

**UGANDA MARTYRS UNIVERSITY, LUBAGA CAMPUS**

**FACULTY OF BUSINESS ADMINISTRATION AND  
MANAGEMENT**

**DEPARTMENT OF MANAGEMENT SCIENCES**

**BAM III EVENING SEMESTER TWO 2017/18**

**COURSE UNIT: STRATEGIC PROCUREMENT**

**DATE: Monday, 7<sup>th</sup> May 2018**

**Time allowed: 4:00pm- 7:00pm**

**Instructions to Candidates:**

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Write neatly and show all workings clearly.
- 3) Start every question on a new page
- 4) Clearly state the question number & sections attempted
- 5) Answer **any four** questions, Section **A** is compulsory

**SECTION A**  
**Answer BOTH Questions**

**Case Study: Joint Procurement Partnership**

The joint procurement partnership between Tokyo Gas and Kogas has brought additional downward pressure on global Gas prices, whilst offering important benefits to major Gas importers. We flag falling prices as a potential threat to several planned Gas export projects. Japan's *Tokyo Gas Company* and South Korea's *Korea Gas Corporation* (Kogas) have agreed to partner with each other in the procurement of Gas imports. Kogas is the World's largest single Gas importer, and the two companies combined have bought around 70bn cubic metres (bcm) of Gas in the past year, which is equivalent to around 22% of total global Gas imports for 2017. The main aim of the partnership is to combine purchasing power, and challenge is the high price premium paid by Asian buyers of Gas, and the varying supplier perception toward this initiative. According to Tokyo Gas, the partnership will push for increased gas indexation in contract pricing, as well as, a larger share of spot and short-term contracts, in their overall contract mix. Japan, and Japanese utilities, has suffered a heavy fiscal burden in recent years, due both to rising gas import dependence and the high cost of oil-linked Gas contract prices. The new agreement with Kogas forms part of a larger drive to decouple Asian Gas prices from that of oil. Using the knowledge you have acquired in this course, advise on question one (1) and two (2):

**QUESTION ONE**

- a) Define Joint Procurement Partnership as used in the case. **(3 Marks)**
- b) With examples, explore the benefits of the joint procurement partnership that the companies mentioned in the case are enjoying **(12 Marks)**
- c) Briefly examine the challenges that may along with companies pooling their resource together for trade. **(10 Marks)**

**QUESTION TWO**

- a) What is 'Supplier Perception Management?' **(3 Marks)**
- b) Using locally generated examples, discuss how you can apply the Supplier Perception Model in improving supplier attitude of these Gas Companies. **(14 Marks)**
- c) Suggest ways in which companies can improve the quality level of among their providers or suppliers **(8 Marks)**

## **SECTION B**

Choose **any TWO** Questions

### **QUESTION THREE**

- a) Define the term 'Transactional Procurement'. **(3 Marks)**
- b) With ordinary examples, discuss the characteristics of collaborative procurement that managers need to take note of **(14 Marks)**
- c) Briefly explore the circumstances under which Transactional procurement may be ideal for organizations. **(8 Marks)**

### **QUESTION FOUR**

- a) What do you understand by the term 'Supplier Performance Measurement'? **(2 Marks)**
- b) 'Whereas supplier performance measurement is considered to be one of the critical factors to the success of any given procurement, it is normally associated with so many challenges'. Discuss the statement **(14 Marks)**
- c) Briefly describe any three types of supplier measurement techniques **(9 Marks)**

### **QUESTION FIVE**

- a) Define the term 'Supplier Base Rationalization'. **(2 Marks)**
- b) Using locally generated examples, examine the various approaches of supplier base rationalization. **(15 Marks)**
- c) Explore the challenges of supplier base rationalization faced by managers **(8 Marks)**

### **QUESTION SIX**

Briefly discuss the following concepts as used in Strategic Procurement:

- i) Six Sigma
- ii) Supplier Development
- iii) Supplier Quality Management
- iv) Quality Functional Deployment
- v) Proactive Supplier Management **(25 Marks)**

-----*Good Luck*-----