

Name: PITIA MORRIS
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Module 1 ASSIGNMENTS

1. Describe how purchasing become aware of purchase requirements.

Purchasing is a term used by the business in acquiring goods and services in a specified period which occurs in scenes of organizational operations. However, purchasing become aware of the purchase requirement through the following

- i. Through identifying the needed items or services that are needed by the department. Once a department identifies their needs, it will enable the purchaser to order what is needed in right time.
- ii. Ensuring that descriptions are done adequately for accurate and timely purchases. By providing a clear description of an item, the purchaser will be able to know the product details.
- iii. Purchasing does not only buy goods or services for their departments. A purchaser in an eye for an organizational or company hence will keep an eye on goods and services purchase.
- iv. Through storing process. The act of keeping the goods in a secure place enables the purchaser to be aware.
- v. Through inventory control. The management of the non-fixed assets will enable purchasing to become aware of purchasing requirements.
- vi. When the purchaser buys cheaper inferior goods. Inferior goods are substandard goods hence once it occurs, the purchasing will become aware of the purchase requirements.

2. Describe the challenges organizations face as they attempt to integrate organizational activities into the supply chain?

Supply chain refers to the flow or movement of goods from one point to another. Therefore, the following are the challenges organizations faced in attempt to intergrate its activities into supply chain.

- i. Procurement Planning to determine what items needed to be procured. Organizations faces a dye challenge in planning foremost especially in South Sudan Context where insecurity and economic meltdown being a concern and experienced by majority.
- ii. Soliciting planning through obtaining document product requirement and identifying potential sources. For instance, the case of South Sudan and other relevant countries experiencing sabotage, investors are unable to come and do businesses or store information, it has contributed to the challenges facing organizations in integrating activities into the supply chain.
- iii. Source selection through choosing through other potential sources. Its major challenging task to choose a potential supplier who is capable to catering for supply chain.
- iv. Contract close out such as completion and settlement of the contract. Some terms of the contract designed are unfavorable hence affecting the supply chain in respect to work and payment.
- v. **Procurement management.** A typical manufacturing company needs to procure thousands of products from hundreds of suppliers; the challenge here is how to manage the complexity of the procurement process and establishing a strong procurement infrastructure to execute on strategic supply initiatives, using an empowered organization structure, fully integrated to the stakeholder and finance organizationThrough receiving process. Once a purchaser received some commodities, it enables the purchaser to get aware of what's needs to be stocked.
- vi. Contract administration through managing the relationship. Its of more challenging to have a long life span relationship in supply chain as it might result into over trust and leading to under performance or poor services delivery.
- vii. **Enterprise integration.** Enterprise integration doesn't happen naturally. It needs to be planned, yet the planning cannot be precise, as business processes and facilitating technologies will change, creating different needs and different potential solutions.

- viii. Planning. Planning is one of the drivers for excellent management of purchases and supply chain.
- ix. Tools such as transport and value chain mapping. There are inadequate tools that will be used in the integration of the organizational activities into supply chain due to the fact of the South Sudan where there are limited resources for developing such.
- x. Developing and using specifications for purchases. In respect to the context of South Sudan where there are no strong officials in the standard of measuring values of commodities, there are many fake goods with the same specification hence it becomes a challenge for an organization to integrate its activities into the supply chain.
- xi. Developing people, culture and an organization that supports the supply chain vision. It's of great challenge for such a process to happen since acts, emotions and morals of people varies from one group to the other. Therefore, integrating developing peoples and culture into supply chain has impacts.
- xii. It's difficult to integrate an organizational activity into staying focused and consistent in relationships with customers and suppliers as this might deem to conflict of interest issue when not declared.
- xiii. **Strategy and planning.** If supply chain management is to be considered an essential component of long-term business competitiveness, it is sensible to consider how it relates to strategy theory and concepts. An effective supply chain must be able to cope with uncertainty; it follows that it must also be flexible. Therefore, supply chain management will be one of the organizational processes, or functions, that are a key to strategic success if an organization is to achieve its mission in an adaptive and changing environment
- xiv. Business processes and create a supply chain outside of the organization is clearly one that requires an assessment of where the boundary of the organization should reside. As such, an economic assessment is required of the various merits of integration versus market provision.
- xv. **Data and information integration.** Information integration refers to the sharing of information among members of the supply chain. The ability to seamlessly connect with customers, partners, and co-workers is vital for success; yet most enterprises store and

