



ICM

DECEMBER 2016

PURCHASING MANAGEMENT

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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1. Suppliers will identify and take into account various factors when determining a price to be charged for a product or service. Explain the factors that will typically be considered. [20]
 2. Companies are increasingly adopting a strategy of outsourcing purchasing services. Analyse the advantages and disadvantages of adopting an outsourcing strategy. [20]
 3. Review the main costs that a company will incur in obtaining and carrying inventories. [20]
 4. A purchasing manager is likely, as part of their buying strategy, to obtain goods from an overseas supplier. Explain the particular difficulties that might be encountered when buying from overseas. [20]
 5. Organisations have a variety of options for organising the purchasing function. Suggest an appropriate form of organisation for a company with a number of regional offices across a country. [20]
 6. Wholesalers have a key role in supporting the activities of the purchasing function. Analyse the role and function of wholesalers. [20]
 7. Compare and contrast stock purchasing and just-in-time as methods by which an organisation can obtain goods. [20]
 8. Explain the THREE bases on which the approach of total quality management is founded. [20]