

MARKING SCHEME

**(BSS 421: SUPPLY CHAIN DYNAMICS, AGILITY AND RELATIONSHIP MANAGEMENT)
WEEK-13: CONTINUOUS ASSESSMENT TWO**

Time allowed: 3hours

Instructions: Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do not write anything on this.

SECTION A

QUESTION ONE

INSTRUCTIONS: The paper consists of FIVE questions. You are required to answer **all the questions. All questions** carry 20 marks **EACH**

SECTION A

QUESTION ONE

a. With examples discuss the characteristics of strategic critical supplies found in a company that manufactures cooking oil

- 1.High risk impact if they are not available at the right time
- 2.They are costly to acquire.
- 3.In total they are the smallest in volume but they take the highest organizational spend budget.
- 4.Limited supplies in the market.
- 5.They have long lead times
- 6.They have technical complexity

4mks)

b. Evaluate the impact of any three emerging technologies that are impacting on supply chains

(4mks)

1. Block Chain. Is a distribution ledger with better security features.
2. Internet of things. Helps in inter connecting physical goods

3. 5G Network technology

Has capability of connecting many things, high speed of communication and low latency

- c. **Discuss Three quality expectations you would have when you go to procure services in a hotel.** (4mks)

Dimensions of service quality

1. Convenience. Availability and accessibility of the service
2. Reliability – The ability to perform a service dependably, consistently and accurately
3. Courtesy – The way customers are treated by employees who come into contact with them,
4. Tangibles. The physical appearance of facilities, equipment, employees and communication materials.
5. Time- The speed with which service is delivered.
6. Assurance-The knowledge exhibited by personnel who come into contact with the customer and the ability to convey trust and confidence.
7. Responsiveness- Willingness of service providers to help customers in unusual situation and to deal with problems.

- d. **Explain Three tactical behaviour that would be exhibited by a seller in an adversarial relationship with a buyer** (4mks)

1. Both seller and buyer supply information on the need basis. They do not warn each other when a changing to other sources of business.
2. Either buyer or seller does what they belief they have agreed.
3. In the event of a negotiation threats are used as a form of tactic for the other party to yield to the requirement.
4. They limit their concerns to their needs. In extreme cases the buyer may not change the contract even if it means that the seller becomes bankrupt.
5. They exhibit inconsistent behaviour. They may make positive promises to each other but the actions could be very important.
6. Treat each other with lack of care and sometimes show outright hostility and aggression.

7. They are unsure as to the extent that trust exist between them and they feel the need to keep checking on what had been promised by the other party.

e. Discuss Three precautions that a buyer should consider before awarding a contract on outsourced basis (4mks)

1. Industry expertise of the outsourcing firm. It would be best to gauge your potential provider's industry expertise
2. The cost involved.
3. Top-quality talent.
4. Infrastructure and IT support
5. Recruitment and HR support.
6. Risk management.
7. Service-level agreement.

SECTION B

QUESTION TWO

a. Evaluate the challenges that buyers encounter when acquiring supplies for the purpose of smooth running of business operations

(10mk)

1. complex logistics,
2. supply chain disruptions aggravated by distance,
3. managing currency fluctuations,
4. bridging cultural gaps.
5. Lack of goods
6. Unethical sellers
7. Licenses and taxes
8. Fraud

b. Business organizations have configured and reconfigured their systems post covid era. As a professional evaluate the likely enablers/capabilities of agility that have helped businesses adjust. (10mks)

1. Good infrastructural capabilities such as the buildings, equipment capital and any other facility that is required for transformation of the inputs to the output.
2. The latest technology that is required to power the transformation of the inputs to outputs.
3. A good connectivity internally and externally linking related industries and customers.
4. Multiskilled, empowered and competent employees.

5. Adaption of modular manufacturing to enable customization rather than finished goods.
6. Holding stock close to the stage of finished state so that quick assembling or reassembling is possible.
7. Stock is pulled based on the customer demand. This helps in working with available finances to build investment progressively.
8. Buyer and supplier plan for stock together so that when there is an order everyone is in a position to react as fast as possible. This helps to reduce wastage and accumulation dead capital.

