

Tutorial Letter 101/3/2018

Purchasing Management

MNP2601

Semesters 1 and 2

**Department of Entrepreneurship, Supply
Chain, Transport, Tourism and Logistics
Management**

This tutorial letter contains important information
about your module and the assignments for both semesters.

BARCODE

CONTENTS

	<i>Page</i>
1 INTRODUCTION	4
2 PURPOSE AND OUTCOMES	4
2.1 Purpose	4
2.2 Outcomes	4
3 LECTURER AND CONTACT DETAILS	5
3.1 Lecturer	5
3.2 Department	5
3.3 University	6
4 RESOURCES	6
4.1 Prescribed books	6
4.2 Study material	6
5 STUDENT SUPPORT SERVICES	6
5.1 Contact with fellow students	6
5.2 myUnisa	7
5.3 Discussion classes	7
5.4 E-tutoring	7
6 STUDY PLAN	10
7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING	10
8 ASSESSMENT	10
9 ASSIGNMENTS	12
9.1 Assignment numbers and due dates	12
9.2 Submission of assignments	12
9.3 Assignments for 2018	13
10 EXAMINATION	14
10.1 General information	14
10.2 Format of the examination paper	14
10.3 Previous examination papers	14
11 IN CLOSING	14
12 ANNEXURES	15
ANNEXURE A: ASSIGNMENTS FOR SEMESTER 1	15
Assignment 01 for Semester 1 – COMPULSORY	15

Assignment 02 for Semester 1	22
ANNEXURE B: ASSIGNMENTS FOR SEMESTER 2.....	27
Assignment 01 for Semester 2 - COMPULSORY	27
Assignment 02 for Semester 2	33
ANNEXURE C: SELF-ASSESSMENT ASSIGNMENT FOR SEMESTERS 1 AND 2.....	39
ANNEXURE D: LIST OF TERMINOLOGY	47

Dear Student

1 INTRODUCTION

Welcome to this module in Purchasing Management (MNP2601). We trust that you will find it interesting and rewarding. You will have a positive learning experience if you are willing to learn and are committed to work hard and consistently from the start.

This tutorial letter contains important information about this module, such as resources, outcomes, contact details and assessments (the assignments and examination). We urge you to keep it at hand during the semester. **Please ensure that you read all the tutorial letters** that you receive during the semester **immediately and carefully**, because they will always contain important – and sometimes urgent – information.

2 PURPOSE AND OUTCOMES

2.1 Purpose

The aim of this module is to introduce you to purchasing management in the broader strategic supply management context and to enable you to understand the purchasing function in organisations and some of the most important purchasing activities (while acknowledging that purchasing does not function in isolation).

2.2 Outcomes

On completion of this module, you should be able to

- put the purchasing function in perspective
- fully explain the management task of purchasing and supply management
- illustrate purchasing in the context of new management approaches
- discuss the concept of strategic sourcing in detail
- discuss the selection and performance evaluation of suppliers
- discuss a supplier policy
- discuss the ethical, corporate governance and social responsibility issues that pertain to purchasing and supply management
- explain in detail how to manage quality in purchasing and supply
- discuss purchasing price determination and cost analysis
- explain inventory management
- distinguish between purchasing capital equipment and purchasing services

VERY IMPORTANT FOR ASSESSMENT PURPOSES

During assessments, we expect you not only to discuss the theoretical principles but also to **APPLY** the principles that you have studied in practice and/or to case studies.

3 LECTURER AND CONTACT DETAILS

3.1 Lecturer

You can contact me, the lecturer for this module, if you have any **academic enquiries** about the module. My contact details are:

Dr Orpha Cilliers	
E-mail	cillijo@unisa.ac.za

Please note that you should **only contact me with academic enquiries** about the content of this module. All administrative enquiries should be directed to the relevant administrative departments (refer to sections 3.2 and 3.3 below). When you contact me by e-mail, always include the module code and your student number in the subject line and I will reply as soon as possible.

Please note that the lecturer for this module will be available to take phone calls on academic matters and/or to attend to students who may prefer to visit personally for academic engagement. However, personal visits can only be granted to discuss those academic content-related issues which could not be resolved via e-mail and telephone conversations. The days and times of lecturer's availability will be communicated in the module page on myUnisa. These days and times are subject to change in order to accommodate the lecturer's work schedule and other commitments. The changes on the days and times will be communicated by the lecturer in advance through the announcement option on myUnisa. Students are advised to check the module page on myUnisa before making phone calls or visiting the lecturer's office for academic enquiries/engagements.

3.2 Department

If you wish to contact me (or any other lecturer) telephonically or by e-mail, you may also do so via the helpdesk of the Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management. The contact details for the department are as follows:

Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management
PO Box 392, Unisa 0003
E-mail: DESTTL@unisa.ac.za
Tel: 012 429 4671/8908

If you use the department's telephone number or e-mail address, your enquiry will be directed to the appropriate person. Since lecturers are often out of their offices, it would be best to contact the lecturer by e-mail.

VERY IMPORTANT

If you need to contact me, please **first** send an e-mail in which you provide a detailed question on the issue at hand. **Do not ask for answers to questions in previous examination papers or that I provide you with previous examination papers. Based on the official assessment procedures, no Unisa lecturer is allowed to give students answers to questions in previous examination papers or other assignments.**

3.3 University

Any administrative enquiries should be addressed to the relevant administrative section/department of the **university**. Consult the brochure *Study @ Unisa* in this regard. You may contact Unisa in the following ways:

NATURE OF ENQUIRY	CONTACT DETAILS
General enquiries	E-mail: DESTTL@unisa.ac.za SMS to 32695 or Info@unisa.ac.za
Access own information	https://my.unisa.ac.za/portal https://my.unisa.ac.za/portal/pda
Submission and enquiries about assignments	E-mail: assign@unisa.ac.za

4 RESOURCES

4.1 Prescribed books

The compulsory prescribed book for MNP2601 is:

Badenhorst-Weiss, JA., Cilliers, J.O., Dlamini, W. & Ambe, I.M. 2018. *Purchasing and Supply management*. 7th edition. Pretoria: Van Schaik. (ISBN: 978 0 627 03547 0)

VERY IMPORTANT

Previous editions of the prescribed book are NOT RELEVANT FOR THIS MODULE. Make sure that you obtain the 7th edition (neither the 5th edition nor 6th edition).

If you are repeating the module, please contact me directly at cillijo@unisa.ac.za for guidance on the applicability of your previous study material.

Please consult the list of official booksellers and their addresses in *Study @ Unisa*. If you find it difficult to get the prescribed book from these booksellers, please contact the Prescribed Book Section as soon as possible.

4.2 Study material

The following study material are available for this module on myUnisa:

- Tutorial Letter 101 (at registration)
- Study guide (at registration)
- Tutorial Letter 201 (after assignment 02)
- *Study @ Unisa*

It is advised that you view and download all the tutorial letters for this module from myUnisa (at <http://my.unisa.ac.za>) under the “Official Study Material” tab. You must be registered on myUnisa to use this function.

5 STUDENT SUPPORT SERVICES

Important information about the student support services offered by the university appears in *Study @ Unisa*.

5.1 Contact with fellow students

Research has proven that one learns best when discussing (lecturing) content to others. Therefore, it is advisable to have contact with fellow students. One way to do this is to form

study groups. You can obtain the addresses of students in your area from the following department:

Directorate: Student Administration and Registration
PO Box 392
UNISA
0003

You can also establish contact with fellow students by using myUnisa. It is advised that you communicate with fellow students and e-tutors on the relevant discussion tabs created on myUnisa (and not other online groups, for example, separate WhatsApp groups).

5.2 myUnisa

myUnisa enables you to have quick access to resources and information at the university. This learning management system is Unisa's online campus that will help you to communicate with your lecturers, other students and the administrative departments of Unisa. Start at the main Unisa website <http://www.unisa.ac.za> and then click on the "Login to myUnisa" link on the right-hand side of the screen. This should take you to the myUnisa website. You can also go there directly by typing in <http://my.unisa.ac.za>. **We strongly recommend that you register for and use myUnisa as this will give you direct access to important information.**

Visit the module website for MNP2601 on myUnisa as frequently as possible. From this website, you can download your study guide and all the tutorial letters. This means that you never have to wait for the post office!

We may use this website to post announcements to you during the semester. The best part of the website is the discussion forum, where you can ask any questions about the academic content of this module that you do not fully understand and discuss difficult topics with other students/e-tutors/lecturer.

If you have any problems connecting to myUnisa or myLife, contact MyUnisaHelp@unisa.ac.za or MyLifeHelp@unisa.ac.za. Please note that the lecturer cannot solve problems in this regard.

5.3 Discussion classes

There will be no discussion classes for this module. Please be aware of the existence of multiple fraudulent and predatory providers of classes and examination guidance to Unisa students. Please note that Unisa do not have agreements with any of these agencies/schools/colleges to provide tuition or support to our students. Unisa also do not provide these predators with study material, guidelines or your contact information. These providers may not have the necessary expertise to assist you and often charge exorbitant fees. If you receive an invitation from any agency or College, it is best to confirm with your lecturer if the provider is a legitimate Unisa partner.

5.4 E-tutoring

(a) General information

Since 2013, Unisa offers online tutorials (e-tutoring) to students who are registered for modules at National Qualification Framework (NQF) level 5, 6 and 7 (which means qualifying first-year, second-year and third-year modules).

Once you are registered for a qualifying module, you will be allocated to a group of students with whom you will be interacting during the tuition period and an e-tutor who will be your tutorial facilitator. Thereafter, you will receive a SMS informing you about your group, the name of your e-tutor and instructions on how to log onto myUnisa in order to receive further information about the e-tutoring process.

