

**UGANDA MARTYRS UNIVERSITY**  
**FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT**

**PROCUREMENT TACTICS**

**Examination**

**2015 – 2016**

**2<sup>nd</sup> SEMESTER EXAM**

**BAM III Nkozi**

**Date: Friday 6<sup>th</sup> May 2016**

**Time: 9:30 – 12:30pm**

**Instructions to Candidates:**

Read the following before answering the examination questions.

- a) Do **NOT** write anything on this question paper.
- b) Answer any **FOUR** questions, Question One is **compulsory**
- c) Begin a new number on a fresh page
- d) Credit will be given for use of relevant examples and illustrations
- e) Mobile phones are **NOT** allowed in the examination room

## **QUESTION ONE (COMPULSORY)**

### **Win - win is for losers**

A former HR director in the motor trade once told me about the biggest mistake he ever made – telling a trade union official that a key element of a wage deal was ‘non negotiable’. That did not go down well. To negotiate is to move. That is the essential point. If you are not moving from your original position, like the cock-sure city boy in the front row, then you are merely restating your position, like a scratched record. Negotiation means give and take, compromise and being able to see things from the other person’s point of view. Some people will tell you that it sounds like a weak approach. “Don’t back down”, “get tough” – this is the traditional advice on the eve of a negotiation. And it’s true that governments or businesses may have certain ‘red lines’ – points of principle they cannot ignore.

All the more reason, then, to be creative about those areas where you can shift from your starting point of view. One of the worst phrases in business – and, let’s face it, there’s a lot of competition for that accolade – is the “win-win” outcome. Rarely does everybody get everything they want out of a negotiation. But you can find a solution everyone can live with. It takes skill and guts to cut a deal. You can do it if you try hard enough. Article by Stefan Stern (supply management magazine)

Alignment of answers with the case will earn you more points.

### **Required;**

- a. Describe the concept “effective negotiation” and show the key steps that the negotiators may follow during negotiations in order to achieve their intended goals. **(12marks)**
- b. Using the knowledge generated from this course, you have been sent by an organization to participate in negotiation of a major contract. Discuss the major issues that you should consider to have a successful negotiation. **(8marks)**
- c. If you were appointed as procurement officer in a busy organization, what issues would you consider in a negotiation? **(12marks)**

- d. Negotiators are required to have specific skills as part of the negotiators toolbox.  
Discuss the necessary skills a good negotiator must possess. (6marks)
- e. Describe any six negotiations tactics that may be used. (12marks)

### **QUESTION TWO**

- a. Explain any five attributes of spend analysis. (10marks)
- b. Elucidate the common challenges to effective spend data management and analysis.  
(10marks)

### **QUESTION THREE**

- a. What is the role of procurement or purchasing in capital equipment buying (14 marks)
- b. What factors would you consider when buying a capital goods / equipment for an organization (6marks)

### **QUESTION FOUR**

- a. Discuss the various forms/methodologies of evaluation during supplier selection (10marks)
- b. Describe the decisions that a procurement officer has to take when developing a sourcing strategy (10marks)

### **QUESTION FIVE**

- a. Define the terms value analysis and value engineering as they are used in procurement tactics and operations (5marks)
- b. Explain the steps in value analysis (10marks)
- c. Describe the six sigma concept in management (5marks)

### **QUESTION SIX**

Outsourcing has become a common practice today as many firms struggle to survive in the competitive and dynamic environment.

- a. What benefits do these firms hope to attain as they undertake outsourcing?  
(5marks)
- b. Suggest strategies that firms can implement to ensure success in outsourcing ventures.  
(5marks)
- c. Discuss the challenges faced by firms as they try to embark on outsourcing.  
(10marks)

**END OF QUESTION PAPER**