exchange data in dissimilar formats, such as databases, EDI systems, text files, and, increasingly, XML-based applications.

- xvi. Culture and Change** “The pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organization's history, and which tend to be manifested in its material arrangements and in the behaviour of its members”

3. Discuss the key enablers of excellence in purchasing and supply chain management.

- i. Through establishing mutual goals and objectives. An organization or company can excel once it has set a clear goals and objectives that govern them and act as driving factors.
- ii. Through aligning with both firms. The coming together of three to four companies or organizations under one entity will enable excellence in purchasing and supply chain management and working in departments and team as well.
- iii. Receiving senior management active report. Active senior management report will act as task force to govern the operations of an organization or company hence it will enable excellence in purchasing and supply chain.
- iv. Holding regular review meetings. Meetings are ways of correcting first mistakes and resolutions passed act as guidelines. Hence once an error has been corrected and adjusted, it will enable excellence in purchasing and supply chain management.
- v. Through establishment and developing an alliance relationship manager that has accountability for all in all the departments of the organization or company.

4. What is the difference between a supply chain and a value chain?

- a. Supply Chain** refers to the integration of all activities involved in the process of sourcing, procurement, conversion and logistics. On the other hand, **value chain** implies the series of business operations in which utility is added to the goods and services offered by the firm to enhance customer value.
- b. Supply Chain** is originated from operations management while **Value chain** is originated from business management.

- c. **Supply Chain** sequence is products request, supply chain and Customer while **Value chain** sequences is customer request, value chain and products.
- d. **Supply Chain** is a cross functional system that manages the movement of raw materials within the organization and the movement of finished goods out of the firm along with full customer satisfaction. While **Value Chain** refers to the range of activities that adds value at every single step in designing, producing and delivering a quality product to the customer.
- e. The major objective of the supply chain is to gain complete customer satisfaction which is not with the case of the Value Chain.
- f. The objective of Supply Chain is to provide customer satisfaction while value chain aims at gaining competitive advantage.

Conclusively, Supply Chain is described as a tool of business transformation, which minimizes costs and maximizes customer satisfaction by providing the right product at the right time at the right place and the right price. Conversely, Value Chain is a way of getting a competitive advantage, through which a company can beat its competitors along with fulfilling customer requirements.

5. **Elaborate the functions to be performed in a public warehouse**

Public warehouse refers to a storing facility where anyone can store his or her goods at agreed rental price and its regulated by the government. However, for an individual, company or a partnership firm aiming to use such facility should acquire license before using.

The following are the functions of public warehouse: -

- a) It's used by both manufacturers, wholesalers, exporters, importers and government agencies so long as the user fulfills the government obligations.
- b) It has a large space which can accommodate bulky stock.
- c) Its economical in terms of the price since fixed costs are distributed.
- d) Public ware houses are always located in a strategic location that access can be easy
- e) It relieves end users from tax since the burden of operation is divided
- f) One can only pay for the occupied space measured hence operations costs are reduced.
- g) Less costly. Since it's a public property, the cost associate with it is minimized.

6. Describe about Cross-docking and its importance

Cross docking is a practice used in logistics in movement of good from one place to another. It involves unloading materials from an incoming semi-trailer truck or railroad car and loading these materials directly in outbound trucks, trailers, rail cars where different inventory will be collected from different locations which are meant for one destination and will be transported once. Example is the Japanese used cars that are transported to Mombasa port of which they are collected from different parts of Japan and reaching on the same day.

