

**INDIAN MARITIME UNIVERSITY**  
(A Central University, Government of India)

May/June 2017 End Semester Examinations  
M.B.A. (International Transportation and Logistics) Fourth Semester

Purchasing & Supply Chain Management (PG22T2403)

Date : 10.06.2017

Maximum Marks: 60

Time: 3 Hrs

Pass Marks : 30

**SECTION- A (12 x 1 Mark = 12 Marks)**

**Answer All Questions**

1. Which of the following is *not* one of the features of the new model of progressive purchasing?
  - a. Developing closer relationships with important suppliers.
  - b. Performing due diligence on suppliers before awarding longer-term contracts.
  - c. Focusing primarily on price analysis and short term contracts.
  - d. Conducting worldwide Internet searches for the best sources of supply.
  
2. Introducing \_\_\_\_\_ leads to improved spending visibility, efficient invoicing and payment, and user satisfaction.
  - a. backdoor buying
  - b. inventory management
  - c. materials management
  - d. procure-to-pay systems
  
3. The purchasing cycle begins with the \_\_\_\_\_.
  - a. selection of an appropriate supplier
  - b. completion of a purchase order
  - c. receipt of a supplier's acknowledgement
  - e. identification of a need.
  
4. The \_\_\_\_\_ group identifies potential suppliers, negotiates with selected suppliers, and performs the buying of goods and services.
  - a. purchasing research
  - b. operational support and order follow-up
  - c. administration and support
  - d. sourcing and negotiating

5. The \_\_\_\_\_ function monitors the day-to-day management of purchased and in-process inventory at each using location.
  - a. inventory control
  - b. buying
  - c. material handling
  - d. expediting
  
6. \_\_\_\_\_ is required to identify the specific capabilities and financial health of key suppliers that are within the supply base or that may not currently be in the supply base.
  - a. Make-buy analysis
  - b. Market research
  - c. Price analysis
  - d. Supplier research
  
7. \_\_\_\_\_ is the avoidance of nonconformance in products and services by not allowing errors or defects to occur in the first place.
  - a. Detection
  - b. Inspection
  - c. Prevention
  - d. The hidden factory
  
8. \_\_\_\_\_ is defined as the present value of all costs associated with a product, service, or capital equipment that are incurred over its expected life.
  - a. Cash flow analysis
  - b. Total cost of ownership
  - c. Make-buy analysis
  - d. Revenue pricing
  
9. A/An \_\_\_\_\_ is also known as the negotiator's bottom line or reservation point, i.e., that point in the negotiation where it is most advantageous for the negotiator to walk away from the table and implement his or her next-best option.
  - a. BATNA
  - b. position
  - c. interest
  - d. need

10. A \_\_\_\_\_ contract should be used in cases where the parties cannot accurately predict labor or materials costs and quantities to be used prior to the execution of the purchase agreement.
- fixed-price with escalation
  - firm-fixed price
  - cost sharing
  - fixed-price with redetermination
11. A \_\_\_\_\_ is a process in which all data files that include a specific address are automatically updated within the system.
- Batch updating
  - MRP
  - Real-time updating
  - Data bucket
12. Negotiation \_\_\_\_\_ refers to the overall approach used to reach a mutually beneficial agreement with a supplier that holds different points of view from the buyer.
- tactics
  - positioning
  - strategy
  - boulwarism

**SECTION- B (5 x 4 Marks = 20 Marks)**

**Answer ANY FIVE Questions. All Questions carry equal marks.**

- What is the difference between a supply chain and a value chain?
- Discuss how the purchase of capital equipment differs from the purchase of routine Supplies.
- What are some of the factors that would influence whether a firm centralizes or decentralizes its supply management organization?
- What are the differences between TQM and Six Sigma quality approaches in purchasing?
- Why is it important for a buyer to be a good customer? How can a buyer be a good customer to a supplier?
- What are the most important reasons for pursuing worldwide sourcing today?
- What is a full-service supplier? What are the benefits of using full-service suppliers?

## SECTION - C

**(Answer Question no 20 and any 3 of the remaining 5 questions  
(4x7 marks =28 marks)**

### **20) Case study.**

Analyse the following case and answer the questions given below

Lisa Jennings thought that at long last, her company, Assurance Technologies, was about to win a major contract from Sealgood Instruments. Sealgood, a maker of precision measuring instruments, was sourcing a large contract for component subassemblies. The contract that Assurance Technologies was bidding was worth at least \$2.5 million annually, a significant amount given Assurance's annual sales of \$30 million. Her team had spent hundreds of hours preparing the quotation and felt they could meet Sealgood's requirements in quality, cost, delivery, part standardization, and simplification. In fact, Lisa had never been more confident about a quote meeting the demanding requirements of a potential customer.

Troy Smyrna, the buyer at Sealgood Instruments responsible for awarding this contract, called Lisa and asked to meet with her at his office to discuss the specifics of the contract. When she arrived, Lisa soon realized that the conversation was not going exactly as she had expected. Troy informed Lisa that Assurance Technologies had indeed prepared a solid quotation for the contract. However, when he visited Assurance's facility earlier on a prequalifying visit, he was disturbed to see a significant amount of a competitor's product being used by Assurance. Troy explained his uneasiness with releasing part plans and designs to a company that clearly had involvement with a competitor. When Lisa asked, what Assurance could do to minimize his uneasiness, Troy replied that he would be more comfortable if Assurance no longer used the competitor's equipment and used Sealgood's equipment instead. Lisa responded that this would mean replacing several hundred thousand dollar's worth of equipment. Unfazed, Troy simply asked her whether or not she wanted the business. Lisa responded that she needed some time to think and that she would get back to Troy in a day or so.

**Questions:-**

- a. The buyer at Sealgood Instruments, Troy Smyrna, is practicing a certain type of unethical behavior. What is the term for this behavior? Why is it considered unethical?
  - b. What should Lisa do in this situation? Formulate a response.
21. Discuss the four enablers of purchasing and supply chain excellence.
  22. What are various methods for evaluating and selecting suppliers?
  23. Develop a profile of a skilled or effective negotiator
  24. What is a lean supply chain? Explain the three primary elements of a lean System
  25. What are the main characteristics of a JIT purchasing system? What are the barriers to a JIT purchasing system?

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