

**UGANDA MARTYRS UNIVERSITY, NKOZI/LUBAGA
CAMPUS**

**FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT**

DEPARTMENT OF MANAGEMENT SCIENCES

BAM III SEMESTER TWO 2017/18

COURSE UNIT: PROCUREMENT TACTICS AND OPERATIONS

DATE: Friday, 11th May 2018

Time allowed: 9:30am-12:30pm

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, **question one** is compulsory

QUESTION ONE (COMPULSORY)

In order for project organizations to source goods and services that meet the needs of the organization, the need itself must be clearly specified. Specifications should be based on a business or management plan, and the needs of a customer or group of users. The process of calling for offers should commence only after all requirements are clear. A well prepared specification assists suppliers to understand tenders, to respond effectively and to carry out their contractual obligations. A specification is the basis of all offers, and therefore the foundation of a contract. When the contract is in place, specifications become an essential contract management document, which is used to ensure that the chosen supplier provides what is specified. It must therefore be complete and clear, and accurately define what is expected from a supplier: the outputs (for services) or the performance requirements (for goods). The specifications are of key importance to the entire purchasing process. It will not be easy to find a suitable supplier when the initial requirements were incomplete or even not right. A common mistake is also to over-specify which is often done out of insecurity of the buying organization about getting the right offer.

Required;

- a. What are specifications? (2marks)
- b. Using relevant examples discuss in detail five (5) key principles that should guide the project team in preparation of its specification. (10marks)
- c. Basing on an organization of your choice, explain the importance of specifications. (10marks)
- d. Briefly explain what you would include in a specifications document having been hired as an external consultant to prepare a specification for a given organization. (8marks)
- e. Differentiate between conformance and performance specifications clearly showing when each is most applicable (10 Marks)

QUESTION TWO

The management of UMU Holdings LTD intends to rebrand its image in the public by improving on its service delivery and has embarked on setting up different departments to

execute different organization activities, but they are hesitant to set up a procurement department". As a student of procurement,

- a) Advise management on the role the procurement department would play in the operations of the organization. **(10 marks)**
- b) Explain any five documents and their relevance in executing procurement activities. **(10 marks)**

QUESTION THREE

- a) "Information is a key resource in establishing leverage during a commercial negotiation". Examine ways in which a supplier might gather information on a procurement organisation when preparing for a commercial negotiation. **(10 marks)**
- b) Explain situations in which the bargaining power of a supplier is likely to be relatively high compared with that of a procurement organisation in a commercial negotiation. **(10 marks)**

QUESTION FOUR

- a) "Assuming they appointed you as a team leader for Steel and Tube Industries on a project of developing its supply database". Clearly explain sources where information about potential suppliers can be obtained? **(8 marks)**
- b) Discuss the supplier sourcing process **(12 marks)**

QUESTION FIVE

"When outsourcing decisions are made on the basis of an in-depth understanding of the organization's core competencies, and are intended to build or enhance the organization's competitive advantages, outsourcing becomes strategic"

Required;

- a) Describe factors that have contributed to the growth of outsourcing **(10 marks)**
- b) Explain reasons why outsourcing projects may fail to achieve their expected benefits **(10 marks)**

QUESTION SIX

- a) Many factors influence buying decisions, the implication here is that a number of factors have to be considered when acquiring capital items. Briefly explain them **(10marks)**
- b) Examine the role of a procurement officer in the acquisition of capital equipment **(10 marks)**

END OF QUESTION PAPER

