



ZIMBABWE EZEKIEL GUTI UNIVERSITY

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FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

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DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CPS 402 05 JUL 2022

COURSE TITLE : STRATEGIC PURCHASING

SPECIAL REQUIREMENTS : NO SPECIAL REQUIREMENTS

DURATION : 3 Hours

LEVEL : 4:1

DATE :

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Answer question number **one (1)** in Section A (Compulsory) and any other **three (3)** questions in Section B.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets [ ]

## SECTION A

### QUESTION ONE

#### JOHN DEERE

Deere & Company (brand name John Deere) is famed for the manufacture and supply of machinery used in agriculture, construction, and forestry, as well as diesel engines and lawn care equipment. In 2014, Deere & Company was listed 80th in the Fortune 500 America's ranking and was 307<sup>th</sup> in the 2013 Fortune Global 500 ranking.

#### Supply Chain Cost Reduction Challenges:

Deere and Company has a diverse product range, which includes a mix of heavy machinery for the consumer market, and industrial equipment, which is made to order. Retail activity is extremely seasonal, with the majority of sales occurring between March and July.

The company was replenishing dealers' inventory weekly, using direct shipment and cross-docking operations from source warehouses located near Deere & Company's manufacturing facilities. This operation was proving too costly and too slow, so the company launched an initiative to achieve a 10% supply chain cost reduction within four years (Logistics Bureau, 2021)

#### Required

As a newly employed Procurement Manager, advise the management on the procurement strategies that align with cost reduction strategy. **[25 Marks]**

## SECTION B

### QUESTION TWO

Discuss the importance of the Kraljic purchasing matrix in strategic purchasing. **[25 Marks]**

### QUESTION THREE

Write brief notes on the following terms:

- a) Supply base optimisation [5 Marks]
- b) Outsourcing [5 Marks]
- c) Countertrade [5 Marks]
- d) E-Procurement [5 Marks]
- e) International sourcing [5 Marks]

#### **QUESTION FOUR**

Evaluate the various criteria for supplier performance monitoring giving examples.

[25 Marks]

#### **QUESTION FIVE**

Discuss the importance of the meso-environment to an organisation of your own choice.

[25 Marks]

**END**