Online tutorials are conducted by qualified e-tutors who are appointed by Unisa. This support is offered free of charge. All you need to be able to participate in e-tutoring is a computer with internet connection. If you live close to a Unisa regional centre or a telecentre contracted with Unisa, please feel free to visit it to access the internet. E-tutoring takes place on myUnisa, where you are expected to connect with other students in your allocated group. The e-tutor's role is to guide you through your study material during this interaction process. For you to get the most out of e-tutoring, you have to participate in the online discussions that the e-tutor will be facilitating.

(b) E-tutoring for MNP2601

In 2014, our module was selected to introduce the e-tutoring system to Unisa students. Based on feedback received from students after the examinations since then, I can assure you that you will benefit from the e-tutoring programme.

Please take note of the following **BEFORE** you contact the e-tutor or me.

Why e-tutors?

E-tutors have been carefully selected and employed as part of the university's drive to present modules online and help students to master the module content. E-tutors will

- help you **to interpret** the tutorial matter and assignments or self-evaluation questions (but CANNOT give you the answers)
- explain difficult concepts
- help you to become an independent learner
- liaise with me (the lecturer) and you (the student), for example by informing me about specific problems that you may be experiencing and suggesting ways in which the tutorial matter may be improved
- contact me if you have any questions or need additional advice on the content of the module

The lecturer's role in e-tutoring

I will empower the e-tutors by doing the following:

- Respond comprehensively and promptly (although within a reasonable time) to questions that the e-tutors ask on your behalf about the module content.
- From time to time, give the e-tutors some guidelines, exercises or possible examination questions to help them to identify the problem areas in this module where you may need help.
- Highlight certain sections in the prescribed book or give examples or additional information on aspects of the study material. (Please note: These will only be the problems that I have identified. You might struggle with other sections of the study material of which I am not aware. It is therefore important that you communicate your needs to your e-tutor. Please note that the problem areas that I will highlight will in no way be hints on what you can expect in the examination. Therefore, do not be tricked into thinking that the e-tutors can identify selected sections of the study material for you to focus on in the examination.)

How to contact your e-tutor and what (and what not) to expect

- You will find a link on myUnisa, under the MNP2601 link, indicating to which e-tutor group you belong. Contact myUnisa if you cannot see the link (the lecturer cannot help you in this regard). The general link on myUnisa for this module is MNP2601-18-S1 or S2 depending on the semester, whereas the link to your e-tutor group is MNP2601-18-S1-2E (which means that if you are registered in semester 01 in 2018 for MNP2601, you are allocated to group 2).
- Please note that myUnisa is the **ONLY** recognised source of communication between the e-tutor and students. **No private email communication should take place between students and e-tutors.** You have to use the discussion forum on myUnisa to communicate.
- All interaction between e-tutors and students on myUnisa will be monitored on a regular basis (private e-mails cannot be monitored and checked in terms of correctness and quality). Therefore, do not even ask the e-tutor's personal details.
- E-tutors cannot attend to your administrative problems or help you with myUnisa (contact the relevant sections).
- ALL communication on the e-tutor sites should be in English. If you want to upload a question or remark in another language, you will be expected to translate it into English. Having English as the only language should ensure that everybody is accommodated.
- **The e-tutors are appointed for tutoring assistance. Therefore, FIRST contact the e-tutor and THEN the lecturer if your problem has not been addressed to your satisfaction. If you contact me first, I will only answer your question if you can show me that you have followed the prescribed route explained here.**
- **E-tutors will lead the discussions with students; however, under no circumstances will they give you assignment answers. (Also, please refrain from posting assignment answers for comparison purposes on myUnisa.)**
- Any enquiries about whether an assignment has been received and marked should NOT be directed to the lecturer or the e-tutors, but to the Assignments Section.
- E-tutors will NOT summarise the module content on your behalf just before the examination. **The e-tutor's role is to facilitate your learning throughout the semester.** E-tutors are in no way responsible for providing answers or for giving "crash courses" on the module content. It remains your responsibility to work diligently through the module content to master the principles.
- E-tutors cannot provide you with previous examination papers or answers to previous examination questions.
- E-tutors are not allowed to set their own questions to help you with your studies. However, we (your lecturer and e-tutors) will compile examples of questions that the e-tutors will post on myUnisa once they have been quality-checked and approved by the lecturer. All the e-tutors will therefore have the same set of questions to select from for revision purposes.
- **E-tutors do NOT have access to the examination paper and cannot give you the examination scope and "tips".** You should know from the start that ALL relevant chapters are included for examination purposes.

I trust you will have rewarding interactions with fellow students and your e-tutor. Use this opportunity to enrich your learning experience and to be part of a group of students who are eager to learn from one another. Be active on myUnisa on a regular basis.

6 STUDY PLAN

You have limited time at your disposal to work through the study guide, complete the assignments and prepare for the examination. Therefore, you have to plan your studies carefully. We have drawn up a proposed time schedule that you can use **as a guideline** to plan your studies. However, you should always work at your own pace. Always keep the examination date and the due dates for the assignments in mind.

VERY IMPORTANT

Before you prepare for the assignments and the examination, make sure that you first study the relevant content. You will have to study an entire chapter to get a broad understanding of any concept. Merely trying to find the answers to the assignment questions by quickly scanning the content to spot the correct answers as quickly as possible will, in the end, not be to your advantage. If you do this, you will not acquire the necessary depth of understanding in the field of study to answer the questions.

In addition, waiting until a few days before the examination and cramming to memorise the facts will be detrimental to your learning experience. To be successful, you have to plan and then work diligently. Also keep in mind that you sometimes need to be ahead in terms of the learning units, since the assignments can be on more chapters than what you have covered at that stage.

WEEK	STUDY-RELATED ACTIVITIES
Week 1	Receive study material; read Tutorial Letter 101
Week 2	Learning unit 1 (ch 1); do compulsory Assignment 01 (for submission)
Week 3	Learning unit 2 (ch 2); do compulsory Assignment 01 (for submission)
Week 4	Learning unit 3 (ch 3); do compulsory Assignment 01 (for submission)
Week 5	Learning unit 4 (ch 4); do compulsory Assignment 01 (for submission)
Week 6	Learning unit 5 (ch 5)
Week 7	Learning unit 6 (ch 6); do Assignment 02 (for submission)
Week 8	Learning unit 7 (ch 7); do Assignment 02 (for submission)
Week 9	Learning unit 8 (ch 8); do Assignment 02 (for submission)
Week 10	Learning unit 9 (ch 9)
Week 11	Learning unit 10 (ch 15); do the self-assessment assignment as part of revision
Week 12	Learning unit 11 (ch 16); do the self-assessment assignment as part of revision
Week 13	Revision

7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING

There is no practical work for this module.

8 ASSESSMENT

Unlike residential universities, Unisa does not require students to write tests to get admission to the examination. We use assignments for this purpose.

The assignments are an important criterion to determine whether you have studied the material in the study guide in a systematic way and are able to do research to achieve certain prescribed objectives. At the same time, you become familiar with the standards of the university, broaden your knowledge of the subject and gain valuable practice in answering questions.

ASSIGNMENTS

Assignments submitted for semester mark

There are **TWO** assignments per semester for this module. Both assignments consist of multiple-choice questions. Please note that the assignments differ for the two semesters. **You must submit the first assignment if you wish to get admission to the examination.**

Self-assessment assignment

The **THIRD** assignment is for self-assessment purposes only. This assignment consists of essay-type/application/case study questions which you do **not** submit to Unisa for marking. After you have completed the self-assessment assignment, you should assess your answers yourself by using the guidelines provided in this tutorial letter.

You have to submit Assignment 01 (the compulsory assignment) before its due date to be admitted to the examination.

You will receive the correct answers and guidelines for the assignment questions in Tutorial Letter 201. This tutorial letter will be sent to you after the due date of the second assignment and will also be available on myUnisa.

Your final mark for this module will consist of your **semester mark (year mark)** and examination mark. Your semester mark will be the marks that you get for your two assignments, in other words these assignments will contribute 100% towards your semester mark (Assignment 01 will contribute 50% and Assignment 02 will also contribute 50%). Your semester mark will contribute 20% towards your final mark and your examination mark will contribute 80% towards your final mark. The following is an example of how we will calculate a student's final mark:

FINAL MARK COMPONENTS		EXAMPLE	
Component	Contribution to final mark	Marks obtained by student	Contribution of marks towards student's final mark
Assignment marks	20%	60	$(60 \times 0,20) = 12$
+ examination mark	80%	50	$(50 \times 0,8) = 40$
= final mark	100%		52

If you do not obtain a subminimum of 40% in the examination, your semester mark will not be taken into account to calculate your final mark. The combined weighted average of your year mark and examination mark must be 50% or higher for you to pass the module.

FINAL YEAR CONCESSIONS (ALTERNATIVE ASSESSMENT)

The brochure *Study @ Unisa* contains important information on the final-year concession procedure to help students who have one or two modules outstanding to complete their qualification. Note that there is only one special opportunity available to a student per calendar year.

The Department of Examination Administration (DEA) will inform all students who qualify for a final-year (FI) concession per sms/e-mail.

For this module, FI students have to complete a portfolio by a certain date. This portfolio and

due date are communicated to the qualifying student upon contact with the module lecturer via e-mail. It is the student's responsibility to contact the lecturer directly upon receipt of the notification of their admission to such an opportunity.

SPECIAL EXAMINATIONS

If you should qualify to write the MNP2601 examination on another date than the scheduled opportunity for the students currently registered for the module or you have to repeat the module and have to write the examination with the current year students, it is **your responsibility** to contact the lecturer to ensure that you have the applicable prescribed book and the format of the examination paper for the examination you will be writing. Preparing for the examination based on the previous information you had when you failed the module, can result in disappointment.