Types of cross docking

- i.** Manufacturing cross docking.
- ii.** Distribution cross docking.
- iii.** Transportation cross docking.
- iv.** Retail cross docking.
- v.** Opportunistic cross docking,

Importance of Cross-docking.

- i.** It streamlines the supply chain from the point of origin to the sale point.
- ii.** Reduces human labor through less inventory handling
- iii.** Reducing storage times hence handling costs are reduced
- iv.** Products reaches faster to the customer from the seller point
- v.** It reduces the ware house costs (storage Costs)
- vi.** It increases the retail available sale space.
- vii.** It improves customer satisfaction

7. Discuss activity profiling in a warehouse

A comprehensive profile based on historical and current data reveals characteristics that allow you to make decisions on storage and handling alternatives, slotting options, pick line requirements, system requirements, pick methods, and order releasing strategies. There are two main categories of profiles make up a basic warehouse profiling set: customer order profiles and item activity profiles.

Customer order profiles represent the outbound activity, i.e., how the customers are ordering the products. Item activity profiles provide insight into viable storing and slotting options for each item within the warehouse.

a. Customer Order Profiles

The three most basic customer order profiles are defined below.

- **Order Mix Distribution:**

For questions such as “Should my fast, medium, and slow movers be zoned separately in the warehouse?” To answer this question, a distribution of the orders for fast, medium, or slow movers is compared with any combination of the three. If warehouse data indicates that most orders call for a mix of fast and slow movers, zoning the items by velocity will have order consolidation impacts that need to be considered.

- **Order Increment Distribution:**

The order line distribution of the percent of a full carton ordered is beneficial when evaluating if the current packaging is in logical increments for the customer. For example, if results indicate that 90% of the customers are ordering , carton quantities, the warehouse can consider effective alternatives.

- **Order Lines Distribution:**

This distribution of the number of lines contained on each order is important when evaluating operating strategies. A warehouse with mainly one and two line orders would most likely have a very different picking strategy than a warehouse with many large multi-line orders.

b. Item Activity Profiles

Item Activity Profiles are beneficial when analysing products’ activities for the purposes of determining storage mode, product slotting, and facility layout options.

There are several types of item profiles, the three most basic are defined next.

- **Popularity profile.** This is a ranking of the items based on how often they are ordered or picked (frequency).

- **Volume profile.** This is a ranking of the items based on how much is ordered (cube movement).
- **Item order completion profile.** This displays the items ranked from most to least popular against the order set. This profile reveals the percentage of the orders that will be completed by a subset of the items and is valuable when conducting cost benefit analysis for improved productivity.

8. Describe the various storage systems used in a warehouse for different applications.

Storage systems refers to the designs used in different warehouses of which each company or organization selects the one that suits most. However, the following are the various types of the storage systems used in warehouse: -

- a) Pallet Racking storage.** This is system where pallets are stored in numerous framework and it's easy to access any particular pallet at any time without the potential failures involved with other systems. Human pickers with ladders or forklift trucks can access stock located anywhere in the warehouse.
- b) Automated storage system.** This is where an item is stored and being retrieved by a computer controlled mechanical arm device. It's easy for retrieving smaller items that may take human picker time to locate.
- c) Spinblock storage.** This is a storage system used in drugs warehouse (pharmaceuticals) the stored products are continuously monitored using the integrated automated system. When a product is required, the entire storage system automatically moves to where this product is.
- d) Push back storage.** This works within a pallet racking framework but operates more like a vending machine. The next product moves to the front once the first has been removed. This is often on a much larger scale than the pallet flow system and requires the use of forklifts. The downside being that you can't always access goods in the middle of the system.
- e) Block stacking.** Block stacking is the most basic form of storage where either individual items or pallets are placed on the floor and stacked on top of one another. Usually organised in lanes or blocks so that each item can be accessed, this is the simplest and cheapest form of storage as there is no investment in racking and can be operated in any open warehouse floor space.

