

Eskom needs a vast amount of raw materials to produce electricity. One of the most important commodities in this regard is coal. Assume that Anglo-coal meets Eskom's needs pertaining to coal. Eskom is then able to produce electricity, which is in turn supplied to the various municipalities in South Africa. The municipalities in turn supply households and businesses with electricity for utilisation.

QUESTION 1

Which of the following is regarded as the focal firm in this supply chain?

- 1 Eskom
- 2 Anglo-coal
- 3 The municipalities
- 4 The households and businesses

QUESTION 2

As far as Anglo-coal is concerned municipalities are considered as _____ in the above description of the supply chain.

- 1 suppliers
- 2 buying organisations
- 3 customer's customers
- 4 end-users

QUESTION 3

_____ are negotiated agreements with suppliers to offer a certain price for products or services that remain valid for all purchases made within a certain period, but the buying organisations are under no commitment to buy any particular amount.

- 1 Spot purchases
- 2 Regular trading
- 3 Call-off contracts
- 4 Fixed contracts

QUESTION 4

Contract management can be defined as _____ the implementation of a(n) _____ agreement between two parties that stipulates the fulfillment of their contractual obligation to one another to ensure that immediate action can be taken to effectively and efficiently manage _____ that may occur.

- 1 monitoring, individual, fluctuations
- 2 observing, specific, variations
- 3 safeguarding, reciprocal, changes
- 4 finalising, distinctive, revision

QUESTION 5

Which of the following evaluation criteria is used when evaluating the desirability of using contracts?

- a Is it a long-term agreement?
- b Are there high levels of trust between the buying organisation and the supplier?
- c Is it a high value purchase?
- d Is this a repetitive purchase?

- 1 a b
- 2 b c d
- 3 a d
- 4 a b c d

QUESTION 6

The evaluation at this hierarchical level of the portfolio of relationships may cause a potential termination of the relationship, since _____ represent/s a time-framed commitment.

- 1 sequence
- 2 action
- 3 episodes
- 4 relationship

QUESTION 7

Which of the following is important in developing successful relationships in a partnership?

- 1 Commitment by top management
- 2 Interpersonal relationships between employees of the companies
- 3 Mutual/compatible needs that result in a win-win situation for the partners
- 4 All of the above.

QUESTION 8

Which of the following is **NOT** important in developing a successful strategic alliance?

- 1 Developing efficient processes that will remain unchanged for the duration of the partnership
- 2 Developing performance metrics
- 3 Investigating the capabilities and core competencies of the supplier
- 4 Open lines of communication that both promote sharing and secure confidentiality

QUESTION 9

Fit the characteristics in Column B with the relationship class in Column A

COLUMN A		COLUMN B	
a	Transactional relationships	1	Medium competitive advantage Intermediately skilled resources Minimal technology inflows
b	Collaborative relationships	2	Early supplier involvement A total cost focus One or a few suppliers
c	Alliance relationships	3	High potential for problems pertaining to communication Little continuous improvement Minimal service

- | | | | |
|---|-------|-------|-------|
| 1 | a = 1 | b = 3 | c = 2 |
| 2 | a = 3 | b = 1 | c = 2 |
| 3 | a = 3 | b = 2 | c = 1 |
| 4 | a = 2 | b = 3 | c = 1 |

A CEO who is a two way communicator and views partnerships as important aspects of leadership, is a(n) _____ leader

QUESTION 10

President Steyn is a two way communicator and views partnerships as important aspects of leadership. Therefore, he can be regarded as a (an) _____ leader

- 1 autocratic
- 2 charismatic
- 3 procrastinating
- 4 democratic

QUESTION 11

Mr Khumalo is looking for ways to achieve stable relationships with his teams. What would you suggest to assist him realise his goal?

- 1 He should only appraise his staff whenever he gets a chance as this exercise is time consuming
- 2 He should not communicate his vision to the team because it might be stolen
- 3 He should empower team members and not control them.
- 4 He should set challenging objectives that are unachievable.

QUESTION 12

When establishing buyer-supplier relationships, all the sequences which in turn comprise all the related episodes and actions in one particular relationship between organisations, would be referred to as _____.

- 1 relationships
- 2 sequences
- 3 partner base
- 4 episodes

QUESTION 13

Which one of the following is **NOT** the capability of the resource-based theory (RBT)?

- 1 Corporate architecture
- 2 Innovation
- 3 Supplier performance
- 4 Reputation

QUESTION 14

Which type of contract would you use when there is a frequent requirement of a product or service and the price can be easily determined?

