

Name: \_\_\_\_\_ Index No: \_\_\_\_\_/\_\_\_\_\_

2803/306  
PURCHASING AND SUPPLY: PLANNING  
POLICY AND ORGANIZATION  
November 2012  
Time: 3 hours

Candidate's Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN SUPPLIES MANAGEMENT**

**PURCHASING AND SUPPLY: PLANNING POLICY AND ORGANIZATION**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*Write your name and index number in the spaces provided at the top of this page.*

*Sign and write the date of examination in the spaces provided above.*

*This paper consists of SEVEN questions.*

*Answer any FIVE questions in the spaces provided in this question paper.*

*All questions carry equal marks.*

**For Examiner's Use Only**

Question	1	2	3	4	5	6	7	TOTAL
Marks								

**This paper consists of 12 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**



1. (a) Explain five factors that may hinder the purchasing and supplies practitioners from acquiring materials at competitive prices from the market. (10 marks)
- (b) Some organizations are reluctant to adopt the Just-in-Time policy in their purchasing and supplies operations. Explain the reasons that may account for this reluctance. (10 marks)
2. (a) Cost minimization is one of the objectives that a procurement manager should achieve when undertaking their operations in an organization. Explain six ways by which a manager may achieve this objective. (12 marks)
- (b) Highlight the opportunities that a manager should analyse when using the SWOT tool in scanning the environment in the process of preparing the purchasing and supplies strategic plan for an organization. (8 marks)
3. (a) Explain five components which a purchasing and supplies manager should consider including when developing a purchasing and supplies policy for a manufacturing firm. (10 marks)
- (b) Explain the benefits that a firm may derive from auditing the performance of its purchasing and supplies function regularly. (10 marks)
4. (a) Mr Juma, a purchasing and supplies manager, intends to prepare a long term procurement plan for Zilipi Company. Explain five factors Mr Juma should consider when preparing the plan. (10 marks)
- (b) Explain the circumstances that may influence management of a company to centralise its purchasing and supplies activities in their operations. (10 marks)
5. (a) Ujuzi University College has decided to adopt the consortia buying policy in its purchasing and supplies operations. Highlight the benefits the university may derive from adopting the policy. (10 marks)
- (b) Explain the measures that a purchasing and supplies officer should take to enhance efficiency in the control of his function in an organization. (10 marks)
6. (a) Mt Kilimanjaro Flower Company has decided to treat the purchasing and supplies function as staff function in its organizational structure. Outline five limitations to the company of treating the function as such. (10 marks)
- (b) An appraisal of the performance of the purchasing and supplies strategic plan has revealed gaps in meeting the desired goals. Explain the measures the procurement manager should take to rectify this situation. (10 marks)
7. (a) Explain five factors a procurement manager should take into account when preparing the purchasing and supplies policy manual for an organization. (12 marks)
- (b) Explain the importance of preparing a budget in the process of developing a strategic plan for the purchasing and supplies function in an organization. (8 marks)