Write your INITIAL, SURNAME AND STUDENT NUMBER CLEARLY in the spaces provided. Indicate your course, mode of study (FT/PT). This paper consists of five pages (including the cover page), and four questions. Answer all questions and all questions are to be answered on the question paper. Write NEATLY and CLEARLY.

**ANSWER ALL QUESTIONS AND ALL ANSWERS SHOULD BE WRITTEN ON THE QUESTION PAPER**
Question 1

Multiple choice questions from 1 – 5. Circle the letter of the appropriate answer.

1.1 The five “right objectives” of purchasing are:
   a. Quality, Quantity, Price, Time, Place
   b. Cost, Service, Specs, Time, Quantity
   c. Place, Time, Price, Ethics, Contract
   d. Agent, Supplier, Contract, Price, Quantity
   e. Logistics, time, Quality, Price, Quantity

1.2 Which one is incorrect about Kraljic’s product portfolio?
   a. Profit impact
   b. Financial impact
   c. Supply impact
   d. Supply risk
   e. Bottleneck items

1.3 Identify the correct statement regarding logistics management:
   a. SCM is an integral part of logistics management.
   b. Logistics management is an added function and therefore not involved in SCM.
   c. In SCM, logistics is responsible for the physical flow of materials, products and services
   d. Inbound logistics is mainly responsible for customer satisfaction.
   e. Outbound logistics is mainly responsible for supplier satisfaction

1.4 The concept of a supply chain means we analyse and manage:
   a. a chain or network of upstream suppliers
   b. converters
   c. original equipment manufacturers (OEM)
   d. extractors
   e. key suppliers

1.5 Which of the following combinations of concepts best reflect the nature of performance evaluation?
   i. Authoritarian, once-off and quantitative
   ii. Continuous, control and random sampling
   iii. Improvement, motivation
   iv. Quantitative and qualitative
v. Power and control

a. Only i
b. ii & iv
c. iii & iv
d. ii & iii
e. i & v

**Question 2 (True or False)**

Indicate your answer by means of an X in the correct column below.

<table>
<thead>
<tr>
<th>Which of the following statements are true or false?</th>
<th>True</th>
<th>False</th>
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<tbody>
<tr>
<td>2.1 One of the objectives of purchasing and supply chain management is to maintain an optimum balance of inventory that would ensure the desired level of customer service while reducing costs.</td>
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<td>2.2 Supply management has a major impact on the net income of the firm because it increases input costs and reduces sales revenue.</td>
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<td>2.3 The purchasing and supply function of a firm operates dependently on the other enterprise functions.</td>
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<td>2.4 Purchasing is primarily a clerical activity.</td>
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<td>2.5 Strategic plans formulated at top management of purchasing and supply management are implemented or executed at top level management.</td>
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<td>2.6 Strategic sourcing starts with the management of supplier relationships.</td>
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<td>2.7 The term “supply chain” means all the members are linked together in one master contract covering a long time period.</td>
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<td>2.8 The supplier selection decision is based on a uniform set of weighted criteria that can be applied to every purchase.</td>
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<td>2.9 Outsourcing is necessary for the reduction of operating and control costs.</td>
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<td>2.10 The final step in the typical purchasing cycle for materials in to audit the invoice.</td>
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</table>
3.1 Your company had been awarded with a construction tender worth N$500 000 000 by the government. You are the Purchasing and Supply Chain Manager in your company. As part of your responsibility you are required to purchase the building materials. Explain how you will employ the seven steps of the purchasing process in procuring the required building materials. (15)
3.3 A manufacturer of electrically powered tools for the engineering industry consists of four separate business units, of which each undertakes its own purchasing activities. What type of a purchasing structure are we observing in this case? Identify at least three advantages of such a structure. (5)

3.4 You are the Purchasing and Supply Manager of a newly established company. Part of your responsibilities entail the development of a purchasing policy or guideline that will enable the purchasing and supply function to make decisions more easily and provide direction. You are required to outline any five issues that have to be considered or addressed in such a policy or guideline. (10)

END OF TEST