FINAL %	

UNISA university of south africa

MNP3703

October/November 2016

SUPPLIER RELATIONSHIP MANAGEMENT

STUDENT NUMBER									

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Question No	Marks Examiners					
	1		2		3	
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Subject

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UNIVERSITY EXAMINATIONS

UNIVERSITEITSEKSAMENS

UNISA university of south africa

MNP3703 (482790) October/November 2016

SUPPLIER RELATIONSHIP MANAGEMENT

Duration 2 Hours 70 Marks

EXAMINERS

FIRST	MRS L MARCANTUONO
SECOND	DR JO CILLIERS
EXTERNAL	PROF MJ NAUDE

Closed book examination

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This examination question paper consists of 21 pages, including 2 pages for additional space to answer questions (pp 19 – 20) and 1 page for rough work (p 21), plus instructions for completion of a mark reading sheet.

INSTRUCTIONS:

1. **This is a fill-in examination paper - write your answers in this book and hand it to the invigilator when you are done.**
2. **Draw a circle on the front cover indicating which long question you have answered in Section C.**
3. **Read through all the questions carefully.**
4. **Please complete the attendance register on the back page, tear off and hand to the invigilator.**

THIS EXAMINATION PAPER CONSISTS OF:

SECTION A:	**COMPULSORY MULTIPLE-CHOICE QUESTIONS**	**(20 MARKS)**
SECTION B:	**COMPULSORY QUESTIONS BASED ON A CASE STUDY**	**(30 MARKS)**
SECTION C:	**COMPLETE EITHER QUESTION 2 OR QUESTION 3**	**(20 MARKS)**

Please note: **Only the first question that you have completed in Section C will be marked – you will not benefit in any way if you complete both long questions.**

TOTAL OF 70 MARKS

CASE STUDY:

KwaZulu-Natal start-up bags big Woolies contract

A steadfast commitment to exceptional quality, service and big dreams has allowed a start-up organisation to turn their dreams into a reality by manufacturing and supplying luxury paper bags for Country Road and Trenery - brands owned by Woolworths Holdings. Bagpac has been incorporated in South Africa as a Close Corporation in 2011 and is based in Johannesburg. This Close Corporation produces and supplies recyclable paper shopping bags for Trenery and Country Road stores, and is one of 40 small businesses that have experienced accelerated growth through the Woolworths enterprise development programme. With the majority of luxury shopping bags having been imported for decades, South African manufacturers have never really been able to enter this highly competitive market. But, Bagpac is stemming the tide and bringing luxury shopping bag manufacturing home.

When Woolworths placed its first order, Bagpac manager and owner, Humeira Kazi, could hardly have imagined that it would be followed shortly by an order of 400 000 bags to be delivered within 11 months. "The large quantities had a big impact and it became clear that we needed to expand in a sustainable way. However, as a small business we simply did not have the means to do so on our own," said Kazi.

Woolworths believes that "enterprise development" is an investment in the future of its own business, as well as in local communities and, therefore, assists other "enterprises" or existing local suppliers with preferential payment terms, low-cost loans and product development guidance. Woolworths gives preference to small, medium, black-owned and black women-owned suppliers, as well as suppliers who are in line with their sustainability goals. Thus, these bags from Bagpac support Woolworths' enterprise development program in that the organisation is woman-owned and supports Woolworths' sustainability goal of reducing waste and recycling. The bags are made from recycled material, and the bags themselves can be recycled. Through the Woolworths Enterprise Development Programme Bagpac received a R100 000 loan to secure separate premises and additional equipment to accommodate orders. This initiative is part of Woolworths' sustainability programme, called the Good Business Journey. Country Road General Manager Brendan Short said: "The luxury shopping bag market is tough, but this local supplier is proving that South Africans can innovate and manufacture at a price that is globally competitive while also creating jobs and up-skilling other South Africans. For us this is an investment in local economic development. We believe in the development of local businesses by not only providing the tools required, but also the ongoing support needed for sustainability and growth."

Sources: **http://www.fin24.com/Entrepreneurs/News/KZN-startup-bags-big-Woolies-contract-20130314**
http://www.woolworths.co.za/store/recipe/_/A-cmp100439
http://www.woolworths.co.za/store/fragments/corporate/corporate-index.jsp?content=../article/article&contentId=cmp205998

SECTION A

ALL THE QUESTIONS IN SECTION A ARE COMPULSORY

Answer all the questions on the mark reading sheet AND mark your answers on this examination paper as a back-up.

Each question counts 1 mark.

TOTAL OF 20 MARKS

PLEASE NOTE

Questions 1 to 10 of the multiple-choice questions are based on the case study on page 2.

