



MNP3703

(498161) October/November 2014

SUPPLIER RELATIONSHIP MANAGEMENT

Duration 2 Hours

70 Marks

EXAMINERS

FIRST

SECOND

EXTERNAL

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DR JO CILLIERS

DR MJ NAUDE

Use of a non-programmable pocket calculator is permissible

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue

This paper consists of EIGHT (8) pages, plus instructions for the completion of a mark-reading sheet.

ANSWER SECTIONS A, B AND C (TOTAL: 70 MARKS)

[TURN OVER]

SECTION A**ALL THE QUESTIONS IN SECTION A ARE COMPULSORY.****Answer all the questions on the mark-reading sheet.****Each question counts 1 mark.****[20]****Consider the following example of a supply chain and answer questions 1 and 2.**

Eskom needs a vast amount of raw materials to produce electricity. One of the most important commodities in this regard is coal. Assume that Anglo-coal meets Eskom's needs pertaining to coal. Eskom is then able to produce electricity, which is in turn supplied to the various municipalities in South Africa. The municipalities in turn supply households and businesses with electricity for utilisation.

QUESTION 1

Which of the following is regarded as the focal firm in this supply chain?

- 1 Eskom
- 2 Anglo-coal
- 3 The municipalities
- 4 The households and businesses

QUESTION 2

As far as Anglo-coal is concerned, municipalities are considered as _____ in the above description of the supply chain.

- 1 suppliers
- 2 buying organisations
- 3 customer's customers
- 4 end-users

QUESTION 3

_____ are negotiated agreements with suppliers to offer a certain price for products or services that remain valid for all purchases made within a certain period, but the buying organisations are under no commitment to buy any particular amount.

- 1 Spot purchases
- 2 Regular trading
- 3 Call-off contracts
- 4 Fixed contracts

QUESTION 4

Contract management can be defined as _____ the implementation of a(n) _____ agreement between two parties that stipulates the fulfilment of their contractual obligation to one another to ensure that immediate action can be taken to effectively and efficiently manage _____ that may occur.

- 1 monitoring, individual, fluctuations
- 2 observing, specific, variations
- 3 safeguarding, reciprocal, changes
- 4 finalising, distinctive, revision

[TURN OVER]

QUESTION 5

Which of the following evaluation criteria is used when evaluating the desirability of using contracts?

- a Is it a long-term agreement?
- b Are there high levels of trust between the buying organisation and the supplier?
- c Is it a high value purchase?
- d Is this a repetitive purchase?

- 1 a b
- 2 b c d
- 3 a d
- 4 a b c d

QUESTION 6

The evaluation at this hierarchical level of the portfolio of relationships may cause a potential termination of the relationship, since _____ represent/s a time-framed commitment

- 1 sequence
- 2 action
- 3 episodes
- 4 relationship

QUESTION 7

Which of the following is important in developing successful relationships in a partnership?

- 1 Commitment by top management
- 2 Interpersonal relationships between employees of the companies
- 3 Mutual/compatible needs that result in a win-win situation for the partners
- 4 All of the above

QUESTION 8

Which of the following is **NOT** important in developing a successful strategic alliance?

- 1 Developing efficient processes that will remain unchanged for the duration of the partnership
- 2 Developing performance metrics
- 3 Investigating the capabilities and core competencies of the supplier
- 4 Open lines of communication that both promote sharing and secure confidentiality

QUESTION 9

Fit the characteristics in Column B with the relationship class in Column A

COLUMN A		COLUMN B	
a	Transactional relationships	1	Medium competitive advantage Intermediately skilled resources Minimal technology inflows
b	Collaborative relationships	2	Early supplier involvement A total cost focus One or a few suppliers
c	Alliance relationships	3	High potential for problems pertaining to communication Little continuous improvement Minimal service

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| 1 | a = 1 | b = 3 | c = 2 |
| 2 | a = 3 | b = 1 | c = 2 |
| 3 | a = 3 | b = 2 | c = 1 |
| 4 | a = 2 | b = 3 | c = 1 |

QUESTION 10

President Steyn is a two way communicator and views partnerships as important aspects of leadership. Therefore, he can be regarded as a (an) _____ leader.

- 1 autocratic
- 2 charismatic
- 3 procrastinating
- 4 democratic

QUESTION 11

Mr Khumalo is looking for ways to achieve stable relationships with his teams. What would you suggest to assist him realise his goal?

- 1 He should only appraise his staff whenever he gets a chance as this exercise is time consuming
- 2 He should not communicate his vision to the team because it might be stolen
- 3 He should empower team members and not control them
- 4 He should set challenging objectives that are unachievable

QUESTION 12

When establishing buyer-supplier relationships, all the sequences which in turn comprise all the related episodes and actions in one particular relationship between organisations, would be referred to as _____.

- 1 relationships
- 2 sequences
- 3 partner base
- 4 episodes

[TURN OVER]

QUESTION 13

Which one of the following is **NOT** the capability of the resource-based theory (RBT)?

- 1 Corporate architecture
- 2 Innovation
- 3 Supplier performance
- 4 Reputation

QUESTION 14

Which type of contract would you use when there is a frequent requirement of a product or service and the price can be easily determined?