9 ASSIGNMENTS

9.1 Assignment numbers and due dates

The assignments have specific due dates. After the due date of Assignment 02, you will receive a tutorial letter with the answers to and guidelines on answering the assignment. Tutorial Letter 201 will also be made available on myUnisa.

The assignments for 2018 are included in this tutorial letter (see section 9.3 and the annexures). The due dates for the assignments and their unique numbers (where applicable) are:

Assignment number	First semester		Second semester	
	Due date	Unique number	Due date	Unique number
01	29 March	644577	31 August	728521
02	12 April	793150	14 September	887690
03	n/a	n/a	n/a	n/a

VERY IMPORTANT

There are different Assignments 01 and 02 for the two semesters and they have their own unique numbers. Please make sure that you use the correct unique number when you submit your assignment.

9.2 Submission of assignments

Multiple-choice question (MCQ) assignments may be submitted in one of three ways: (1) via the Internet on **myUnisa**, (2) by means of a **cell phone** or (3) by means of a **mark-reading sheet** posted to Unisa.

It is advised that you use options 1 and 2. Always keep proof of your submission (screenshots, notifications, photo's, etc).

Option 1: To submit an assignment **via myUnisaGo** to myUnisa at <https://my.unisa.ac.za>.

- Log in with your student number and password.
- Select the module.
- Click on “Assignments” in the left-hand menu.
- Click on the number of the assignment that you want to submit.
- Follow the instructions on the screen.

Option 2: To submit an assignment by means of a **sms** from your cell phone

- Download and install the Unisa Mobile application from <https://my.unisa.ac.za/portal/pda>.
- Install and start the application on your phone.
- Select the “MCQ Assignment” option.
- Log in with your myUnisa credentials.
- Select your module.
- Select the appropriate unique assignment number.
- Select appropriate answers to the assignment questions.
- Send your answers.
- Receive immediate onscreen confirmation.

Option 3: To submit an assignment via **post**

- Only if you do not have access to the internet should you submit your assignment by means of a mark-reading sheet and post it to Unisa. If you are using a mark-reading sheet, remember to
 - use an HB pencil
 - indicate your student number and the abovementioned unique number on the mark-reading sheet
 - follow the instructions for completing mark-reading sheets (Incomplete mark-reading sheets will be returned to you unmarked.)
 - submit the assignment in good time (It must have reached Unisa’s Muckleneuk Campus by its due date; otherwise, it might not be in time to be marked.)
 - Make a copy of the mark-reading sheet before submitting the assignment as proof.
- If you submit your assignment by **post**, address it to:

The Registrar
PO Box 392
UNISA
0003

If you experience problems with the electronic submission of assignments, please contact MyUnisaHelp@unisa.ac.za or MyLifeHelp@unisa.ac.za (therefore, not the lecturer).

Please refer to section 3.2 if you have any administrative enquiries about your assignments (for example, submission enquiries and marks obtained).

9.3 Assignments for 2018

There are **three** assignments for this module. The **first two assignments will contribute to your semester mark** and must be submitted before their stipulated due dates. **Assignment 01 is compulsory to gain admission to the examinations.** Refer to section 8.5 above for

information on the submission of assignments. **Assignment 03 is a self-assessment assignment and must not be submitted to the university.**

- Refer to **Annexure A** for the two assignments for **Semester 1**.
- Refer to **Annexure B** for the two assignments for **Semester 2**.
- Refer to **Annexure C** for the self-assessment assignment (**for both semesters**).
- Refer to **Annexure D** for a list of terminology.

10 EXAMINATION

10.1 General information

The examination is your opportunity to demonstrate that you have achieved the outcomes of this module. You also **have to submit Assignment 01 before or on its due date to gain admission to the examination**. During the semester, the Examination Section will send you information about the examination in general, your examination venue, and the examination date and time. If you are registered for the **first semester**, you will write the examination in **May/June 2018**. If you are registered for the **second semester**, you will write the examination in **October/November 2018**.

10.2 Format of the examination paper

The duration of the examination will be two hours. The format of the examination paper for this module will be communicated in TL201, on myUnisa and by the e-tutors.

10.3 Previous examination papers

New examination papers are set for every examination. If you manage to obtain previous papers from myUnisa, I need to advise you not to focus on these papers only. Previous papers should only serve to give you an idea of **how** examination questions MIGHT be asked. Do not regard previous examination papers as an indication of the questions that you are likely to get in the examination. You are expected to apply the theoretical principles that you have studied (see the self-assessment assignment). Therefore, make sure that you understand and internalise the module content to be able to answer both theoretical and application/case study questions in the examination.

Please do not contact me for copies of previous examination papers, the availability of examination papers on myUnisa or a discussion about the examination questions.

VERY IMPORTANT

Examination papers with completely new and different questions are set for every year. The self-evaluation questions in **Annexure C** will give you a good idea of the way in which examination questions can be set.

11 IN CLOSING

I trust that you will enjoy this module and I wish you success in your studies.

Dr Orpha Cilliers
Module Lecturer

Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management
Unisa

12 ANNEXURES

In this section you will find the following:

- Annexure A: Assignments for Semester 1
- Annexure B: Assignments for Semester 2
- Annexure C: Self-evaluation assessment for both semesters
- Annexure D: List of terminology

ANNEXURE A: ASSIGNMENTS FOR SEMESTER 1

There are **two** assignments per semester for this module. Refer to section 9.2 of this tutorial letter for information on the submission of assignments.

The first (compulsory) assignment consists of 20 multiple-choice questions that are based on theoretical principles (based on chapters 1-5 in the prescribed book); the second assignment consists of 15 multiple choice questions, of which 10 questions are based on the case study at the beginning of assignment 2 ("**Supply chain law review aims to improve procurement efficiency**") (all relevant chapters in the prescribed book) and 5 multiple choice questions which are based on the list of terminology in annexure D in this tutorial letter.

Make sure that you hand in the correct assignment for the semester for which you are registered. Unfortunately, wrong (or late!) assignments will **NOT** be marked.

Assignment 01 for Semester 1 – COMPULSORY

Assignment 01 for Semester 1	
Due date	Unique number
29 March 2018	644577

This assignment consists of 20 multiple-choice questions assessing your knowledge on basic theory (Chapters 1-5).

Question 1

If a company adopts the philosophy of lean manufacturing, they would typically say the following:

- [1] "By keeping large inventories of raw materials, even if not used in manufacturing, we will be prepared to respond to customers' orders when they come in."
- [2] "If we have more work stations at the plant, we can employ more people in the manufacturing process."
- [3] "By simplifying our work environment, we can reduce waste and keep our employees, equipment and workspace responsive to current needs."
- [4] "We have invested large sums of capital in these advanced machines; therefore, we need to get maximum return on our investment before meeting changing demands."

Question 2

During the control task, the activity of evaluating the performance of the purchasing and supply function should be based on **both** the following critical dimensions:

- [1] tactical and strategic objectives
- [2] centralisation and decentralisation
- [3] quantitative and qualitative bases
- [4] cost reduction and income increase

Question 3

Assume that the purchasing manager at Amazon.com (an online retailer) is requested to submit a report on suppliers in accordance with the policy guidelines of the organisation. In his report, he lists the different types of suppliers and their dealings with Amazon.com. Which one of the following best describes a situation where the purchasing function of Amazon.com buys more than half of a supplier's production of video games?

- [1] unreliable suppliers
- [2] suppliers' specialised knowledge
- [3] captive suppliers
- [4] reciprocal suppliers

Question 4

The following principle should be kept in mind when evaluating purchasing and supply performance:

- [1] It would be best to use the generic evaluation system that is available to evaluate purchasing and supply performance.
- [2] Quantitative measures give the best and most accurate indication of purchasing and supply performance.
- [3] As long as the benefits equal the costs, the evaluation system for evaluating purchasing and supply performance is effective.
- [4] A sound database with information on a wide spectrum of purchasing and supply activities is necessary to evaluate performance.

Question 5

When determining responsibilities in the purchasing and supply process, the ... function has the primary responsibility to contact the supplier base about faulty consignments.

- [1] receiving
- [2] inspection
- [3] financial
- [4] purchasing

Question 6

Expediting an order in the purchasing and supply context implies that the purchasing official firstly ...

- [1] obtains advanced technology to speed up the process.
- [2] phones the supplier to save time to discuss future relationships.
- [3] monitors the supplier's progress with the order.
- [4] suggests lean manufacturing as a stream-lined process.

Question 7

When buying specialised equipment, the purchasing procedures might require that requisitions exceeding a predetermined amount be accompanied by two or three written quotations. In such cases, the ... has the prerogative of selecting the supplier.

- [1] user
- [2] purchasing official
- [3] specialised equipment specialist
- [4] financial function

Question 8

The usual procedure for selecting suppliers of standard items in relatively small quantities would be to choose the supplier ...

- [1] after following a comprehensive procedure for supplier selection.
- [2] as recommended on the requisition by the user function.
- [3] which seems to be the best one from three or four suggested suppliers.
- [4] which submitted a complete quotation.

Question 9

When making the decision to insource or outsource, which one of the following options is most suitable when a buying organisation is more competent in performing an activity than a potential supplier?

- [1] Outsource to any external supplier that has the capability to perform the activity.
- [2] Outsource a core activity even though it gives a competitive advantage.
- [3] Invest in disadvantaged suppliers to create their capability to perform the activity in-house at their premises.
- [4] Keep the activity in-house and invest to maintain and increase competitive advantage.

Question 10

Non-cost factors should also be considered in the outsourcing decision. A non-cost factor, such as ... would compel the organisation to perform an activity internally when style plays an unusually important role and patents do not provide sufficient protection against emulation.

