



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

Dec 2011

Graduate Diploma in Materials Management

PAPER No. 5

Purchasing Management

Date : 10.12.2011

Max. Marks :100

Time : 10.00 a.m. to 1.00 pm

Duration : 3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 32 Marks**
 2. From Part B – Answer any 3 questions out of 4 questions. Each sub-question carries 16 marks. **Total : 48 Marks**
 3. Part C is a case study (compulsory) with questions. **Total: 20 Marks**
 4. Please read the instructions given in the answer sheet
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PART A

Q.1. True or False: (1 mark each)

- 1) Purchasing has to procure materials & services –
- 2) Purchasing aims to procure items at the lowest cost
- 3) Purchasing has to invest great care in source selection-
- 4) A firm can exist without function of purchasing –
- 5) Certified purchasing manager is the designation awarded by National association of purchasing.
- 6) Purchasing is not a service function-
- 7) Purchasing a major unit contributing actively & significantly to the firm.-
- 8) Purchase manager can act as a proactive strategic player-
- 9) Golden rule of purchasing is “7R” –
- 10) Purchasing planning involves strategies and tactics-
- 11) Control means investigating the causes for discrepancies-
- 12) Purchasing coordination means taking care regarding quantity, time, and money.

- 13) Purchasing should also be involved in reviewing production costs.
- 14) Purchasing contributes to bottom line performance.
- 15) Purchasing serves as minor interface between the company and the outside world.
- 16) Purchasing is the major "spender" of corporate funds.

Q.2. Give full-form of the following.(1mark each)

- i) CSF
- ii) DR
- III)MR
- IV)PERT
- V) CAP
- VI)MRO
- VII)IFB
- VIII) RFP

Q.3. Match the following.

- | | |
|---------------------------|----------------------------------|
| 1) Accountability | a) purchasing document |
| 2) Purchasing group | b) an integrated functioning |
| 3) Centralized purchasing | c) concept of reciprocity |
| 4) PO documents | d) indirect in nature |
| 5) Materials management | e) key group of buyers |
| 6) Supplier relationships | f) in a multi plant organization |
| 7) Strategic outsourcing | g) concept in ethics |
| 8) Overhead cost | h) ADM to business process |

PART – B

Write any 3 out of following questions 16 marks each

Q.4. Elaborate upon the Purchasing cycle?

Q.5. How can Purchasing be a profit center for the company, explain with suitable examples?

Q.6. a) what are the types of purchasing organisations?

b) what are the tasks of materials management?

Q.7. Short Notes: any 4

a) Ethical Concept.

b) Make or buy

c) Significance of supplies location

d) Learning curve

e) Price cost analysis

PART - C

Q.8 Case Study: 20 marks

Delivering the best customer experience day after day is an enormous task for anyone to complete, but when you have 570 stores spanning five states, you must meet that demand and provide consistent quality and service. So, when **Wawa, one of the most recognized convenience stores**, needed a reliable partner as passionate about customer service as they are, they turned to **Penske Logistics**.

Wawa opened its first store in 1964 and expanded to food service and gasoline in the mid-90s. Penske's relationship began with Wawa in 1998 when Wawa decided to service all stores daily from a centralized bakery facility.

In 2007, Wawa needed a reliable partner to help plan and implement their new Fresh Channel offer, which included daily deliveries to all 570 stores. After looking at other vendors, no one could provide a solution quite like Penske, and the historical relationship proved that – Penske and Wawa had been working together since the nineties. So, Wawa expanded the Penske relationship, to include the new area of business for Wawa, which has been a successful part of their daily operations.

The integrity of the people at Penske – from the operations leaders to the drivers delivering the product – shined through from the start.

Penske has fulfilled its commitment to deliver 365 days a year, despite intermittent vendor delays and schedule changes as instructed by Wawa.

Wawa's business demands that they deliver fresh products by 5 a.m. daily. To accomplish this task, Wawa relies on Penske to coordinate activities between three key suppliers. The number of vehicles, working out time restrictions and getting stores into the new process were all areas of concern. Wawa needed to be able to rely on their partners

Wawa also worked with Penske to control cost and re-deploy unnecessary equipment.

Questions-

- a) Your Comment on the strategy adopted by the company?
- b) What do you feel about the action taken by the company is right?
