

Regular-exam in Purchasing & Supply Management TEK416 – Fall 2016

Date: **24 October 2016**

Time: 8:30-12.30 Morning session, 4 hours

Room: H

Examiner: Professor Arni Halldorsson (Tlf. 031 772 1582)

Information

- The exam paper consists of three pages including this front page.
- Standard calculator and English dictionary are allowed.
- Results will be announced through Ladok.

Instructions for the exam and your answers:

- Your result from this exam (weight: 80%) will be added to your results from seminar 3 in the course (weight: 20%). Together, these results make up your grade.
- A maximum of 80 points can be awarded for the written exam and a maximum of 20 points for seminar 3, i.e. 100 points in total. This written exam must be passed to pass the course overall.
- The weight of each question below is indicated by the number in parenthesis (points).
- Marks will be awarded for answers that reflect knowledge of theoretical principles from the literature supported by examples from cases and industry, and indicate an awareness of the managerial implications of the issues raised.
- To get full points on a question, your answer must be comprehensive, well elaborated, illustrated/exemplified, and well presented (written language, structure).
- Each answer could be on several pages, but ***not more than one answer on each page***

Tips for answering:

- Read and analyse – briefly – all questions before you start answering the exam paper
- Plan the whole time according to your brief analysis of the exam
- Don't forget to allow for some time to review your answers in the end
- If you "get stuck" on one question – go to the next one
- Think about your handwriting; make sure it's easy to read your answers
- You are allowed to use a pencil for your answers

Good luck!!!

Please answer all of the following five questions:

Question 1 (10 points)

Describe and discuss the three approaches to emerging country sourcing and discuss how a firm can benefit from or be limited by each of them. Illustrate your points with examples.

Question 2 (12 points)

FOXTROT, an international engineering company with manufacturing sites in 8 European countries as well as North America and China has three divisions. Division A manufactures large valves for power plants, Division B beverage dispense systems for retailers and restaurants, and Division C manufactures small fittings for use in brake systems on vehicles. The new procurement director at FOXTROT is considering the organization structure for purchasing. Discuss what might determine a suitable organization structure, and provide a recommendation to the procurement director.

Question 3 (18 points)

- a) Describe the four different phases in Kraljic's (1983) portfolio model. (14 points)
- b) In what way is Bensaou's (1999) model different from Kraljic's (1983) model? (4 points)

Question 4 (20 points) – concepts

Explain the following concepts and discuss in brief their usefulness to purchasing professionals. Illustrate key points with examples:

- a) Indirect sourcing (5 points)
- b) Output specification (5 points)
- c) Types of social procurements (5 points)
- d) Public procurement (5 points)

Question 5 (20 points)

Background and context: The Coffee Bean Roasters (CBR) have since 2008 had a successful history as fast-growing player in the natural food supply chain. The company is today regarded as high-quality supplier of roasted coffee and cocoa with a market-leading position in Scandinavia, the Baltic countries and Russia. The products are sold as CBR's own brand "CoBeRo" to a growing customer base, ranging from large retail chains to smaller coffee shops you'd typically find in inner-cities. The company has been hesitant to sell private-label brands (CoBeRo coffee beans in packaging labelled by customer's own brands) to their customers. However, marketing and sales believe this is a very lucrative market and want to explore that further. This would require substantial expansion of the current distribution network, has CBR owns and controls very limited capacity and resources in transport, warehousing and materials handling. The supplier base would also need to be developed further. It comes with the nature of the product and the location of the key markets that the supplier base is quite dispersed, both in volume and geographical location (Latin America, Southeast Asia and Africa). Decision making at all levels is guided by the following vision:

"We share our passion for coffee and cocoa in our high quality products and services. We strive for excellence from bean to cup – and from cup to great coffee experience."

The fast-growing markets have made cost-management challenge, and since late 2015, the company has implemented an improvement effort focusing on excellence in purchasing and supply management. To speed up that development, CBR has recently appointed a chief purchasing officer (CPO), that should have the overall responsibility for purchasing and supplier management. As an external consultant, with expertise in purchasing and supply management in particular, you are asked to identify at least *four key managerial challenges* purchasing managers at CBR may be facing, motivate the importance of each of these, and suggests ways by which these challenges can be *addressed*. At the end of your answer, summarise your key points in *clear statements* -- a set of bullet-points or a table -- that can be presented as *recommendations* to what you believe are relevant stakeholders in this scenario.

***** End of the exam paper *****