- [1] quality control
- [2] workforce stability
- [3] design secrecy
- [4] market share

Question 11

... is when an organisation decides to partially transfer the activities of a function to a supplier outside while keeping the rest of the activities in-house.

- [1] Outsourcing
- [2] Insourcing
- [3] Co-sourcing
- [4] Back-sourcing

Question 12

Reciprocity is a practice where ...

- [1] suppliers, who are also customers of the organisation, enjoy preferential treatment.
- [2] the supplier is directly or indirectly owned by the purchasing organisation.
- [3] the buyer buys from a supplier that employs or is owned by a family member of the buyer.
- [4] a purchasing organisation buys more than half of the supplier's production.

Question 13

A typical example of a qualitative performance indicator for evaluating purchasing and supply activities in the organisation is the ... the purchasing and supply function.

- [1] negotiation ability of
- [2] promptness factor achieved by
- [3] rejection ratio of consignments by
- [4] outstanding orders of

Questions 14-20 are based on the following example of the weighted average method (note that you have to do the necessary calculations and complete the table in order to answer the questions):

<i>Criteria</i>	<i>Weight</i>	SUPPLIER A		SUPPLIER B		SUPPLIER C		SUPPLIER D	
		<i>Scale (1–5)</i>	<i>Score</i>	<i>Scale (1–5)</i>	<i>Score</i>	<i>Scale (1–5)</i>	<i>Score</i>	<i>Scale (1–5)</i>	<i>Score</i>
On-time delivery	40	4	?	4	160	2	80	2	80
Price	?	3	?	4	140	1	35	?	70
Quality product	15	3	?	4	60	1	?	1	15
After-sales service	10	1	10	1	10	4	40	1	10
TOTAL	?		?		?		?		?

Question 14

When using the weighted average method to determine the selected suppliers' performance, the following best describes the criteria (shown in the table) according to which the suppliers are evaluated:

- [1] After-sales service is not important when evaluating the suppliers' performance.
- [2] Suppliers A, B, C and D should all score the highest in terms of on-time delivery as the most important criterion.
- [3] The decision on which criteria to use is one of the subjective (qualitative) parts of this method.
- [4] Once criteria are selected, they will remain the criteria that management will use to evaluate current and future suppliers' performance.

Question 15

When using the weighted average method to identify the most suitable supplier, the calculations in the above table shows that Supplier ... is the best supplier in this situation. (To answer the question, the table should be completed by doing the necessary calculations.)

- [1] A
- [2] B
- [3] C
- [4] D

Question 16

When only focussing on the suppliers' scores for **price**, the Supplier C's score of 35 can be interpreted as follows:

- [1] Supplier C offers the highest-priced product compared to the other suppliers.
- [2] Supplier C offers the lowest-priced product compared to the other suppliers.
- [3] Supplier C will be eliminated from the list due to its low score for the price criterion.
- [4] Supplier C seems confident that having the lowest price will compensate for the perception of poor quality.

Question 17

If quality was the **ONLY** criterium used when deciding on the best supplier, which supplier would be the most obvious one to select?

- [1] Supplier A
- [2] Supplier B
- [3] Supplier C
- [4] Supplier D

Question 18

The most important criteria when choosing a supplier in this case is:

- [1] Quality
- [2] Price
- [3] On-time delivery
- [4] After-sales service

Question 19

Supplier C had a rating (scale) of only 1 for price, which means that Supplier C ...

- [1] charges a marginally lower price than Supplier D.
- [2] scores the best of all suppliers on price.
- [3] and Supplier B are the main suppliers to consider.
- [4] is the most expensive supplier.

Question 20

(Before you answer this question, change the weight for quality product to 25 and ignore after-sales service as a criterion.)

If the criteria of on-time delivery, price and quality product were the only three criteria used in evaluating the potential suppliers, which supplier would be the best supplier (use the scales in the table)?

- [1] Supplier A
- [2] Supplier B
- [3] Supplier C
- [4] Supplier D

We will provide the answers to the questions of this assignment in Tutorial Letter MNP2601/201/1/2018, which will be available on myUnisa.

Assignment 02 for Semester 1

This assignment consists of 15 multiple choice questions, of which 10 questions are based on the case study “Supply chain law review aims to improve procurement efficiency” below (questions based on chapters 1-9 in the prescribed book), and 5 questions, which are based on the terminology presented in annexure D in this tutorial letter.

Assignment 02 for Semester 1	
Due date	Unique number
12 April 2018	793150

Case study: Supply chain law review aims to improve procurement efficiency

The Treasury is reviewing the entire legislative framework for supply chain management by the government with a view of developing a single procurement law, said Finance Minister Pravin Gordhan. The envisaged law aims to improve efficiency in the procurement environment and eliminate corruption, among other things. According to media reports, South Africa loses between R25-billion and R35-billion each year to corruption in government procurement. Treasury will be developing guidelines to assist municipalities on how to apply municipal supply chain regulation by July 2016, said Gordhan in a written reply to a parliamentary question by Democratic Alliance spokesman for local government Kevin Mileham. Mileham had asked Gordhan what was being done to prevent the widespread abuse of Section 32 of the Supply Chain Management Regulations, which allows an organ of state to participate in a contract procured by another state organ.

Mileham said he did not object in principle to the participation by a government entity in the contract of another one, but there had to be tight controls to prevent abuse. He cited the case of the Amatole district municipality (ADM) in the Eastern Cape which awarded a tender to Siyenza Group in the Northern Cape to build about 66000 toilets in villages. The price and specifications of the Northern Cape contract were replicated by the Amatole municipality without considering whether this was the most cost-efficient option and without offering local businesses the work. The contract was given despite having already been awarded to four other companies two months earlier. Siyenza was imposed on the municipality and it appears that their appointment was due to its political connections. ADM municipal manager Chris Magwangqana admitted that the Siyenza Group was awarded the tender without following regular supply chain management tender processes. The R631-million Amatole project was much larger than the Northern Cape one which was R119-million. Earlier this year the Amatole municipality cancelled its contract with the Siyenza Group, because it was found that the Siyenza Group has submitted tax certificates to Misa that were not issued by SARS.

Source:

- http://www.smartprocurement.co.za/archives/supply_chain_law_review_aims_to_improve_procurement_efficiency.php
- <http://www.dispatchlive.co.za/news/agency-terminates-illegal-toilet-deal/>
- <http://www.ru.ac.za/psam/latestnews/agencyterminatesillegaltoiletdeal.html>

Question 1

The fact that Amatole district municipality initially awarded the contract to the Siyenza Group instead of a local organisation in the Eastern Cape means that they neglected to consider ... as a supplier selection criteria.

- [1] quality accreditation
- [2] on-time delivery
- [3] excellent service
- [4] geographic location

Question 2

The fact that the Treasury is reviewing the legislative framework for supply chain management by the government will lessen the ... risk in government procurement.

- [1] core business
- [2] external downside
- [3] operational
- [4] speculative

Question 3

An example of *internal service quality* in the case study would be the following:

- [1] Amatole's purchasing team has an obligation towards the different municipality departments to contract the most cost-effective supplier of quality toilets.
- [2] The Siyenza Group was awarded the contract based on political connections and not by following regular tender processes.
- [3] The Northern Cape supplier was able to provide about 6600 toilets in many villages in their region.
- [4] The Amatole district municipality cancelled its contract with the Siyenza Group due to tax certificates not issued by South African Revenue Services (SARS).

Question 4

Since cost-efficiency was not considered when the contract was initially awarded to the Siyenza Group, an *unfair* price for the toilets was determined, which means that ...

- [1] the lowest price that could ensure the continuous supply of quality toilets by the Siyenza Group was not negotiated.
- [2] the price of toilets asked by the Siyenza Group was determined by active competing suppliers in a competitive market.
- [3] the price of toilets is in reasonable proportion to the total manufacturing costs of the Siyenza Group.
- [4] the price determined for toilets was reasonable to both Amatole municipality and the Siyenza Group.

Question 5

In the classification of inventory, Amatole district municipality will view toilets as ...

- [1] processing inventories.
- [2] maintenance inventories.
- [3] independent demand items.
- [4] reorder product items.

Question 6

In the case study the Amatole District Municipality in the Eastern Cape awarded a contract to Siyenza group for R631- million which was higher than the Northern Cape one. Which supply chain management practice could have prevented this situation?

- [1] Linked database
- [2] Efficient logistics
- [3] Total cost of ownership
- [4] Lean manufacturing

Question 7

If the Amatole district municipality rationally selected a supplier of toilets by using the weighted-point supplier evaluation, the following evaluation criterium would have been assigned the highest weight, based on the information *provided in the case study*:

- [1] quality
- [2] delivery
- [3] service
- [4] cost

Question 8

Purchasers at Amatole district municipality should have known that they operate in a ... market where toilets are similar and easily substituted.

- [1] seller's
- [2] buyer's
- [3] monopolistic
- [4] oligopolistic

Question 9

If the Siyenza Group were contracted for the substantially bigger contract in the Eastern Cape, their *main* reason for holding inventory would be to ...

- [1] hedge against price increases of raw materials.
- [2] save on ordering costs.
- [3] benefit from forward buying.
- [4] continue production.

Question 10

If the Siyenza Groups were contracted and then failed to adhere to the contractual agreement due to insufficient inventory, the biggest costs they would face are associated with ...

- [1] ordering plastic.
- [2] keeping inventory of finished toilets.
- [3] carrying plastic components.
- [4] maintaining Amatole district municipality's goodwill.

Question 11

If a retailer in Soweto buys merchandise from a wholesaler to resell in his general store to final consumers, the retailer is the wholesaler's ... in a supply chain.