QUESTION THREE

a) Partnerships relationship must be as a result of careful thought process by both the buyer and supplier. Discuss characteristics that are responsible for this. (10mks)

1. The need for continuous improvement.
2. To gain an improved competitive position
3. To assist in eliminating waste
4. To accelerate innovation
5. For purpose of expanding markets
6. To grow profit

b) Discuss the characteristics that would make a buyer know that the supplier is core to their business. (10mks)

1. They are highly attractive
2. The value of their account is big
3. They have the latest technology
4. They engage supplier in supplier development activities.
5. Benefits of association with the organization.
6. Behaves ethically
7. Has Good publicity
8. Pays on time

QUESTION FOUR

a. Analyse FIVE ways in which a buyer exerts power in a multi-tiered relationship (10mks)

1. By passing higher tiers to engage with a lower tier.
2. Dictates the delivery schedules which lower tiers cannot contest when there is a need.

3. May make lower tiers to use an expensive integrated system
4. May not share abnormal profits with lower tiers.
5. May make demands that are costly to lower tier members
6. Can tie lower-level tiers to supply chain that are not suitable for them.
7. Can shortage of suppliers to local market by buying all the inputs of local supplies

B) Explain FIVE ways that E-procurement can be used to manage buyer supplier relationships. (10mks)

1. Optimizing Supplier Relationship Management with E-Procurement Systems
2. E-procurement systems allow organizations to have better control and insight into their procurement activities by providing real-time visibility into spending.
3. E-procurement systems also facilitate increased transparency and collaboration with suppliers.
4. E-procurement systems automates procurement processes. Previously manual tasks, such as requesting goods and services, can now be done seamlessly with a few clicks. This automation not only saves time but also reduces costs associated with manual paperwork and errors.
5. E-procurement systems allow tasks to be automated, which allows employees to focus on more strategic tasks, as their time is freed up from tedious administrative duties.
6. Streamlines procurement processes and support contract lifecycle management capabilities that create, track, and manage documentation ensuring compliance and reduces risks. This feature provides organizations with greater control over their supplier relationships and minimizes the chances of contractual disputes or breaches.
7. E-procurement systems also enable organizations to track spending more effectively. The consolidation of procurement data in one central platform allows businesses to gain a comprehensive overview of their expenses. With such visibility, businesses can identify areas that they should focus on for cost savings, negotiate better pricing with suppliers, and make data-driven decisions.

QUESTION FIVE

a. Propose FIVE consequences of Bullwhip effect in supply chains of fast-moving consumer goods

(10marks)

1. Impact on operational costs caused by incorrect or distorted demand information. This makes a variation to production which in turn may increase costs associated with storing and maintaining excess inventory, such as warehousing and handling expenses. It can also lead to stock outs.
2. Bullwhip effect can also lead to an increase in transportation costs. When suppliers have to increase production or inventory levels unexpectedly, they may rush orders to meet the unexpected demand. This rush leads to higher transportation costs.
3. Increased labour demands is caused by overestimates demand, causing suppliers to increase inventory and production levels. Overestimation leads to an increase in the number

of orders and shipments, increasing the workload for warehouse and logistics personnel. It will, in turn, increase labour in the enterprise to meet the overestimated demand.

4. The bullwhip effect causes stockouts and delays in shipping and delivery, leading to dissatisfied customers. Customers are also unhappy when there is inconsistency in the availability of a product in the market. Disappointments lead to customers turning to competitors leading to lost revenue and damaged relationships.
 5. Bullwhip effect can lead to overproduction and excessive inventory and storage costs. This excess inventory gets wasted if it becomes obsolete or spoiled while in the warehouse.
- b. **Though Business Process Reengineering is a rare occurrence, most business globally have had to carry it out over the last two years. Discuss why this has to be done.**
(10mks)

1. Increase in E-business and e-commerce
2. Changing management technology to support product and service process, full automation of process technology and use of Information technology for business purpose.
3. Globalization driven by development of ICT and communication infrastructure
4. Revenue management. It is the maximization of the revenue by manipulating the operating capability, costs, resources and pricing.
5. Change in operations strategy.
6. Working with few resources. It is a trade off in decision making, resource allocation, cost control, quality and productivity improvement.
7. Process analysis and improvement. Reduce time, improve productivity and increase customer satisfaction
8. Use of supply chain for competitive advantage has adverse effect on competitors
9. Increase competitions.
10. Substitutes that are cheaper than branded goods and performs.