

SCHOOL: BUSINESS AND ECONOMICS

DEPARTMENT: BUSINESS MANAGEMENT

COURSE CODE/TITLE: BCM 3148 PURCHASING MANAGEMENT

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QUESTION ONE

Toyota Motor (Toyota) is one of the leading automotive manufacturers in the world. It is engaged in the manufacture and sale of motor vehicles, as well as financing and other related businesses. Toyota sells its vehicles in more than 170 countries and regions worldwide. The worldwide automotive market is highly competitive. The competition among various auto players is likely to intensify in light of continuing globalization and consolidation in the worldwide automotive industry. The factors impacting competition include product quality and features, the amount of time required for innovation and development, pricing, reliability, safety, fuel economy, customer service and financing terms. Toyota is subject to disruption of production due to natural disasters such as earthquakes and floods, among others. The company primarily operates in Japan which is one of the highest earthquake-prone regions in the world. Product recalls have also affected Toyota's performance. The company recalled more than 10m vehicles during the period from 2009 to 2011 as a litany of technical problems bedeviled a manufacturer once renowned as a pioneer of production knowhow. Toyota is subject to laws in various jurisdictions regulating the levels of pollutants generated by its plants. In addition, Toyota is subject to regulations relating to the emission levels, fuel economy, noise and safety of its products.

- a). Outline the purchasing management processes that Toyota may be involved in. (10 Marks)
- b) Highlight internal purchasing risks that are exhibited by Toyota. (10 marks)

2. (a). Discuss how purchasing performance measurement may enhance the productivity of an organization. (10 marks)
(b). Discuss how standardization helps organizations reduce costs. (5 marks)
3. (a). Describe measures to be taken when designing a warehouse. (8 marks)
(b). Explain the merits of an electronic point of sale. (7 marks)
4. (a). A growing firm should put in place a sound ethical policy. Discuss the ethical issues that impact on purchasing management. (10 marks)
(b). Outline bodies involved in the regulation of public procurement in Kenya. (5 marks)
5. (a) Assess the contribution of purchasing function in the development of new products. (8 marks)
(b). Discuss the methods that a buying firm can use in evaluating potential suppliers. (7 marks)