- [1] first-tier customer
- [2] first-tier supplier
- [3] second-tier customer
- [4] second-tier supplier

Question 12

If a general store retailer in Soweto buys merchandise from a wholesaler to resell to final consumers, the general store retailer's customers are the wholesaler's ... in a supply chain.

- [1] first-tier customers
- [2] first-tier suppliers
- [3] second-tier customers
- [4] second-tier suppliers

Question 13

The value chain comprises of *primary* and *support activities* that can lead to a competitive advantage for an organisation when they are configured properly. Which one of the following would be an example of a *primary activity* in the value chain?

- [1] Human resource management
- [2] Technological development
- [3] Purchasing
- [4] Outbound logistics

Question 14

Third-party logistics services (3PLs) are *for-hire outside agents* to which all or much of an organisation's *logistics activities* can be outsourced. Which one of the following would be considered a *logistics activity* that a 3PL could provide?

- [1] Labelling
- [2] Manufacturing
- [3] Technological development
- [4] Purchasing

Question 15

The linkages referring to the *two-way* movement and coordination between the different flows in the supply chain implies that ...

- [1] the two flows of goods and information move in the direction towards the end customer.
- [2] information, money and goods can also flow in a reverse direction in the supply chain.
- [3] both inbound and outbound activities on the two sides of the supply chain should be coordinated.
- [4] goods can flow from first-tier customers to second-tier customers.

We will provide the answers to the questions of this assignment in Tutorial Letter MNP2601/201/1/2018, which will be available on myUnisa.

ANNEXURE B: ASSIGNMENTS FOR SEMESTER 2

There are **two** assignments for this module. Refer to section 9.2 of this tutorial letter for information on the submission of assignments.

The first compulsory assignment consists of 20 multiple-choice questions that are based on theoretical principles (based on chapters 1-6 in the prescribed book); the second assignment consists of 15 multiple choice, of which 10 questions are based on the case study at the beginning of assignment 2 ("**Uber-ising the supply chain**") (all relevant chapters in the prescribed book) and 5 multiple choice questions which are based on the list of terminology in annexure D in this tutorial letter.

Make sure that you hand in the correct assignment for the semester for which you are registered. Unfortunately, wrong assignments will **NOT** be marked.

Assignment 01 for Semester 2 - COMPULSORY

Make sure that you use the correct unique number (given below) when you complete the mark-reading sheet **or** submit this assignment on myUnisa.

Assignment 01 for Semester 2	
Due date	Unique number
31 August 2018	728521

This assignment consists of 20 multiple-choice questions assessing your knowledge on basic theory (Chapters 1-6).

Question 1

Which one of the followings relates to *supply base optimisation* as a critical activity in supply policies and strategies formulation?

- [1] two supplying organisations engage in buying from each other
- [2] a decision is made on the number of suppliers to maintain
- [3] a spend analysis is conducted during market research
- [4] the supplier identification process is followed

Question 2

An organisation may decide to purchase not more than 40% of its production from an individual supplier. This kind of decision is focused on eliminating ...

- [1] captive suppliers.
- [2] performance appraisal.
- [3] reciprocity agreement.
- [4] supplier development.

Question 3

Select one statement that reflects the example of critical items in the strategic sourcing matrix.

- [1] Expensive vehicle parts used by car dealers to assemble motorcars with no substitution.
- [2] Inexpensive cartridges used when printing documents in an organisation.
- [3] Fuel supply which is obtained in the Middle East with no substitute products.
- [4] Computer hardware used by lecturers in universities with standard specifications.

Question 4

Allrounder Automobiles services and repairs vehicles. They have decided to start manufacturing minor components, such as side mirrors and bumpers. If they are using the Just-In-Time system, which one of the following documents would provide Allrounder Automobiles' suppliers with a clear description of and specifications for their specific need for reflective glass and plastic mould?

- [1] Kanbans
- [2] Purchasing requisitions
- [3] Materials lists
- [4] Invoices

Question 5

A large clothing manufacturer purchases stationery *for office use*, which do not form part of clothing inventory items. According to the strategic sourcing matrix, stationery would typically be a ... item for a clothing manufacturer.

- [1] leverage item
- [2] critical item
- [3] bottleneck item
- [4] routine item

Question 6

Which one of the following statements describes lean manufacturing the best?

- [1] The most effective (and therefore least expensive) operation of all manufacturing processes.
- [2] The effective and efficient flow of information upstream and downstream in the supply chain.
- [3] Linking demand-driven customer sales to customer-driven demand.
- [4] Ensuring the lowest logistics cost in the supply chain, while conforming to or exceeding customer requirements.

Question 7

Supply management can reduce lead times to the customer by reducing ...

- [1] logistics costs from the point of origin to point of sales.
- [2] inventory levels.
- [3] cycle time from design to finished phase.
- [4] the number deliveries.

Question 8

Which organisational function is mainly responsible for *keeping* a copy of the order form for the purpose of following-up and expediting an order, as well as to use as a control measure in the case of part deliveries of the order?

- [1] finance
- [2] receiving
- [3] inspection
- [4] purchasing

Question 9

Which one of the following activities is typically performed when following up with the supplier after placing an order?

- [1] Assisting the supplier in obtaining an import permit
- [2] Bidding and negotiation
- [3] Checking for orders not received on the delivery date
- [4] Determining the origin of the need

Question 10

Assume a large catering business decides that the bakery division should rather be outsourced. Which one of the following situations best describes the possible disadvantage of the contractor (i.e. the bakery) becoming a captive supplier of the catering business?

- [1] The market can be saturated with too many bakeries, leading to fewer business opportunities for entrepreneurs.
- [2] The bakery becomes over-involved in their own daily operational activities, which might lead to a loss of strategic focus.
- [3] The bakery can become dependent on the catering business if transactions with the catering business accounts for more than half of the bakery's total business.
- [4] The bakery decides on decentralised purchasing in order to support local producers of flour.

Question 11

If a catering company finds that a supplier of kosher meals are not performing to their satisfaction and then decides to rather source the activity internally due to a lack of capable suppliers of kosher meals, it is called ...

- [1] supplier evaluation.
- [2] insourcing.
- [3] captive suppliers.
- [4] subcontracting.

Question 12

In general, buying from local suppliers usually has the following advantage:

- [1] Express orders can be accommodated.
- [2] Transportation costs are higher, since no delivery is usually possible by the local suppliers.
- [3] Lead times are longer due to local suppliers' labour-intensive techniques.
- [4] Larger inventories are carried to provide in the unforeseen customer needs.

Question 13

Suppliers that have shown that their past performance consistently meet and exceed the required levels for quality are known as ... suppliers.

- [1] weighted average
- [2] approved
- [3] preferred
- [4] accredited

Question 14

An example of striving towards environmental sustainability would be when an organisation ...

- [1] replaces traditional boilers with modular heat pumps to have warm water more efficiently and cost-effectively.
- [2] accepts economic accountability to ensure that resources are used in such a way that an organisations viability is continued.
- [3] accepts their social responsibility and provides nutritious food for the Feed-a-Child project.
- [4] realises that happy workers are productive workers and provides fringe benefits to suit workers' diverse compensation needs.

Question 15

A possible greening opportunity in a supply chain would be ...

- [1] installing solar panels.
- [2] buying unripe fresh produce.
- [3] planting flowers at the kitchen units.
- [4] using air-conditioners in canteens.

Question 16

If suppliers of sustainable products do not keep to the agreed delivery dates, the organisation can be affected negatively. This type of risk would typically be called a(n) ... risk.

- [1] operational
- [2] external downside
- [3] incidental
- [4] lead time

Question 17

A straightforward relationship between the buyer and the seller where both parties exchange goods and services for payment is known as ...

- [1] a transactional relationship.
- [2] a collaborative relationship.
- [3] an alliance relationship.
- [4] supplier relationship management.

Question 18

The process of strategic sourcing entails ...

- [1] selecting a purchasing team with knowledge about specific products and services to make purchases.
- [2] setting policy guidelines to enable the purchasing and supply function to make decisions more easily.
- [3] purchasing goods that were previously produced in-house from external suppliers.
- [4] buying packaging materials that can be more easily recycled or reused.

Question 19

Which one of the following purchasing and supply responsibilities would represent the responsibility of abiding by an organisation's code of conduct when executing tasks?

- [1] activities related to the community
- [2] activities related to diversity
- [3] activities related to ethics
- [4] activities related to safety

Question 20

The following principle should be kept in mind when evaluating purchasing and supply performance:

- [1] It would be best to use the generic evaluation system that is available to evaluate purchasing and supply performance.
- [2] Quantitative measures give the best and most accurate indication of purchasing and supply performance.
- [3] As long as the benefits equal the costs, the evaluation system for evaluating purchasing and supply performance is effective.
- [4] A sound database with information on a wide spectrum of purchasing and supply activities is necessary to evaluate performance.

We will provide the answers to the questions of this assignment in Tutorial Letter MNP2601/201/2/2018, which will be posted to you after the due date of Assignment 02. This tutorial letter will also be available on myUnisa.

Assignment 02 for Semester 2

This assignment consists of 15 multiple choice questions, of which 10 questions are based on the case study “Uber-ising supply chains” below (questions based on chapters 1-5 in prescribed book), and 5 questions, which are based on the terminology presented in annexure D in this tutorial letter.

Assignment 02	
Due date	Unique number
14 September 2018	887690

Case study: Uber-ising supply chains

Introduction

The business model of Uber has become so popular that many supply chain practitioners refer to the Uberisation of supply chains. From Cape Town to Cairo, the Uber service concept has revolutionised the transportation of people and the delivery of goods in Africa just as it did in several cities worldwide. Africa’s growing middle class offers a huge opportunity for Uber and its competitors in addressing the traffic challenges in big cities.

