



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR SECOND SEMESTER EXAMINATION FOR
BACHELOR OF COMMERCE (PROCUREMENT OPTION)

BMS 322: GENERATION OF REQUIREMENTS

DATE: 7/12/2021

TIME: 2.00-4.00 PM

INSTRUCTIONS: Attempt Question ONE and any other TWO question

KNOWING YOU DON'T KNOW TOO LATE: WAPEZI CONSTRUCTION LTD CASE

Wapezi Construction Ltd got a contract to construct Sabaki Dam at a cost of Kenya shillings 20 billion. After signing the contract and receiving mobilization fee of Kenya shillings 1 Billion, being 5% of the contract sum, the company realized that they require additional earth mover which can work in rough terrain. After deliberation, the management agreed that they needed five of them. Subsequently, the MD made a request to the board and the board immediately gave the approval for the MD to implement. The MD summoned the procurement manager and instructed him to source the five earth movers under restricted tendering given the time but should work directly with him. The procurement manager went directly to the internet to search for the possible vendors for the equipment. He landed on one in China and printed the catalogue which he promptly shared with the MD, a very qualify manager having been to prestigious universities in America for undergraduate and graduate studies. Since the procurement manager is not in good working terms with the operation manager, he did not bother to consult him. The MD promptly approved the purchase and which was duly placed and all the necessary procurement documentations worked on. After one month, the earth movers were safely delivered, assembled, signed off and paid for as per the terms of the purchase. After one week from the date of delivery, the machines were taken to site but failed to perform due to their low power. "What a waste!" uttered by the operation manger.

Required:

- a) Use the concept of generation of the requirement to explain the procurement gaps in the case in five points. (10 marks)
- b) Explain **five** advantages Early Vendor Involvement would have given Wapezi procurement staff. (10 marks)
- c) Explain any **five** features of a good specification in procurement process which are missing in the case. (10 marks)

QUESTION TWO (20 MARKS)

- a) State **five** objectives of requirement determination to a construction firm based in Kitui town. (10 marks)
- b) Discuss **five** roles of procurement department on requirement determination in a construction industry in Kenya. (10 marks)

QUESTION THREE (20 MARKS)

- a) Explain **five** methods of specifying a product in a manufacturing industry. (10 marks)
- b) Discuss five advantages of procurement planning in an institution of higher learning (10 marks)

QUESTION FOUR (20 MARKS)

- a) A number of users are struggling to communicate their material needs effectively. As a procurement officer with vast knowledge on matters of procurement, explain to them any **five** methods of communicating material needs with potential of giving effective results (10 marks)
- b) Discuss five factors to consider when outsourcing a service for an organization entity (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss **five** challenges retail firms face in applying Total Acquisition Cost concept in procurement decision. (10 marks)
- b) Explain **five** Factors affecting make or buy decisions in textile industry in Athi River (10 marks)