

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

Online End Semester Examination, December 2020

Course : Procurement & Supplier Relationship Management

Semester: III

Programme : MBA (LSCM)

Time: 03 hrs.

Course Code: LSCM 8008

Max. Marks: 100

- Instructions: 1. All questions are compulsory**
2. This question paper has three sections

SECTION A (30 Marks)

- 1. Each Question will carry 5 Marks**
2. Attempt all questions in this section

S. No.		Marks	CO
Q 1	What is the term used to describe where supply chain partners manage the replenishment of parts or items for sale? They do this through the sharing of information on variations in demand and stock levels for goods used for manufacture or sale (a) Vendor-managed inventory (b) E-procurement drivers (c) Efficient customer response (d) E-business value and stock level grid	5	CO 1
Q 2	Which of them is a part of conduct of purchasing personnel I. Ethical policy II. Reciprocity policy III. Non-compete clause (a) I only (b) I & II only (c) II & III only (d) all of the above	5	CO 1
Q 3	Non-compete clause means (a) defines expected ethical behaviour (b) defines companies position on reciprocal practices (c) contacts and supplier visit policies address not only purchasing but all personnel behaviour in this area (d) none of the above	5	CO 1
Q 4	Which of the following is benefit of cross-functional sourcing team I. reduce time to complete tasks II increased innovations III synergy and improved problem resolution (a) I & II only (b) I & III only (c) I, II & III (d) none of the above	5	CO 1
Q 5	Which of the following are major area of specialization within purchasing department I. Sourcing & Negotiation II Purchasing research	5	CO 1

	<p>III Operational support & order follow up IV. Administration and support</p> <p>(a) I & II only (c) II, III & IV only</p> <p>(b) I & III only (d) all of the above</p>																
Q 6	<p>Which is correct for black box design definition</p> <p>(a)the supplier is given blueprint and told to make the product from them (b)the supplier and buyer company's engineer jointly design the product (c)highest level of supplier involvement (d)none of the above</p>	5	CO 2														
<p>SECTION B (50 Marks)</p> <p>1. There are five questions in this section each question is of 10 marks</p> <p>2. Attempt all questions in this section</p>																	
Q 7	What is a contract? Explain the various types of contracts?	10	CO2														
Q 8	Discuss the various stages of purchasing strategy development process? What are the various types of purchasing strategies?	10	CO2														
Q 9	What are the various supplier measurement & evaluation system technique?	10	CO2														
Q 10	<p>(a) Define quantity discount analysis? (b) Mr. Mahesh Kumar wants to purchase some capacitors from supplier for his factory. On contacting the capacitor supplier he has been offered some quantity discounts on purchase of different amount of capacitors, the discounts are given below: Capacitors discounts Calculate the incremental cost for units mentioned below & whether these are reasonable or not</p> <p style="text-align: right;">Quotation from dynamic capacitor industries at range of quantities (15 marks)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Range</i></th> <th style="text-align: right;"><i>Price per unit in range</i></th> </tr> </thead> <tbody> <tr> <td>1-5</td> <td style="text-align: right;">\$ 10 each</td> </tr> <tr> <td>6-10</td> <td style="text-align: right;">\$ 8.0 each</td> </tr> <tr> <td>11-20</td> <td style="text-align: right;">\$ 7.8 each</td> </tr> <tr> <td>21-100</td> <td style="text-align: right;">\$ 7.6 each</td> </tr> <tr> <td>101-499</td> <td style="text-align: right;">\$ 7.0 each</td> </tr> <tr> <td>500+</td> <td style="text-align: right;">\$ 6.90 each</td> </tr> </tbody> </table>	<i>Range</i>	<i>Price per unit in range</i>	1-5	\$ 10 each	6-10	\$ 8.0 each	11-20	\$ 7.8 each	21-100	\$ 7.6 each	101-499	\$ 7.0 each	500+	\$ 6.90 each	10	CO4
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Q 11	<p>TC enterprises receives orders from customers to produce custom-made souvenirs. The production process is highly labour intensive. For a special order from Simon, the following details have been provided to you for costing purpose:</p> <ul style="list-style-type: none"> • Labour time for the first time is 8 hours at the hourly rate @ 15 • Raw material cost would be \$ 20/unit • Overheads are absorbed based on hourly rate, estimated to be \$ 24 per unit for the first unit 	10	CO4														

	<ul style="list-style-type: none"> • At 70% learning rate is expected & orders would be 4 units first & 4 units later • TC enterprise would like a profit markup of 150% <p>Calculate the selling price per unit to be quoted for the order from Simon & also determine the profit margin from the first & second orders from Simon</p>		
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SECTION-C (20 marks)
Read the case & attempt any one question out of the two given questions

Q 12	<p style="text-align: center;">Developing a Policies and Procedures Manual in a Decentralized Cement Company</p> <p>A U.S.-based cement company that is a global leader in cement, building materials, related technologies, and research recently decided to redesign its procurement organization and recognized that policies and procedures were an important part of this process. The company consists of several cement operations located in one region of the United States. Each operation had established decentralized procurement processes. Although the basic manufacturing processes are not dissimilar, there existed a variety of supply strategies, approved suppliers, and procurement channel strategies. In 1999, the company developed a purchasing policies and procedures manual to define guidelines by which the purchasing function would be practiced at the company. In January 2007, an external team of experts completed a procure to pay (P2P) assessment of the company, focusing on the requisition to payment process. The key objective was to identify opportunities to improve user satisfaction and transactional efficiency such that the procurement staff could shift their efforts from pushing transactions through the system to strategic sourcing and contracting activities. The study was concluded and presented in early February 2007. One of the recommendations made by the team was to enhance the current process; improvements were needed to eliminate or reduce current issues and reduce the purchase order cycle time for a tighter distribution, thus reducing the mean cycle time and the effort to achieve this. In order to begin the multiple improvement efforts needed to accomplish this, the senior executive team, composed of IT, procurement, maintenance, and operations departments, recognized that it was necessary to first re-establish a common and consistent baseline of beliefs, methods, and behaviors across all of the company's facilities. The purchasing policies and procedures manual was a good start, but the manual had not been updated since the time of publication. There was a strong need to educate, train, and monitor compliance with policies and procedures. The eight-year-old manual was also in need of review and revision to capture changes in organizational structure from a decentralized environment to a centralized procurement environment and to reflect the changing set of strategies and practices that impacted the currently accepted business practices. In addition to the much-needed update, two additional purposes for a policies overhaul were recognized. The first was to set the stage for a concentrated effort to educate employees so that they would comply with policies and procedures. Second, the new policies and procedures manual would serve as the basis for development of a worldwide corporate procurement governance model. In order to successfully accomplish these goals, a</p>	20	CO 3
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team was chartered to review and update the present documents and address current pain points. The stated goal was the following:

- To revise the current procurement policies and procedures documents to reflect current practices and to relieve pain points and areas of confusion
- To develop a document management strategy, including centralized location, easy accessibility to stakeholders and users, regular review of documents for necessary changes/updates, and a notification method for new or revised documents
- To establish ownership within Central Procurement and establish processes to ensure companywide compliance The end deliverable will be an updated policies and procedures manual that is accessible online, in compliance with global directives, and available in a common web-based policies and procedures template.

Questions:

1. Why there is a requirement of purchasing policy & procedure, what are the characteristics of a good policy associated with this case?

OR

2 How purchasing policies provide guidance and directions & also the various recommendations given by the team regarding policy & procedures as per the case?