



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CPS 410

COURSE TITLE : APPLIED STRATEGIC PURCHASING

SPECIAL REQUIREMENTS : NO SPECIAL REQUIREMENTS

DURATION : 3 Hours

LEVEL : 4:2

DATE : 11 FEB 2022

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. **QUESTION ONE IS COMPULSORY**
3. Answer **QUESTION ONE AND ANY THREE (3)** questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []
6. Use of practical examples where necessary is encouraged

Question 1

B & Q

The DIY retail chain, B&Q a member of the Kingfisher group, is at the fore – front of developments with regard to the formation and implementation of “green” purchasing and supply strategies in relation to environmental issues. At first sight, it might seem strange that a retailer should show such concern for environmental problems; There is a tendency to focus attention on manufacturing firms, such as the petro- chemical companies, when thinking about environmental problems. The control of the emissions of pollutants that might affect air and water and the safe disposal of waste products are subjects that receive much attention. However, an important aspect of B&Qs environmental strategy is concerned with the purchasing and supply of many of the products displayed and sold in the retail outlets.

Increasingly, firms are coming under pressure to consciously think out what might be called a “form cradle to grave” approach in assessing the environmental impact of products. This covers stages of obtaining natural raw materials, manufacturing processes, retailing of products in use and disposal of products at the end of their life. Government legislation, such as the 1990 Environmental Protection Act, and European Community initiatives for “eco-labels “and ‘eco- audit regulation’ are providing pressure for firms to do so. In addition, customers influence and public concern for products are environmentally friendly are forces that firms cannot afford to ignore. While controversy over the value of being assessed by third parties in relation to the standard for quality management systems (BS 5750,ISO 9000,EN 29000, a new standard, BS 7750, has emerged. This operates in the same way for environmental management systems. Other European partners have made faster progress than the UK in some areas. Germany, for instance, has introduced regulations to increase the recycling of materials ahead of European Community legislation.

B&Q, however, took the initiative itself and decided actively to develop an environmental policy as long – term strategy, even though it did not expect an immediate short- term payback. A corporate responsibility for the environment has implications for its purchasing and supply activities. When considering the potential impact of products on the environment, it became clear to B&Q that a number of key raw materials embodied in its products range has significant environmental implications. Timber is one particular case that can be examined in more detail. The purchasing strategies adopted to minimize the environmental impact can then be investigated.

As regards timber, most publicity has tended to focus on the destruction of tropical rainforests, as the result of indiscriminate felling of hardwood trees, and on the failure to make good use of the areas that have been cleared. Destruction of the environment seems to be the long – term consequence of the pursuit of short- term profit. However, for B&Q's point of view, softwood timber products from the temperate forest zones are more important. Doors, cut timber and garden furniture are typical products sold by B&Q. Is it possible to supply such products to satisfy the demand of customers and still protect the environment? This fundamental environmental question confronts a firm like B&Q.

In 1991, the board of B&Q decided to adopt the 1995 target of the World Wide Fund for Nature (WWF), and buy timber from sources that were well managed and where a policy of sustainable production was pursued. Providing a continuous yield is one aspect of sustainable production, but, in addition, good management should also take into account the need both to maintain the balance of plant and animal life and to provide benefits of local populations. This policy means that B&Q has to be able to trace its timber supplies back to their original sources, and then ensure that these sources are being managed in a proper manner.

To achieve the first objective of traceability, B&Q has introduced a supplier environmental audit questionnaire, which timber suppliers have to complete. These suppliers can extend the analysis to their suppliers as well. Visitors to suppliers and to the forest areas, as well as seminars, helped to increase general understanding of the problems. Experimental projects are being funded to study the viability of sustainable timber production. The idea of independent certification is being discussed as a way of providing that satisfactory forest management standards are being maintained by sources.

Similar approaches are being applied by B&Q to other products areas and the audit procedure has been used with over 200 suppliers. Packaging is another area that receives close attention, in order to look for ways of reducing the amount of packaging needed and to increase the amount of material that can be recycled. Buyers are becoming more aware of the environmental issues associated with the products for which they have responsibility. Environmental criteria are being included in the assessment and selection of suppliers.

Required:

Sustainable procurement is critical to maintain future resources. Discuss the purchasing strategies for B& Q.

(25 Marks)

Question 2

Discuss the application of supplier development initiatives in the Zimbabwean business context. **(25 Marks)**

Question 3

As a procurement manager in your organisation, explain with examples the importance of embracing Corporate Social Responsibility initiatives. **(25 Marks)**

Question 4

The Sales Manager said that products were now uncompetitive in world markets and a cost reduction of 20 per cent is required on purchased goods and services. Currently only Zimbabwean suppliers are used.

Discuss how purchasing professionals may add value to the organisation's challenges. **(25 Marks)**

Question 5

'Benchmarking has become an increasingly common management practice in a competitive business environment in recent years. Managers use benchmarking as a tool to ultimately identify performance gaps and improve performance.'

Discuss the benefits of benchmarking purchasing giving examples. **(25 Marks)**

END