



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

FORTH YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCP 411

COURSE TITLE: MANAGING SUPPLIER RELATIONSHIP

DATE: 23RD JANUARY 2015

TIME: 3.00-5.00 P.M.

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

SECTION A (COMPULSORY)

Q1. You are strongly advised to read carefully and analyse the information the case study before attempting to answer questions a, b, c and d.

STRESSIT LTD

Background

Stressit Ltd is a medium-sized engineering company that manufactures a range of equipment used in the civil engineering industry. It has become specialists in the design and manufacturing of concrete pre-stressing systems, concrete vibration machines and other machinery used in the civil engineering industry. The company was founded in the early 1960s; it is still family owned and is located on the outskirts of London.

Supply Base

Stressit's supply base is made up of over 800 firms ranging from large component suppliers, for example, engines to drive the vibration equipment, to smaller and seldom-used parts suppliers and assemblers. Most of the supply base is located in the UK. Many of the current suppliers are also suppliers to Stressit's competitors.

Market Changes

From a highly successful beginning, the company has, until recently, managed to maintain its market share by innovation, the production of high quality products, and by providing a first class technical service to its many UK and international customers.

Over the last five or six years, Stressit has noticed a decline in sales as a result of competitive activity, mainly from companies based in developing countries. These competitors have access to lower labour and raw materials costs and can undercut Stressit's prices significantly in most of the markets in which it operates.

Research conducted by Stressit's sales team indicates that customers consider that the differential in price is now large enough to counteract the benefits of the superior quality and service offered by Stressit.

The Action Plan

In response to this strategic threat, Stressit has proposed the following action plan to implement a system of lean supply:

- (i) Rigorously cut waste from its supply chain
- (ii) Encourage innovation from its suppliers.
- (iii) Source assemblies from the international competitors' own suppliers

- (iv) Produce a range of low cost products

The implications of this strategy will mean major for Stressit.

Restructuring, downsizing or outsourcing will radically affect many of its functions. The supply base will need rationalization and urgent attention has to be given to finding new and innovative ways of redesigning or reconfiguring the supply chain and relationships. It is hoped this will improve leverage and reduce risk with major suppliers.

Questions 1 and 2 relate to the case study and should be answered in the context of the information provided.

- a) Discuss the likely impact of Stressit's proposed action plan on its relationships with existing suppliers. (8 marks)
- b) Discuss the likely impact of Stressit's proposed action plan on its relationships with new suppliers. (7 marks)
- c) Describe FIVE relationship challenges faced by Stressit in sourcing some of its needs from international suppliers. (10 marks)
- d) Suggest TWO models which Stressit might use to assess its relationships with its supply base, and explain the application of each. (5 marks)

SECTION B

Answer TWO questions from section B

You are strongly advised to read carefully all the questions in section B before selecting TWO questions to answer.

Q2. Describe FIVE benefits that a supplier might expect to achieve from being part of a tied supply chain. (20 marks)

Q3. Describe FIVE differences between supplier appraisal and supplier development programs. (20 marks)

Q4. Discuss FIVE constraints on relationship development within the public sector. (20 marks)

Q5. (a) Describe an e-purchasing tool and explain how an organization might use it appropriately. (10 marks)

(b) Discuss the impact of e-purchasing on both internal and external relationships. (10 marks)