- 1 Spot purchases
- 2 Regular trading
- 3 Call-off contracts
- 4 Fixed contracts

QUESTION 15

According to Kurt Lewin's model, implementing change, will involve three basic steps, namely

- 1 removing obstacles, changing structures and encouraging new approaches
- 2 unfreezing, changing and refreezing
- 3 communication, innovation and change
- 4 creating vision, change and fostering team spirit

QUESTION 16

Which one of the following is **NOT** part of contract life cycle?

- 1 Transaction
- 2 Creation
- 3 Compliance
- 4 Analysis

QUESTION 17

A family of international standards for environmental management is _____

- 1 ISO 9000
- 2 ISO 14000
- 3 ISO 9003
- 4 ISO 16000

QUESTION 18

Which one of the following circumstances will most likely lead to a buyer-supplier break-up?

- 1 Stability and consistency of organisational philosophies
- 2 Supplier constantly meeting required service levels
- 3 Collaborative efforts between the buyer and the seller
- 4 Supplier suddenly becomes financially unstable

QUESTION 19

Change control aims to ensure that all changes are assessed and approved by management before their implementation. Which one of the following is **NOT** a goal for change control?

- 1 Minimal disruption to services
- 2 Reduction in back-out activities
- 3 Economic utilisation of resources involved in implementing change
- 4 Little continuous improvement

QUESTION 20

_____ enables open communication, making demands, stating preferences, asking for information, offering proposals and making concessions

- 1 Tacit negotiation
- 2 Content negotiation
- 3 Cost negotiation
- 4 Face-to-face negotiation

QUESTION 1

A service level agreement is a . . . tool

- [1] monitor-measurement-feedback
- [2] key performance indicator
- [3] balanced scorecard
- [4] conflict-prevention

QUESTION 2

Organisations outsource increasingly more business sections, thus resulting in a larger portion of costs lying outside the organisation in a supply chain. How may an organisation attempt to save costs internally?

- [1] Work with their suppliers to lower the total cost of materials purchased.
- [2] Recognise and celebrate the achievements of their best suppliers
- [3] Adopting any new management practice and related technologies
- [4] Collaborate with brokers to increase profits on products sold to internal customers

The buying organisation may usually experience a *natural tendency to operate in an independent and competitive manner*, especially in uncertain times, which may hurt supplier relationships. Which one of the following is such a tendency for the buying organisation?

QUESTION 3

As with any organisation, the buying organisation may experience a natural tendency to operate in an independent and competitive manner, especially in uncertain times, which may hurt supplier relationships. Which one of the following is such a tendency for the buying organisation?

- [1] Lock the supplier into business with them.
- [2] Give suppliers relevant information to form strategic partnerships with other organisations
- [3] Pay minimum prices although greater returns are available on the market
- [4] Absorb as much risk as possible in the supplier network.

QUESTION 4

A wide spectrum of relationships between buyers and suppliers can exist based on the type of interaction between the buying organisation and the supplier. The spectrum stretches from . . . to . . . relationships

- [1] corporate, collaborative
- [2] transactional, alliance
- [3] competitive; contributing
- [4] buyer, supplier

QUESTION 5

Why would an organisation ideally decide on managing a business by constructing a team?

- [1] All team members must be responsible for the achievement of the outcome.
- [2] Committing to a team sets goals and objectives.
- [3] A team will put personal agendas before those of individuals.
- [4] A team will work together for a common shared and meaningful outcome.

A supplier has an established reputation with a buying organisation, resulting in a smaller pool of suppliers who will be approached for quotations. In which type of engagement/stage of integration is the buying organisation with the supplier?

QUESTION 6

In which stage of integration will a buying organisation be with its supplier, if the supplier has an established reputation with the buying organisation and if this results in a smaller pool of suppliers for the buying organisation?

- [1] Competitive leverage
- [2] Preferred supplier
- [3] Performance partnership
- [4] Strategic alliance

Which type of purchasing arrangement does Woolworths have with Bagpac based on the difficulty to predict future requirements?

QUESTION 7

Which type of buyer/supplier relationship will a buying organisation have with the supplier if it is difficult to predict requirements in advance?

- [1] Regular trading
- [2] Call-off contracts
- [3] Systems contract
- [4] Spot purchases

Woolworths will find that performance management is most efficient in contract management when Bagpac's performance is measured against a baseline. Which tool may Woolworths use to ensure that compliance management is performed with a project baseline?

QUESTION 8

Which tool may be used to ensure compliance management is performed with a project baseline?