How does the Uber service work?

The Uber service concept is a new type of supply chain, where competition is not between organisations, but between supply chains. The Uber company has no inventory and the service is available at any time in the cities where Uber operates. The basics of the Uber service concept can be explained as follows: The Uber company offers an intangible service (e.g. a car ride or delivery of goods) by connecting the supply and demand of transportation services. Uber has designed a mobile application that enables drivers to make money and people to get rides at a fee. The transportation service involves connecting a driver to a passenger for a ride via a smartphone application. If a passenger wants to get from point A to point B, the Uber smartphone application should be opened to get a “fare quote” to calculate the cost of the trip and select the appropriate car service. The service options are, among others, UberX (the lowest-cost option, with a maximum of four passengers), UberBLACK (a more stylish and luxurious option for special occasions), and UberVAN (a seven-seater ride option), depending on the passenger’s needs. Once the pick-up location is set, the closest unoccupied car will be matched and confirmed; thus providing the passenger with a ride within a very short time. The car’s number plate and the driver’s name will appear on the smartphone screen along with the estimated time of arrival and the most efficient route. As soon as the car arrives, the passenger gets in and instructs the driver where to go to. Upon reaching the final destination, payment is done (usually by credit card). The drivers are carefully screened by Uber before being allowed in the network and after every ride Uber drives are evaluated by passengers to rate their level of service. The entire service delivery process – from quoting prices to payment of the service – is fully automated. The Uber company provides the technology (smartphone application) and is remunerated a percentage commission paid by the drivers. Practically, the money for the ride does not go into the driver’s pocket immediately. The Uber application keeps track of every driver’s earnings and pays them weekly via electronic payment.

Uber's new ventures

Uber's success led to new service markets of not only moving people, but also delivering goods. The Uber company recently launched UberEATS (Uber's on-demand meal delivery) in South Africa and UberRUSH (Uber's on-demand goods delivery network) will be launched shortly. UberRUSH is part of a plan to minimise Uber drivers' waiting time between passengers and to help them allocate their time more productively. For example, in the quieter times during the day, Uber drivers could deliver parcels when Uber has fewer requests for transporting passengers. Thus, Uber drivers would fill idle time between the morning and afternoon rush by delivering goods in an effort to earn more money. UberRUSH is mainly aimed at small businesses that want to save on courier costs or save on time spent on the road doing deliveries. Even businesses that could not otherwise afford an in-house delivery service might have the option of outsourcing delivery through Uber. The application allows users on both ends (customers and businesses) to track the delivery in real time, and only kilometres on the road are charged, as opposed to roundtrip delivery costs. UberRUSH will charge small businesses fees which may be charged to those customers who requested the delivery. Depending on the city and delivery location, fees to participating small businesses can include a base delivery fee, a per-kilometre delivery fee and a minimum per-trip fee.

Conclusion

The revolution caused by the introduction of disruptive technologies (such as Uber) cannot be denied or ignored. Though widely criticised, supply chain practitioners have no option but to investigate the possibilities that such technologies have for improving supply chain performance.

SOURCE: Adapted from:

<http://www.i-scholar.in/index.php/samvad/article/viewFile/107906/97060>

<http://cmuscm.blogspot.co.za/2014/11/last-weekend-i-went-to-san-francisco.html>

<http://www.2oceansvibe.com/2016/03/11/uberrush-might-hit-sa-at-the-end-of-this-year/>

<https://www.uber.com/cities/johannesburg/>

<http://n4bb.com/uber-drivers-salary-update/>

<http://www.supplychainwizard.com/index.php/blog-categories/blog-consulting/100-track-trace-how-to-get-started-3>

Question 1

Why are Uber drivers able to sell more rides to passengers by focusing on improved customer *lead time*?

- [1] They can offer a ride to passengers at relatively short notice.
- [2] They use different vehicles based on different passenger needs.
- [3] They are carefully screened by the Uber company before being included in Uber's transportation network.
- [4] They can also participate in the UberEATS and UberRUSH networks during off-peak periods.

Question 2

In which way is quality built into Uber's supply chain?

- [1] making the Uber service available in African countries with traffic challenges
- [2] exploiting the opportunity of a growing middle class in need of fast transportation
- [3] remunerating Uber drivers on a weekly basis via direct deposit
- [4] evaluating Uber drivers after every ride using the smartphone application

Question 3

Uber has made the shift from a supply-driven supply chain to a *demand-driven* supply chain, which shows in their ability to ...

- [1] develop a smartphone application to connect supply and demand.
- [2] identify suitable drivers for transporting people and goods.
- [3] provide the type of transportation service option requested by the customer.
- [4] offer all types of multiple services, ranging from transporting people to delivering meals and parcels.

Question 4

Should farmers' associations consider the Uber business model to move locally produced food directly from local farms to end consumers or retail stores, the shared *supply chain processes* could be optimised by ...

- [1] charging the lowest price and no delivery fees.
- [2] using recyclable packaging material to promote sustainability.
- [3] purchasing empty space on other distributors' trucks.
- [4] classifying fresh produce as leverage items in the strategic sourcing matrix.

Question 5

Should local farmers use the Uber concept to deliver fresh produce directly to retailers by synchronising their orders with those routes that logistics providers already use, local fresh produce *retailers* could, in turn, improve their rate of return by ...

- [1] lowering the purchasing costs of fresh produce and realising a higher profit margin.
- [2] lowering the selling price of fresh produce and buying a bigger variety of fresh produce
- [3] increasing transportation costs and saving on electricity expenses related to refrigeration.
- [4] increasing the carrying costs of fresh produce and offering a wider variety of fresh produce items.

Scenario and question 6 continue on next page

Having read the Uber case study, consider the following scenario and answer questions 6 to 10, which are related to **supplier assessment criteria** and the **different types of supplier relationships**.

Scenario:

The owner of a bridal boutique situated on the outskirts of Johannesburg realises that they should adapt their business model to include deliveries. During a staff meeting, colleagues suggest that the shop should consider using the UberRUSH service for deliveries to brides and bridal parties. The boutique's owner compares UberRUSH with other local courier companies to find the best provider (supplier) of transportation services.

Question 6

Which supplier assessment criterion is priority to the boutique's owner if they require *different transportation options* from the service provider to do different types of deliveries of bridal products?

- [1] quality
- [2] price
- [3] geographic location
- [4] flexibility

Question 7

Which supplier assessment criterion is priority if the boutique's owner focuses on *demand-pull*, which requires that they fulfil small orders of bridal products more frequently?

- [1] delivery
- [2] quality
- [3] financial status
- [4] price

Question 8

Which supplier assessment criterion would be the most important if the bridal boutique owner prefers identifying an Uber vehicle *closest to the boutique* at the time when a delivery service is required?

- [1] ethics
- [2] cost structure
- [3] geographic location
- [4] quality accreditation

Question 9

What type of relationship would the bridal boutique have with the *Uber driver* that they use if they decide on Uber as a courier service provider?

- [1] alliance
- [2] collaborative
- [3] transactional
- [4] application

Question 10

Should the bridal company decide on the Uber company as their preferred courier service provider and should Uber prove to be the same good partner as they are to other small businesses worldwide, the relationship between the bridal boutique and the *Uber company* could be described as:

- [1] arm's length
- [2] price-focused
- [3] techno-savvy
- [4] cooperative

Question 11

Logistics management is often confused with supply chain management, since practitioners seem not to know that logistics management ...

- [1] is the more strategic version of supply chain management.
- [2] involves the sourcing and management of suppliers as critical role-players in the supply chain.
- [3] refers to managing the movement and storage of goods as part of supply chain management.
- [4] is a broader concept, which includes supplier management, purchasing management and supply chain management.

Question 12

What is the *main* difference between a supply chain and a value chain?

- [1] A supply chain is focused on the supply activity, whereas the value chain is focused on value-adding activities.
- [2] A supply chain has different upstream and downstream linkages, whereas the value chain has only downstream linkages.
- [3] A supply chain consists of the value-adding activities of a network of organisations, whereas a value chain consists of the value-adding activities of a specific organisation
- [4] A supply chain focuses its activities on satisfying the final consumer's need, whereas a value chain coordinates the supply chain activities of different supply chain role-players.

Question 13

In a typical supply chain, an upstream linkage will be on the ... side of the supply chain.

- [1] supplier
- [2] end consumer
- [3] focal firm
- [4] outbound

Question 14

The linkages referring to the *two-way* movement and coordination between the different flows in the supply chain implies that ...

- [1] the two flows of goods and information move in the direction towards the end customer.
- [2] information, money and goods can also flow in a reverse direction in the supply chain.
- [3] both inbound and outbound activities on the two sides of the supply chain should be coordinated.
- [4] goods can flow from first-tier customers to second-tier customers.

Question 15

Third-party logistics services (3PLs) are *for-hire outside agents* to which all or much of an organisation's *logistics activities* can be outsourced. Which one of the following would be considered a *logistics activity* that a 3PL could provide?

- [1] Labelling
- [2] Manufacturing
- [3] Technological development
- [4] Purchasing

We will provide the answers to the questions of this assignment in Tutorial Letter MNP2601/201/2/2018, which will be posted to you after the due date of Assignment 02. This tutorial letter will also be available on myUnisa.

ANNEXURE C: SELF-ASSESSMENT ASSIGNMENT FOR SEMESTERS 1 AND 2

DO NOT SUBMIT THE SELF-ASSESSMENT ASSIGNMENT

We give guidelines on answering the questions of this self-assessment assignment after each question.

Try to answer the questions of this assignment without consulting the answers that are provided below or the study guide and prescribed book. This is a good exercise for examination preparation.

