

D5/January 2015

Diploma in procurement and supply

Managing contracts and relationships in procurement and supply

Date **Monday 26 January 2015**

Time **Start 09:30** **End 12:30** **Duration 3 hours**

QUESTION PAPER

INSTRUCTIONS FOR CANDIDATES

This examination has **FOUR** compulsory questions worth 25 marks each.

1. Do not open this question paper until instructed by the invigilator.
2. All answers must be written in the answer booklet provided.
3. All rough work and notes should be written in the answer booklet.

QUESTIONS

You are advised to spend 45 minutes on each question.

Q1 Explain, using examples, the following competitive forces in supply chains:

- (i) Threat of new entrants to a market
- (ii) Power of suppliers
- (iii) Power of buyers
- (iv) Potential product or service substitutes
- (v) Competitive rivalry. (25 marks)

Q2 (a) Explain the purpose of a liquidated damages clause in a contract. (10 marks)

(b) Discuss **FIVE** disadvantages of using litigation as a means of resolving disputes. (15 marks)

Q3 Explain the responsibilities of a contract manager in relation to:

- (i) Performance management (9 marks)
- (ii) Relationship management (8 marks)
- (iii) Contract document management and change control. (8 marks)

Q4 (a) Define 'Benchmarking'. (5 marks)

(b) Discuss, with examples, **FOUR** types of benchmarking. (12 marks)

(c) Explain the use of a balanced scorecard approach to the measurement of supplier performance. (8 marks)

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