- [1] Performance dimension
- [2] Supplier risk scale
- [3] Responsibility matrix
- [4] Task length range

QUESTION 9

To understand individuals we need to understand behaviour. Ultimately, what makes us say the things we do or determine the way we act?

- [1] Habits
- [2] Cultural influences
- [3] Beliefs
- [4] Past experiences

QUESTION 10

Which statement best describes **strategic sourcing**?

- [1] A strategic management process whereby commodities and suppliers are analysed, and relationships are formed and managed according to best practices and appropriate strategies in support of long-term organisational goals.
- [2] An analysis of the entire customer base to ensure that a strategic relationship is formed with each type of customer within the various categories of commodities purchased.
- [3] The management process of planning, implementing, evaluating and controlling strategic operating decisions for directing all activities of the purchasing function towards opportunities consistent to the organisation's capabilities to achieve its long-term goals.
- [4] The strategic management practice whereby existing suppliers of commodities are categorised according to its focus of business, performances are evaluated against set standards and its own performance as an organisation is accordingly benchmarked.

QUESTION 11

Which of the following that may be classified as an internal change can affect buying organisations?

- [1] The introduction of the use of EDI
- [2] The global financial crises
- [3] A substantial increase in fuel prices
- [4] A resultant increase in interest rates

QUESTION 12

Which type of negotiator will do just enough to get a good contract with difficult and unreasonable suppliers?

- [1] Analyser
- [2] Climber
- [3] Camper
- [4] Quitter

QUESTION 13

Groups of interrelated actions, such as a negotiation encompassing a number of actions, form a(n) ..

- [1] action
- [2] episode
- [3] sequence
- [4] relationship

QUESTION 14

One of the risks associated with contract management is that the

- [1] buying organisation's responsibilities are monitored.
- [2] supplier's responsibilities are monitored
- [3] supplier abandons its other business
- [4] buying organisation causes superior short-term performance.

QUESTION 15

In which step of the supplier performance management model should both parties clearly identify and agree on the performance milestones on which the incentives will be based?

- [1] Identify the key performance indicators (KPIs)
- [2] Create the performance incentives.
- [3] Negotiate the performance targets
- [4] Hold periodic award events after the contract is awarded and performance starts

QUESTION 16

According to Kurt Lewin's model, the sequential process of implementing changes involves

- [1] freezing, changing and refreezing.
- [2] unfreezing, freezing and changing.
- [3] changing, freezing and unfreezing.
- [4] unfreezing, changing and refreezing.

In which stage of the contract life cycle should Woolworths establish a central repository for all contract information?

QUESTION 17

In which stage of the contract life cycle should a central repository for all contract information be established?

- [1] Creation
- [2] Activation
- [3] Compliance
- [4] Analysis

QUESTION 20

In the four phases of the lifecycle of a contract, negotiations and collaboration form part of

- [1] creation
- [2] activation
- [3] compliance
- [4] analysis

Which one of the following circumstances will most likely lead to the termination of the relationship between Woolworths and Bagpac?

QUESTION 19

Which one of the following circumstances will most likely lead to the termination of the relationship between a buyer and supplier?

- [1] The supplier unexpectedly becomes financially unstable.
- [2] The buyer's and supplier's philosophies remain constant
- [3] The supplier repetitively meets required service levels.
- [4] The buyer and supplier continue collaborative efforts.

QUESTION 20

Buying organisations do not always dictate the direction of the relationship with a particular supplier, since the supplier's ... play(s) a crucial role in the formation and maintenance of a specific type of buyer/supplier relationship.

- [1] positioning
- [2] networks
- [3] perceptions
- [4] relationships

QUESTION 5

Which description of supplier relationship management is most correct?

- [1] The execution of successful strategies to maximise profits for the buying organisation
- [2] The support of all stakeholders in the supply chain to ease the flow of goods or services
- [3] The investigation into efficient processes to ensure equal profit sharing for both the buying organisation and the supplier
- [4] The continuous investment of resources for the most efficient affiliation between the buying organisation and the supplier to ultimately ensure a happy end user

QUESTION 1

Which one of the following may serve as a *driving force* for change in a supplier relationship management team?

- [1] Added responsibility
- [2] Redundancy
- [3] De-skilling
- [4] Fewer promotions

What can Woolworths use to monitor and measure Bagpac's performance against certain specifications?

QUESTION 2

What can the buying organisation use to monitor and measure the supplier's performance against certain specifications?