Our objective with this assignment is to show you ways in which we can formulate descriptive questions about purchasing management for the examination. The following questions will help you to learn these different ways.

VERY IMPORTANT

Start by familiarising yourself with the guidelines on the technical presentation of answers (summarised below).

When you do the self-assessment assignment, you should start by analysing the questions carefully and critically to determine precisely what is required of you. It is important to present your answers in an acceptable format. This entails the following:

- Write down the key concepts of the question as headings in your answer.
- Use headings and subheadings, and number them correctly.

1. Basic theory questions

GUIDELINES WHEN ANSWERING

When you answer basic theory questions, note the task word ("discuss", "list", "explain", "debate", etc) since it will determine the detail and structure of your answer. Structure your answer by using headings and bullets, and underlining (or highlighting) the important elements. We give an example of how we may ask a basic theoretical question (and the suggested answer) below.

In the example question below, we ask you to list examples. Therefore, listing two relevant examples earned you the mark.

However, if we asked you to explain the costs by providing examples or to explain the example, merely listing the examples does not warrant a mark. For instance, if you give the example of "quality training of staff" as part of your discussion on prevention costs, you have to explain that training staff will equip employees to deliver the expected level of quality and that the training will incur costs such as time away from work and the cost of the courses.

EXAMPLE OF A BASIC THEORY QUESTION

Delivering quality incurs costs. Three categories of quality costs are identified in the literature. Discuss the three different categories (use the types of costs as headings **AND** list **two relevant examples** when you discuss each type of cost). (9)

SUGGESTED ANSWER (prescribed book, Chapter 7)

- **Prevention costs (both a heading and description for 1 mark):** These are costs relating to preventing quality errors and the costs of changing the product design and production process to prevent the errors. (1)
Any two examples for ½ mark each: equipment adjustments and calibration; process redesign and control; quality planning; supplier capacity surveys; quality training of own and supplier's staff. (1)
- **Appraisal costs (both a heading and description for 1 mark):** These are costs incurred when products and services are inspected to ensure that inadequate quality materials do not enter the internal operational processes. (1)
Any two examples for ½ mark each: cost of incoming inspections as well as of the supplier; testing purchased material; in-process, semi-finished and final product inspection; supplier audits; recording and processing data related to quality. (1)
- **Failure costs (both a heading and description for 1 mark):** These are costs incurred when products reach the customer that do not comply with the quality expectations of the customer. (1)
 - *Internal failure costs* (both a heading and description for 1 mark): These are incurred after production and before delivery to the internal/external customer. (1)
Examples of internal failure costs: cost of scrap; disposal; rework; redoing inspections; production downtime; processing waste. (1)
 - *External failure costs* (both a heading and description for 1 mark): These are incurred after products have left the organisation, in the distribution channel or in the hand of the final consumer. (1)
Examples of external failure costs: customer returns and replacing faulty products; warranty claims; legal costs; costs due to product recalls; cost of lost customers. (1)

2. Application questions

GUIDELINES WHEN ANSWERING

When you answer application questions (which require you to apply the principles you have studied) and no case study is provided, you can use your own knowledge and experience since the information is not provided in a case study. Usually, we ask an application question to which students can relate. When you answer such a question, we expect you to structure your answer as follows:

- heading,
- followed by a very short **theoretical explanation**, and then
- **a relevant application** to the organisation or product mentioned in the question.

If the question is, for example, on the car manufacturer Toyota and you give Vodacom examples, you will not get marks for the application part of your answer.

FIRST EXAMPLE OF AN APPLICATION QUESTION

Toyota SA has to carefully select the suppliers of different components and parts that they use in their vehicles. According to the prescribed book, the main key performance indicators of supplier assessment are (a) cost, (b) quality, (c) delivery and (d) environmental issues. Discuss how a purchaser at Toyota would assess potential suppliers on these criteria. In your answer, use the headings (a) cost, (b) quality, etc.; give a short theoretical discussion of each; and then **APPLY** it to Toyota. (10)

SUGGESTED ANSWER (prescribed book, Chapter 5)

PLEASE NOTE

The memorandum below contains short sentences and phrases to show you what you should include in your answer. You must write full sentences when you answer a question so that the meaning of your answer is clear.

(a) Cost

- If the supplier is productive, cost savings can lead to better prices for the purchaser. (1)
- Understanding suppliers' cost structure – lengthy process – sometimes even just estimates. Need to understand materials costs, direct and indirect labour costs, manufacturing costs and overheads. (1)
- **Toyota:** Assessing suppliers' cost structure would help the Toyota purchaser to determine if a fair price is paid. If any defects are detected, the Toyota purchaser should realise that the price might be higher than necessary – thus increasing the cost of the final vehicle. Toyota wants to minimise input costs and should find the best price on parts without compromising quality. (1)

(b) Quality

- Quality products influence the productivity of the organisation due to fewer operational interruptions and better working conditions. (1)
- This will increase the quality of the final product, leading to better customer service and satisfaction and enhanced competitive advantage. (1)
- **Toyota:** Spare parts of poor quality can lead to poor performance of vehicles and fatalities (for example, the previous disaster with petrol cables). Poor quality can also result in a poor image and decreased loyalty for Toyota (people will buy from competitors such as Nissan and Ford). (1)

(c) Delivery

- To reduce costs, lower inventories are needed. This might lead to suppliers making smaller, but more frequent deliveries. Late deliveries can result in production delays. The risk of being out of stock should be managed. (1)
- **Toyota:** If parts are late, the whole production line could be stopped – resulting in increased costs. Being late to deliver could lead to lost sales of cars. With the JIT system, non-delivery can have a disastrous knock-on effect. (1)

(d) **Environmental issues**

- Be sensitive and sensible in terms of waste disposal; ISO 14001 compliant; re-use, recycle and remanufacture. (1)
- **Toyota:** CO² emissions from cars should be managed, remanufacturing if mistakes made in manufacturing, minimum waste and pollution from plant. (1)

SECOND EXAMPLE OF AN APPLICATION QUESTION

Green Harvest is a family company with 15 years' professional experience in the manufacture and sale of rooibos tea. They are considering going into the coffee business. They have the options of importing the ingredients and making the product themselves or buying the finished coffee product. Green Harvest has come to you for advice. Discuss the decision to **make or buy** by highlighting the favourable circumstances in each option for Green Harvest. (10 marks)

SUGGESTED ANSWER (prescribed book, Chapter 4)

Circumstances that will favour **buying the coffee or outsourcing** the service:

- If Green Harvest has a strong purchasing corps that can buy the ingredients efficiently, they will buy.
- When there are inadequate facilities to make the coffee (or better investment possibilities instead of investing in coffee-making facilities), they will rather buy or outsource the coffee making.
- When the operational staff's knowledge and skills are inadequate in terms of producing coffee, buying the finished coffee product or outsourcing to an experienced coffee manufacturer would be better.
- When the demand for the product or service is relatively small and only temporary, it would be better to buy or outsource instead of making long-term commitments in terms of coffee making.
- When it is cheaper to buy than to make, it makes sense economically to buy the coffee.

Circumstances that will favour **making the coffee or insourcing** the service:

- When it costs Green Harvest less to produce the coffee, they would consider making the coffee or insourcing.
- When there are no or only a few reliable suppliers, they almost have no other option than to make the coffee themselves.
- When there is available capacity, it could be used to make coffee instead of having idle machines.
- When Green Harvest's quality requirements are so stringent that suppliers cannot meet them, they should rather manufacture themselves to prevent losses due to quality errors.
- For competitive, political, social and environmental reasons, they might prefer to make the coffee themselves (for example, when a competitor in the coffee business has acquired an interest in the only supplier of coffee ingredients, or when Green Harvest is prevented from importing the coffee by the authorities).

3. Case study questions

Read the case study of assignment 2 in semester 2, 2018: “**Uber-ising supply chains**”. The following questions are typical case study questions.

FIRST EXAMPLE OF A CASE STUDY QUESTION

Assume you are a hardware retailer operating from a neighbourhood store. An increased need for convenience urges you to also consider a fast delivery service. After weighing several alternatives you realise that UberRUSH will be the perfect solution. Complete the table in the answering section as follows:

- 1.1 Provide a short description of the key variable in transport decision-making in the left-hand column.
- 1.2 Show how UberRUSH complies with the key variables in transport decision-making in the right-hand column. [10 marks]

1.1 Key variable in transport decision-making	1.2 The way in which Uber complies with the key variable in transport decision-making (1 mark for application)
1. Total cost Short description:	
2. Speed Short description:	
3. Reliability Short description:	
4. Capability Short description:	
5. Accessibility Short description:	

SUGGESTED ANSWER (prescribed book, Chapter 16)

1.1 Key variable in transport decision-making	1.2 The way in which Uber complies with the key variable in transport decision-making (1 mark for application)
1 Total cost Short description (1): <i>All costs associated with contract.</i> <i>Optimise costs by trading off</i>	<i>Cost-savings is possible – no delivery vehicles need to be purchased</i> <i>Costs only involved when deliveries are made</i> <i>Costs borne by customer who placed order</i> <i>Fee structure (elaborate)</i> <i>(any 1 for 1 mark)</i>
2 Speed Short description (1): <i>Time required by service contractor to perform task</i>	<i>Uber driver in vicinity will be contracted – shorter waiting time – faster speed (1)</i>
3 Reliability Short description (1): <i>Ability to meet expectations continuously</i> <i>Quality of transport service</i>	<i>UberRUSH extension of already successful and proven Uber.</i> <i>Has shown ability to be there when needed and provide service at and within time required</i> <i>Tracking in real-time</i> <i>(any 1 for 1 mark)</i>
4 Capability Short description (1): <i>Ability to capacity, staff, equipment, management acumen to deliver service in time at desired quality and within budget.</i>	<i>No delivery staff needs to be employed or managed, no vehicles needs to be purchased. Therefore, use the existing, proven business model for delivering parcels.</i> <i>Drivers carefully screened</i> <i>(any 1 for 1 mark)</i>
5 Accessibility Short description (1): <i>Ease of accessing service supplier and ease of supplier to render service where required (any 1 for 1 mark)</i>	<i>Smartphone facilitates contact with the nearest driver.</i> <i>Accessible in cities where Uber operates</i> <i>(any 1 for 1 mark)</i>

SECOND EXAMPLE OF A CASE STUDY QUESTION

Discuss the 5 characteristics that would display that Uber is a **service** organisation. Use the following headings provided. (5)

- (a) Intangibility
- (b) Simultaneity
- (c) Perishability
- (d) Entry into market
- (e) Heterogeneity

SUGGESTED ANSWER (prescribed book, Chapter 16)

(a) Characteristic 1: Intangibility (any 1)

Transportation service is experienced by passenger and cannot be touched.
 Problem of moving people/goods is solved
 Quality of Uber service subjectively evaluated by passenger using mobile application.