- f) **Double deep racking.** This type of warehouse storage system utilizes vertical height and is ideal for improving pallet density. Pallets are stored two rows deep instead of one, so a reach truck or articulated forklift is required to reach the higher pallets.
- g) **Pallet flow storage system.** Works on a conveyor belt system, usually within a pallet racking framework. The conveyor belts allow for heavy goods to be more easily moved which means that forklifts, which might normally be required to shift the goods, won't be needed.
- h) **Mezzanine storage system.** An additional storey of flooring within an existing structure. Within this structure, many of the above systems can be utilized. Depending on the size of the space available, a mezzanine floor can even double the storage space previously available.
- i) **Block stacking system.** This is a type of storage system where an item is placed on ground and stacked on top of one another. Usually it's organized in lanes or blocks so that each item can be accessed, and can be operated in any open warehouse floor space
- j) **Drive in Racking system.** This is a system which is used on first in last out rotation basis where pallets are stored back to back and it suits multinational companies who need large storing space
- k) **Picking Area storage system.** A picking area is set up for the ease of an individual or a team of pickers. Goods may be stored around a central area where they can be easily located. This is ideal for smaller items and is not well suited to large goods or goods that might be stored at an excessive height.
- l) **Double Deep Racking.** This type of warehouse storage system utilizes vertical height and is ideal for improving pallet density. Pallets are stored two rows deep instead of one, so a reach truck or articulated forklift is required to reach the higher pallets.

9. Describe briefly about the qualitative factor rating method for the selection of location of a warehouse

- a. **Desired customer base.** When choosing a location for a warehouse, keep your customer location in mind because a customer is a king in any business concern or entity.
- b. **Proximity to carrier services.** If your warehouse is located near carrier facilities, it will streamline the process of shipment of products. Hence considering proximity to carrier is more important.

- c. Workforce requirements. One should take account that the demographics of the warehouse location may be more important than the physical space to determine your labor needs.
- d. Storage requirements. One must ensure that there is a special accommodation for the product type. Hence this will give a clear picture of where to locate the warehouse. However, considering leasing options that allow flexibility in storage space based on changing buyer demographics that a company may experience.
- e. Longevity. One should be able to analyze the potential growth or shrinking of his or her business/ company to determine if the warehouse location has room for expansion. For instance, if the goods are seasonal, kindly look for a seasonal warehouse
- f. Infrastructure. This category refers to infrastructural facilities such as developed link via roads, nearness to railway stations, airports or seaports, availability of electricity, water

10. What are the risks associated with backdoor (maverick) purchasing as opposed to open tendering most common in public procurements?

Essentially, maverick buying is when an employee purchases goods without authorization and in other ways is when an employee purchases goods, parts or materials for a project, going outside of the accepted buying channels of their organization.

However, the following are the risks associated with such

- Disallowance of expenditures by the donor. In an event where the organization purchased goods or services without following the rules of the donor hence it will result into failure in the project.
- In appropriate negotiation. With such ways of procuring goods or services, there will be no minutes taking for negotiations well as room.
- It encourages in compliance to the policies and procedures of the organization.
- It promotes bribery which is not part of the organization mandate and policies.
- It promotes inadequate quality service delivery for the organization
- It will result into accepting **gifts or gratuities** to be accepted from suppliers by both purchasing and all other employees (zero tolerance).
- This promotes Lunch Time or promise buying lunch by non-purchasing employee has theirs.

11. Discuss the advantages of electronically transactions between a buyer and seller.

Advantages of electronic transactions between a buyer and a seller

- i. Easy and best solution for online shoppers
- ii. The systems are more efficient and have excellent response times
- iii. Very easy to use as simple as filling a form and the rest will be taken care of by the web and data servers
- iv. Online banking is completely based on online transaction processing systems for both buyer or seller
- v. Credit cards are also well handled by these systems for both buyer and seller
- vi. You can access anything on the web and choose to buy it because all financial transactions methods are supported by these systems.