- [1] Formal invoice program
- [2] Purchase order schedule
- [3] Requirements matrix
- [4] Service level agreement

QUESTION 4

In which scenario will a product or service be classified as a *leverage item*? Where the expenditure of the product or service is and there are *alternate* products or services available

- [1] low, many
- [2] high, few
- [3] low, few
- [4] high, no

QUESTION 5

Which one of the following indicates a symptom of poor contract management?

- [1] Shorter sourcing and contracting cycles
- [2] Compliance to policy and regulations
- [3] Limited visibility to spending
- [4] Reduced supply and financial risk

QUESTION 6

Which attribute in the continuum of buyer/supplier relationships is typically associated with alliance relationships?

- [1] Quality of products is only inspected upon arrival
- [2] Orders are expedited reactively
- [3] The focus of the relationship is on price
- [4] Supply disruptions are unlikely

QUESTION 7

What may typically be expected in phase 3 (known as refreezing) of implementing change in the organisational process?

- [1] Recognising of the need for change
- [2] Trying out the changes
- [3] Deciding on techniques for changing people and technology
- [4] Overcoming resistance to the change

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QUESTION 8

Why is it important to sustain strategic supplier relationships?

- [1] An increasingly large percentage of the value of a product or service comes from suppliers, which is crucial for a buying organisation to satisfy its customers
- [2] The focus of suppliers has shifted from a long-term corporate strategy to short-term purchasing, sourcing and supply objectives derived from applicable purchasing, sourcing and supply strategies
- [3] The performance of all the current active suppliers (including those that underperform and excel) always outweighs the risk of finding a new suitable supplier to efficiently realise the organisation's mission and objectives
- [4] A common trend today is toward continuous improvement and promoting supplier innovation for the supplier to benefit exclusively

It is important for Bagpac to implement Kotter and Schlesinger's *eight-step process of change* while expanding their organisation. What will stage 2 in the process, namely "creating the guiding coalition", most likely involve for Bagpac?

QUESTION 13

Kotter and Schlesinger suggest an eight-step process for the successful implementation of change. What does step 2 in the process, namely "creating the guiding coalition", involve?

- [1] Achieving shorter-term objectives provides encouragement to sustain people in their efforts to attain longer-term goals
- [2] Removing obstacles, changing structures or systems and encouraging new approaches
- [3] Creating and empowering a group to lead change are encouraging the group to work as a team
- [4] Re-establishing the process with new projects, themes and change agents

Which one of the following types of integration will be *the result* of Woolworths and Bagpac deciding to *form a merger or acquisition*?

QUESTION 16

Which one of the following options is the result of a buying organisation and a supplier deciding to form a merger or acquisition?

- [1] Circular integration
- [2] Horizontal integration
- [3] Vertical integration
- [4] Diagonal integration

QUESTION 18

Which one of the following scenarios demonstrates a team member's most probable behaviour in the storming stage of a team building process?

- [1] Nelson often feels excited, but sometimes hopeless about the success of Apple's new project of data storing
- [2] Mary criticises other team members' contributions to an android phone project by pointing out risks and suggesting possible solutions
- [3] Louis is anxious about the microchip project and fears that his contributions to the project will be useless
- [4] Patricia knows her team members' strengths and weaknesses in the project of "battery-less" cell phones and can appreciate them

QUESTION 7

In the event that Bagpac becomes complacent and loses motivation to maintain performance, to which type of risk will this refer?

- [1] Supplier's volume becomes unreliable
- [2] Supplier abandons other business.
- [3] Supplier is opportunistic
- [4] Buyer is unreasonable

QUESTION 8

What type of supplier certificate will the Good Business Journey programme require most for Woolworths to award a contract to a supplier, such as Bagpac?

- [1] balanced scorecard
- [2] internal certification
- [3] ISO9000
- [4] ISO14000

QUESTION 9

Which one of the following options would have formed *part of the developing stages* of the relationship between Woolworths, as the buyer, and Bagpac, as the supplier?

- [1] Woolworths' expectations
- [2] Bagpac's expectations
- [3] Woolworths' commitment
- [4] Bagpac's commitment

QUESTION 17

A wide spectrum of relationships between buyers and suppliers can exist based on the type of interaction between the buying organisation and the supplier. The spectrum stretches from relationships to alliance relationships

- [1] mutual
- [2] transactional
- [3] contributing
- [4] primary

QUESTION 20

Which one of the following characteristics is true for a market exchange profile?

- [1] Suppliers mostly consist of large multiproduct supply houses
- [2] The market is concentrated with only a few established players
- [3] The need for engineering efforts and expertise is low
- [4] Large capital investments in products are required