JUNE 2012 EXAMINATION

DATE: 14 JUNE 2012
TIME: 14H00 – 16H00 TOTAL: 100 MARKS
DURATION: 2 HOURS PASS MARK: 40%

(OL-41)

PROCUREMENT AND PACKAGING

THIS EXAMINATION PAPER CONSISTS OF 4 SECTIONS:

SECTION A: CONSISTS OF:
(i) 10 MULTIPLE-CHOICE QUESTIONS (10 MARKS)
(ii) 5 TRUE OR FALSE QUESTIONS (10 MARKS)
(iii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)
ANSWER ALL THE QUESTIONS

SECTION B: CONSISTS OF 3 SHORT QUESTIONS
ANSWER ALL THE QUESTIONS (10 MARKS)

SECTION C: CONSISTS OF 4 LONG ANSWER QUESTIONS
ANSWER ALL THE QUESTIONS (40 MARKS)

SECTION D: CONSISTS OF 3 INTERPRETATIVE QUESTIONS
ANSWER ONE OF THE QUESTIONS (20 MARKS)

INSTRUCTIONS:

1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don’t waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.
(i) MULTIPLE-CHOICE QUESTIONS

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. Which of the following is the correct calculation for ROI?
   (a) JIT × loss of income
   (b) profit margin × loss of assets
   (c) profit margin × turnover of assets
   (d) JIT × turnover of assets

2. Which of the following is the primary task of management?
   (a) mentoring
   (b) planning
   (c) coaching
   (d) teaching

3. An evaluation report must contain:
   (a) the finding.
   (b) the conclusions.
   (c) the action plan.
   (d) All of the above.

4. Ordering involves establishing:
   (a) a purchase requisition.
   (b) an order routine.
   (c) placing a formal order for the product.
   (d) (b) and (c) above.

5. What does the term B2B mean?
   (a) brother to brother
   (b) Bloemfontein to Botswana
   (c) business to business
   (d) back to basics
6. What should an effective buyer be able to do?
   (a) Judge the feasibility of an idea.
   (b) Negotiate with project and team managers.
   (c) Provide valuable input in product design.
   (d) All of the above.

7. What does the abbreviation TQM stand for?
   (a) total quantity measurement
   (b) total quality measurement
   (c) total quantity management
   (d) total quality management

8. Which of the following is a recognised form of packaging?
   (a) warehouse packaging
   (b) industrial packaging
   (c) transport packaging
   (d) export packaging

9. A barcode provides information about:
   (a) the age of the product.
   (b) the production date.
   (c) the product's pricing.
   (d) the design of the packaging.

10. Which of the following is not a stage of negotiation?
    (a) authorisation
    (b) exploration
    (c) reflection
    (d) follow up

   [10]

   (ii) TRUE OR FALSE QUESTIONS

Choose whether the following are True or False. Motivate all your answers.

1. The correct formula to calculate ROI is, ROI = profit margin – turnover of assets.

2. Global sourcing is when suppliers source material from the local market.

3. Environmental issues include green purchasing and waste elimination.

4. Purchasing is responsible for material requirements planning, materials scheduling or inventory management.

5. Industrial purchases tend to have smaller order sizes. [5 × 2 = 10]
### (iii) MATCHING-STATEMENT QUESTIONS

Match the statements in Column B to the terms in Column A. Write down the answers only, for example 1. (a).

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ISO 9000:2000</td>
<td>(a) contains information about the product</td>
</tr>
<tr>
<td>2. ordering</td>
<td>(b) helps to reduce cost price by buying fewer different types of the same product</td>
</tr>
<tr>
<td>3. labelling and coding</td>
<td>(c) forms part of the general function of the organisation</td>
</tr>
<tr>
<td>4. Du Pont chart</td>
<td>(d) an example of legislation</td>
</tr>
<tr>
<td>5. product standardisation</td>
<td>(e) involves establishing an order routine and placing the formal order for the product</td>
</tr>
<tr>
<td>6. planning</td>
<td>(f) the financial estimate that helps managers assess direct and indirect costs</td>
</tr>
<tr>
<td>7. Black Economic Empowerment</td>
<td>(g) to plan negotiation</td>
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<tr>
<td>8. total cost of ownership</td>
<td>(h) plays an important promotional function in packaging</td>
</tr>
<tr>
<td>9. establish the objective</td>
<td>(i) used to calculate the ROI</td>
</tr>
<tr>
<td>10. the sales function</td>
<td>(j) non-compliance can enforce screening of supplier</td>
</tr>
</tbody>
</table>

[10]

[30]
SECTION B: SHORT QUESTIONS (10 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

Name the four primary tasks of management. [4 × ½ = 2]

QUESTION 2

Explain the procurement cycle. [3]

QUESTION 3

(a) List the six steps in the purchasing process. (6 × ½ = 3)

(b) Explain the concept of recycling. (2) [5]

[10]
SECTION C: LONG ANSWER QUESTIONS (40 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

(a) Identify the five forces in the business environment that are changing organisations radically. (5)

(b) List five reasons why competition has increased in South Africa. (5) [10]

QUESTION 2

(a) List five steps in the performance evaluation process. (5)

(b) Identify the roles within a decision-making unit. (5) [10]

QUESTION 3

(a) i. List three advantages of outsourcing and sub-contracting. (3)

ii. List two disadvantages of outsourcing and sub-contracting. (2)

(b) Provide ten factors that weaken the buyer's negotiating position. (10) [15]

QUESTION 4

Name the stages in the negotiating process. [5]

[40]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ONE OF THE QUESTIONS

QUESTION 1
Discuss and illustrate the procurement cycle and document trail. [20]

OR

QUESTION 2
Discuss the variables that affect the buying process. [10 × 2 = 20]

OR

QUESTION 3
(a) List the ethical considerations that participants in a negotiation process should adhere to. (10)

(b) In table form, differentiate between organisational and consumer buying behaviour using the following criteria:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Organisational</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. characteristics</td>
<td></td>
<td></td>
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<tr>
<td>ii. order size</td>
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<td>iii. knowledge of the product</td>
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<td>iv. demand</td>
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<tr>
<td>v. number of customers</td>
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</tbody>
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[20]