(b) Characteristic 2: Simultaneity (any 1)

The Uber service is consumed when produced.
 No lead time in service delivery – passenger uses the transportation when delivered by driver.
 Interactive process – passengers dictates what service is provided at what time
 Driver plays role in delivery service production – should be qualified driver according to Uber requirements.

(c) Characteristic 3: Perishability (any 1)

Cannot store till later.
 If too many services are needed at particular time at certain place, capacity is limited.

(d) Characteristic 4: Entry into market (1)

Since Uber neither employs anyone nor buys vehicles, it is quite easy for them to enter the market for transportation services.

(e) Characteristic 5: Heterogeneity (any 1)

Passengers have the option of using different types of vehicle services based on their needs at that time.
 Although Uber tries their best to have service standardised, the quality of service may vary (which is then reported by the passenger on the smartphone application).
 UberEats and UberRUSH are offered.

THIRD EXAMPLE OF A CASE STUDY QUESTION

A local baker who has previously managed his own delivery service, decides to outsource the delivery service to Uber in future. What would this baker's rationale (benefits) be for outsourcing the delivery service? (5)

SUGGESTED ANSWER (prescribed book, Chapter 4)

- Reduced operating costs by eliminating delivery costs (delivery vehicles, staff, management, risk)
- Improved outputs by focusing on what the baker and his team are good at.
- Speed up delivery process due to immediate availability of Uber driver – increased customer satisfaction
- Delivery costs not administrated and charged to bakery
- Uber drivers can deliver at a lower rate.

ANNEXURE D: LIST OF TERMINOLOGY

Terminology of key terms used in all purchasing and supply chain management modules

Please note: The definition of the key term is presented in a block and this is followed by explanatory notes on the bold words (if applicable).

Value chain

The value chain (developed by Michael Porter) comprises **primary** and **support activities** that can lead to a competitive advantage for an organisation when they are configured properly. The value chain is also seen as a management philosophy.

Explanatory notes on the term "value chain"

- Primary activities include inbound logistics, operations, outbound logistics, marketing and sales, and customer service.
- Support activities include purchasing, human resources management, technological development and infrastructure.

Supply chain

The supply chain is a network of organisations that are involved, through **upstream and downstream linkages**, in the different processes and **activities** that produce value in the form of products and services that satisfy the ultimate customers' needs.

Explanatory notes on the term "supply chain"

- The upstream and downstream linkages are the different flows of products, services, finances and information that begin with sourcing raw materials and extend to the delivery of end items to the final consumer or end user. The upstream linkages are on the supplier side of the supply chain, whereas the downstream linkages are the physical distribution of products/services and customer service to the end consumer.
- The activities are performed by all the organisational functions that enable the production, delivery and recycling of materials, components, end products and services.

Supply chain management (SCM)

SCM is a **management philosophy** aimed at proactively integrating and coordinating a **network** (or web) of upstream linkages (sources of supply), internal **linkages** (inside the organisation, according to the value chain approach) and downstream linkages (distribution and ultimate customers) in performing specific **key business processes** and activities that will ultimately create and optimise value for the customer in the form of products and services specifically aimed at satisfying customer demands and expectations.

Explanatory notes on the term "supply chain management"

- This management philosophy is based on a systems approach to manage the different flows.
- The flows extend across organisational boundaries to form networks.
- In SCM, "linkages" refer to the two-way movement and coordination between the different flows.
- The key business processes are sourcing and procurement, conversion, all logistics management activities, and the coordination and collaboration between channel partners.

Supply management

The supply management **function** is responsible for the **strategic process** of identifying, acquiring, accessing, positioning and managing the resources that the organisation currently or potentially needs to achieve its mission and strategic goals.

Explanatory notes on the term "supply management"

- Supply management as an organisational function not only refers to performing typical purchasing activities, but also to performing supply activities due to a broader, more long-term focus which includes performing additional supply activities. Therefore, supply management is not just another name/term for purchasing management, but is a strategic, progressive version of basic purchasing.
- The strategic process to achieve the organisation's mission involves effectively managing the supply base (by managing supplier relations) and using a process orientation (to maintain the lowest total cost of ownership) together with cross-functional teams.

Purchasing (management) (used as a noun and a verb)

The activities and processes (as well as the organisational function) of deciding what, when and how much to purchase; responding to requests for material by user departments; sourcing material and services by identifying and selecting suppliers; negotiating terms and availability agreements and contracting with suppliers; performing the act of purchasing the required items or services; communicating order status and actual or potential supply disruptions; and ensuring that what is required is received on time in the quantity and quality specified. Furthermore, supply market research, supplier measurement and improvement, and purchasing systems development have to be managed.

Purchasing and supply management

This combined term is used in module MNP2601, but the difference between purchasing management and supply management is still acknowledged.

Strategic purchasing

The process of planning, implementing, evaluating and controlling strategic and operating decisions to direct all the activities of the purchasing function towards opportunities that are consistent with the organisation's capabilities in order to achieve its long-term goals.

Procurement

This term is used most often when referring to the purchasing function of government entities.

Sourcing (used as a noun and a verb)

Sourcing (also known as purchasing) refers to the process of identifying, conducting negotiations and forming supply agreements with vendors of goods and services.

Strategic sourcing

In a broad sense, strategic sourcing refers to all the issues that are of strategic importance in the supply of materials and services to a modern organisation.

In a narrow sense, strategic sourcing is the strategic management process whereby commodities (materials and services) and suppliers are analysed, and relationships are formed and managed according to **best practices and appropriate strategies** in support of long-term organisational goals.

Explanatory notes on the term "strategic sourcing". Best practices and appropriate strategies include identifying opportunities (for example, cost reductions, new technology advancements and supply market trends) to improve quality, delivery, performance and competitive advantage.

First-tier suppliers

These are an organisation's direct suppliers, or the immediate or primary set of vendors directly used by an organisation.

First-tier customers

These are an organisation's direct customers.

Second-tier suppliers

These are a supplier's suppliers; a second-tier supplier is a vendor to a first-tier supplier.

Second-tier customers

These are a customer's customers.

Logistics

The practice of physically moving and storing goods during purchasing and supply chain activities to meet customer requirements at minimum cost.

Third-party logistics services (3PLs)

3PLs are for-hire outside (external) agents (or specialised organisations) to which all or much of an organisation's **logistics activities** can be outsourced.

Explanatory notes on the term "third-party logistics services". These logistics activities include transportation, warehousing, document preparation, customs clearance, packaging, labelling and freight bill auditing.

Logistics management

The part of supply chain management that plans, implements and controls the efficient and effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption to meet customers' requirements. It includes inbound, outbound, **internal and external movements**, and is relevant in both manufacturing and service organisations and in both private and public sector organisations.

Explanatory notes on the term "logistics management". The logistics management function is an integrated function which coordinates and optimises all logistics activities within the function (internally) as well as integrates logistics activities with other organisational functions (externally).

Transportation

Transportation is a central part of logistics and distribution management. It refers to the movement of products (for example, cargo, supplies, people and equipment), by any mode of transport, from one place to another.

Distribution management

Distribution management entails managing downstream processes (or outbound logistics) and activities to deliver and therefore physically distribute the product or service from the end of the production line to the ultimate (or end) customer.

Distribution channels

A network of organisations and institutions that together perform all the functions required to link producers with end customers to accomplish the marketing task of delivering products and services in the hands of the final consumer for need satisfaction.

The definitions were compiled from the following sources:

Boateng, D. 2014. *An executive compendium of supply chain management terms*. (A Panavest supply chain management reference guide, in partnership with Sasol.)

Hugo, WMJ, Badenhorst-Weiss, JA & Van Biljon, EHB. 2004. *Supply chain management: Logistics in perspective*. Pretoria: Van Schaik.

Hugo, WMJ & Badenhorst-Weiss, JA. 2011. *Purchasing and supply management*. 6th edition. Pretoria: Van Schaik.

Johnson, PF, Leenders, MR & Flynn, AE. 2011. *Purchasing and supply management*. 14th edition. New York: McGraw-Hill.

Monczka, RM, Handfield, RB, Guinipero, LC & Patterson, JL. 2016. *Purchasing and supply chain management*. 6th edition. Manson, OH: South-Western Cengage Learning. Wiid, J. 2013. *Distribution management*. Cape Town: Juta.

Wisner, JD, Tan, KC & Leong, GK. 2012. *Supply chain management: A balanced approach*. 3rd edition (student edition). Manson, OH: South-Western Cengage Learning.