- 1 Spot purchases
- 2 Regular trading
- 3 Call-off contracts
- 4 Fixed contracts

QUESTION 15

According to Kurt Lewin's model, implementing change, will involve three basic steps, namely

- 1 removing obstacles, changing structures and encouraging new approaches
- 2 unfreezing, changing and refreezing
- 3 communication, innovation and change
- 4 creating vision, change and fostering team spirit

QUESTION 16

Which one of the following is **NOT** part of contract life cycle?

- 1 Transaction
- 2 Creation
- 3 Compliance
- 4 Analysis

QUESTION 17

A family of international standards for environmental management is _____

- 1 ISO 9000
- 2 ISO 14000
- 3 ISO 9003
- 4 ISO 16000

QUESTION 18

Which one of the following circumstances will most likely lead to a buyer-supplier break-up?

- 1 Stability and consistency of organisational philosophies
- 2 Supplier constantly meeting required service levels
- 3 Collaborative efforts between the buyer and the seller
- 4 Supplier suddenly becomes financially unstable

[TURN OVER]

QUESTION 19

Change control aims to ensure that all changes are assessed and approved by management before their implementation. Which one of the following is **NOT** a goal for change control?

- 1 Minimal disruption to services
- 2 Reduction in back-out activities
- 3 Economic utilisation of resources involved in implementing change
- 4 Little continuous improvement

QUESTION 20

_____ enables open communication, making demands, stating preferences, asking for information, offering proposals and making concessions

- 1 Tacit negotiation
- 2 Content negotiation
- 3 Cost negotiation
- 4 Face-to-face negotiation

[TURN OVER]

SECTION B**SECTION B IS COMPULSORY.****[30]**

Read the following article and answer the questions that follow.

TARMAC - Best supplier relationship management**Tarmac turned to Brammer when it needed a partner that would change the way it sourced spares and services – a relationship that led to significant savings and efficiencies**

Tarmac is the UK's largest quarrying company and supplier of construction materials and has been involved in some of the nation's largest building projects, including the London 2012 Olympic Games

When Tarmac embarked on a national maintenance strategy in 2009 it soon became clear that the fragmented supply base for plant critical spares and services could not support its planned standardised approach. With annual spend of £4.6m and 480 suppliers across 400 sites, standardisation was difficult and a partner was needed that would change the way it sourced spares and services. A detailed RFI/RFQ process was developed to identify a partner with sufficient supply chain and technical capability to drive change in Tarmac's sourcing behaviour. Brammer was chosen as the strategic partner as they demonstrated the ability to achieve tangible results within their tender submission. Tarmac's main aims and objectives included, purchase cost savings, standardisation of key components, supplier integration with Tarmac operations and risk management. Brammer had also achieved CIPS Certification and was committed to continuous improvement.

The project was planned and executed in three phases between August 2009 and July 2010. During the first phase joint workshops were held across all regions to ensure regional buy-in and agree an implementation plan. The second phase was to drive compliance through robust contract management and the progress of this was tracked monthly at site, region and national level. The third phase was the implementation of production efficiency/added value initiatives that established Brammer as a key supply partner to Tarmac.

The collaborative nature of the relationship allowed both parties to focus on developing and sharing good practice across all sites to increase stakeholder value.

The organisational benefits have been identified in terms of both hard and soft benefits delivered. Purchase cost savings, production efficiency and vendor rationalisation are just three. The soft benefits include better management information, critical spares plan and better consignment stocks for those items classed as high usage consumables.

Tarmac recorded a total saving of £1.29m and the supply base rationalised to having more than 75% of the maintenance spend through their strategic partner, Brammer. Management information now includes full monthly reports that show savings data, vendor managed inventories and critical spares consignment stocks.

Source <http://www.supplymanagement.com/analysis/features/building-bridges/>

[TURN OVER]

QUESTION 1**[30]**

- 1 1 Plant spares and services were identified as critical products and services to Tarmac. List five (5) characteristics of critical products (05)
- 1 2 When Tarmac compares the supplier perception model and the supply positioning model, was the decision to create a strategic partnership with Brammer a wise decision? Motivate your answer (02)
- 1 3 Tarmac and Brammer have an alliance relationship when you consider the continuum of buyer/supplier relationships. Each class of the relationships on the continuum has its own characteristics. Quote one (1) sentence from the case study in order to show the type of characteristic that is present for each of the following issues (03)
- a) Level of integration
 - b) Focus of the relationship
 - c) Quality
- 1 4 Define a strategic relationship in your own words (03)
- 1 5 Discuss three (3) characteristics of a successful strategic relationship **AND** Quote one (1) sentence from the case study for each characteristic to prove that the relationship between Tarmac and Brammer is a successful strategic relationship (09)
- 1 6 "The project was planned and executed in three phases between August 2009 and July 2010." The second phase included contract management. Describe the lifecycle of a contract (08)

SECTION CAnswer **ANY ONE** of the following **TWO QUESTIONS**. Total: 20 marks**QUESTION 2****[20]**

Discuss the generic supplier relationship management process with a diagram
Note: Your answer should include a full discussion **AND** a diagram

OR**QUESTION 3****[20]**

Illustrate the four (4) buyer relationship profiles identified in the Bensaou matrix. In your answer you need to distinguish between the characteristics of the product, market and supplier for each profile

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For use by examination invigilator
Vir gebruik deur eksamenopsiener

IMPORTANT

- USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
- MARK LIKE THIS
- CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
- ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
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- CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
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BELANGRIK

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PART 2 (ANSWERS/ANTWOORDE) DEEL 2

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