12. Describe the challenges involved in implementing e-procurement systems?

E-procurement systems are a relatively recent development in the business application area and the lack of benchmark has enabled reference models to be developed, especially in new firms that are just beginning to learn of these systems' functionalities and their uses in their organizations.

Based on previous researchers, there are factors contributing to challenges in the implementation of e-procurement such as

- a. Technology, infrastructure and legislation, environment; besides, resource constraints, and organizational and management characteristics are also contributing factors to the success, or otherwise, of an e-procurement implementation.
- b. External factors from the industry, market, government, and technological change are beyond the control of organizations. However, these barriers can be minimized and even completely mitigated through careful planning and research.
- c. The technology barriers to suppliers include understanding and commitment to specialist software and the start-up fee required by the vendors that is usually beyond the financial capabilities of SMEs or that they do not want to commit to such a high-priced system.
- d. The declared support of such systems is generally from the larger companies that would benefit more due to the large volume of trade and numerous transactions. The usefulness and security issues of the system are major concerns for potential adopters.
- e. The wide-spread use of e-procurement systems also depends on the availability of supporting infrastructures such as sufficient broadband coverage.

- f. Inadequacies in government policies and legislation are areas to be highlighted in the system. The standard procedure for governmental tendering process which mandates the buying of printed tender documents in physical offices by interested parties in person is a good example.
- g. Lack of standards in the development of e-procurement systems results in users of one system being unable to communicate electronically with users of other different systems, creating a diverse but fragmented e-procurement environment.

13. Why is it important to measure and monitor supplier performance improvement over time?

- a) **Avoid supply chain risk and disruptions** – If you are not deeply familiar with the third party vendors making up your supply chain, it will be difficult to put measures in place to prevent interruptions and reduce the incidence of risk exposure. Supplier performance management provides in-depth visibility into the risk a supplier may pose so you can put measures in place to reduce or eliminate that risk as it relates to your supply chain.
- b) **Protect and improve brand/reputation** – A number of corporate brands have been tarnished by the actions of their suppliers – think automobile recalls as a common example. SPM can help you track supplier performance against these KPIs which will enable you to enact corrective actions early and keep your brand and reputation strong in the eyes of your customers and partners.
- c) **Avoid costs and achieve savings** – There are a variety of cost factors tracked using supplier performance management which affect both hard and soft dollar costs. Lack of timely and accurate vendor information can have huge impact on costs and can prevent you from capturing savings. Not only can you track supplier performance on cost and savings-related KPIs, the information provided by an SPM system can contribute to cost avoidance and savings achievements because it centralizes supplier data into a single source of truth for everyone interacting with vendors.
- d) **Segment and rank vendors** – As noted in the point above, supplier performance management is useful beyond the supplier managers in your organization. For example, SPM gives procurement groups visibility into specific groups of suppliers and their overall ability to meet your

organizations expectations and requirements. With performance data in hand, procurement can make data-based decisions regarding where to direct spend.

- e) **Collaborate with suppliers** – When you collaborate closely with suppliers you create new value for your business. The data collected through a supplier performance management solution can help to start these conversations because it provides the supplier with a view of what is important to your organization. The results are numerous: continuous improvement of the supply base, creation of realistic contracts based on past performance, more communication with suppliers, formation of common goals, and the establishment of trust. Ultimately, SPM drives the creation of meaningful and mutually beneficial relationships with suppliers.
- f) **Improve internal processes** – Creating a SPM process is a great step towards optimizing your supplier management program. By utilizing a technology-based solution for SPM, organizations can achieve a standardized and automated approach for creating scorecards, issuing and tracking scorecards for completion, and in-depth reporting and analysis