such an ideal is not always attained in practice. Identify and discuss the reasons for this failure. (6 Marks)
3. Why is it necessary for purchasing functions to focus more on consortium buying in the contemporary business environment? (6 Marks)
4. Building relationship with suppliers is becoming an explicit part of the purchasing strategy for both small and big companies. Discuss the rationale behind this unprecedented phenomenon. (6 Marks)
5. Justify the rationale behind purchasing policies in most of the world class organizations.(6 Marks)

**QUESTION TWO (20 MARKS)**

1. Analyze the building blocks of competitive advantage in a purchasing function. (8 Marks)
2. Explain the benefits of sub-contracting in an organization. (6 Marks)
3. Discuss the common business ploys applied in business transactions when negotiating lucrative contracts (6 Marks)

**QUESTION THREE (20 MARKS)**

1. Identify and explain the grand strategies that can be applied in an organization in order to create a competitive advantage. (6 Marks)
2. Explain circumstances and pressures favouring buy decision in a manufacturing firm. (6 Marks)
3. Analyze the macro environmental factors likely to affect purchasing and supplies strategies of an organization. (8 Marks)

**QUESTION FOUR (20 MARKS)**

1. Explain how a corporate organization can create economies of scale through centralized purchasing. (5 Marks)
2. Identify and explain the distinct forces that influence the state of competition in the industry according to Michael Porter. (10 Marks)
3. Discuss the key determinants of business strength in an organization. (5 Marks)

**QUESTION FIVE (20 MARKS)**

Write short notes on the following terms that are conspicuous in purchasing policy and strategy:

1. Boston consulting group (BCG)-portfolio (4 Marks)
2. Corporate level strategy (4 Marks)
3. Directional policy matrix (4 Marks)
4. Supplier development policies (4 Marks)
5. Two stage tendering (4 Marks)