QUESTION 1

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

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

QUESTION 2

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

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

QUESTION 3

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

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

QUESTION 4

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?

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

QUESTION 5

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?

[1] Achieving shorter-term objectives that will encourage employees in sustaining their efforts to attain longer-term goals
[2] Removing geographical obstacles, changing manufacturing structures or delivery systems and encouraging new approaches
[3] Forming and empowering a group to lead the change that will encourage the group to work as a team
[4] Re-establishing the current process with new bag material projects, individual celebration themes and change agents

QUESTION 6

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

[1] Bagpac unexpectedly becomes financially unstable
[2] Woolworths' and Bagpac's philosophies remain constant
[3] Bagpac repetitively meets required service levels
[4] Woolworths and Bagpac tolerate their mutual efforts

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 10

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

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

QUESTION 11

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 12

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

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

QUESTION 13

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?

[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 14

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

QUESTION 15

Organisations are outsourcing increasingly more business sections, thus, a larger portion of costs lie outside the organisation in a supply chain How may outsourcing assist an organisation to save costs?

[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

QUESTION 16

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

[1] autocratic
[2] charismatic
[3] procrastinating
[4] democratic

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 18

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 would the buying organisation be with the supplier?

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

QUESTION 19

A service level agreement is a tool

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

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

SECTION B
ALL THE QUESTIONS IN SECTION B ARE COMPULSORY

TOTAL OF 30 MARKS

VERY IMPORTANT!

Ensure that you *apply* the case study to *all of the questions* in this section.

QUESTION 1 **[30]**

1.1 Woolworths comes to a decision to create a team to manage their relationship with Bagpac. Advise this team on their *responsibilities* toward Bagpac. (15)

1.2 **Consider the *Bensaou supplier relationship model* in which Bagpac has a strategic partnership with Woolworths and answer the following questions:**

1.2.1 Provide six (6) *product characteristics* of the luxury paper bags that Bagpac supplies to Woolworths. (6)

1.2.2 Explain four (4) *market characteristics* that are distinctive to the market in which Bagpac operates. (4)

1.3 **Consider the *supplier perception model*.**

What will the most probable perception be of Bagpac about their relationship with Woolworths? (1)

1.4 **Consider the *supply positioning model* and answer the following questions:**

1.4.1 Woolworths decides to analyse the level of risk and complexity of the bags as opposed to the value that is spent on the bags. Within which quadrant would Woolworths classify the bags of Bagpac? (1)

1.4.2 Give three (3) reasons why Woolworths may classify the bags in the chosen quadrant as with your answer in question 1.4.1. (3)

1 1 Woolworths comes to a decision to create a team to manage their relationship with Bagpac Advise this team on their *responsibilities* toward Bagpac (15)

1.2 Consider the *Bensaou supplier relationship model* in which Bagpac has a strategic partnership with Woolworths and answer the following questions:

1 2 1 Provide six (6) *product characteristics* of the luxury paper bags that Bagpac supplies to Woolworths (6)

1 2 2 Explain four (4) *market characteristics* that are distinctive to the market in which Bagpac operates (4)

1.3 Consider the supplier perception model and answer the following question:

1 3 What will the most probable perception be of Bagpac about their relationship with Woolworths? (1)

1.4 Consider the *supply positioning model* and answer the following questions:

1 4 1 Woolworths decides to analyse the level of risk and complexity of the bags as opposed to the value that is spent on the bags Within which quadrant would Woolworths classify the bags of Bagpac? (1)

1 4 2 Give three (3) reasons why Woolworths may classify the bags in the chosen quadrant as with your answer in question 1 4 1 (3)

SECTION C

Answer ANY ONE of the following TWO QUESTIONS.

Please note:

Only the first question that you have completed in Section C will be marked – you will not benefit in any way if you complete both long questions.

TOTAL OF 20 MARKS

QUESTION 2 **[20]**

2.1 Define *transaction cost theory* (TCT) **and** identify the three (3) *key concepts* associated with this theory (5)

2.2 Identify (2) **and** explain (3) the Cox model's classification of *contractual relationships*. (10)

2.3 What is the *core concept* of the IMP model? You should provide a basic answer in just one (1) sentence (1)

2.4 The *IMP model* analyses industrial marketing and purchasing in terms of four basic elements. Identify these four (4) *basic elements*. (4)

2.1 Define *transaction cost theory* (TCT) **and** identify the three (3) *key concepts* associated with this theory (5)

2 2 Identify (2) **and** explain (3) the Cox model's classification of *contractual relationships* (10)

2 3 What is the *core concept* of the IMP model as applied by supplier relationship managers? You should provide a basic answer in just one (1) sentence (1)

2 4 The *IMP model* analyses industrial marketing and purchasing in terms of four basic elements Identify these four (4) *basic elements* (4)

OR

QUESTION 3 **[20]**

3.1	Identify **and** discuss the three (3) areas of compliance that a buying organisation should use in the evaluation of its suppliers' performance. (6)
3.2	Briefly discuss any two (2) characteristics for each of the following aspects of a captive buyer as identified in the Bensaou matrix (a) product (2) (b) market (2) (c) supplier. (2) (6)
3.3	It is very important to consider the type of relationship between a buying organisation and a supplier when *dealing with negotiations.* Identify **and** discuss the four (4) classifications of relationships in *negotiations.* (8)

3 1 Identify **and** discuss the three (3) areas of compliance that a buying organisation should use in the evaluation of its suppliers' performance (6)

3.2 Briefly discuss any two (2) characteristics for each of the following aspects of a captive buyer as identified in the Bensaou matrix (6)
(a) product
(b) market
(c) supplier

(a) Product characteristics (2)

(b) Market characteristics (2)

(c) Supplier characteristics (2)

3.3 It is very important to consider the type of relationship between a buying organisation and a supplier when *dealing with negotiations* Identify **and** discuss the four (4) classifications of relationships in *negotiations* (8)

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ADDITIONAL SPACE:

THIS SPACE IS PROVIDED IN THE EVENT THAT YOU NEED MORE SPACE TO COMPLETE A QUESTION.

PLEASE MARK YOUR WORK CLEARLY BY:

1. **AFTER THE QUESTION WITHIN THE PAPER, WRITING THAT YOU ARE CONTINUING YOUR ANSWER AND ON WHICH PAGE YOU ARE CONTINUING.**

2. **INDICATING THE QUESTION NUMBER, WHICH YOU ARE CONTINUING IN THIS ADDITIONAL SPACE, AT THE START OF YOUR WRITING.**

ROUGH WORK:

THIS SPACE IS PROVIDED FOR ROUGH WORK ONLY.

ANY WRITING IN THIS SPACE WILL NOT BE MARKED!

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EXAMINATION MARK READING SHEET EKSAMEN-MERKLEESBLAD

PART 1 (GENERAL/ALGEMEEN) DEEL 1

STUDY UNIT e g PSY100 X / STUDIE EENHEID bv PSY100-X — 1

INITIALS AND SURNAME / VOORLETTERS EN VAN — 3

DATE OF EXAMINATION / DATUM VAN EKSAMEN — 4

PAPER NUMBER / VRAESTELNOMMER — 2

EXAMINATION CENTRE (E G PRETORIA) / EKSAMENSENTRUM (BV PRETORIA) — 5

STUDENT NUMBER / STUDENTENOMMER — 6 — 7

UNIQUE PAPER NO / UNIEKE VRAESTEL NR — 8 — 9

For use by examination invigilator

Vir gebruik deur eksamenopsiener

IMPORTANT

1 USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
2 MARK LIKE THIS
3 CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
4 ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
5 CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
6 CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
7 CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
8 DO NOT FOLD

BELANGRIK

1 GEBRUIK SLEGS N HB POTLOOD OM HIERDIE BLAD TE VOLTOOI
2 MERK AS VOLG
3 KONTROLEER DAT U VOORLETTERS EN VAN REG INGEVUL IS
4 VUL U STUDENTENOMMER VAN LINKS NA REGS IN
5 KONTROLEER DAT U DIE KORREKTE STUDENTENOMMER VERSTREK HET
6 KONTROLEER DAT DIE UNIEKE NOMMER REG INGEVUL IS
7 MAAK SEKER DAT NET EEN ALTERNATIEF PER VRAAG GEMERK IS
8 MOENIE VOU NIE

PART 2 (ANSWERS/ANTWOORDE) DEEL 2 — 10

1	36	71	106
2	37	72	107
3	38	73	108
4	39	74	109
5	40	75	110
6	41	76	111
7	42	77	112
8	43	78	113
9	44	79	114
10	45	80	115
11	46	81	116
12	47	82	117
13	48	83	118
14	49	84	119
15	50	85	120
16	51	86	121
17	52	87	122
18	53	88	123
19	54	89	124
20	55	90	125
21	56	91	126
22	57	92	127
23	58	93	128
24	59	94	129
25	60	95	130
26	61	96	131
27	62	97	132
28	63	98	133
29	64	99	134
30	65	100	135
31	66	101	136
32	67	102	137
33	68	103	138
34	69	104	139
35	70	105	140

Specimen only