

**Level 5 Advanced Diploma in Procurement
and Supply**

AD1 - Management in procurement and supply

EXAM EXEMPLAR QUESTIONS

CASE STUDY, QUESTIONS AND INDICATIVE ANSWER CONTENT

CASE STUDY - KOOL TOTS

Introduction

Kool Tots (KT) is a privately owned national provider of childcare services for children aged three months to four years old. It has grown since 1975 (from one nursery) into one of the best known brands in childcare with 200 sites across the country. The company has an annual turnover of \$65 million and employs 2,500 staff, including a centralised purchasing function at head office.

A purchasing manager has been appointed at head office, who is responsible for making savings across the business and will focus on key areas of expenditure such as uniforms, maintenance, staff, computer systems and equipment, training, catering services and playground equipment. Already, the purchasing manager has recruited the new team members.

The New Purchasing Team

The new buyer, Brian, is an experienced and qualified purchaser who has worked across the public and private sectors for the last ten years. He needs to absorb quickly the information about the purchasing issues within KT. He is used to working independently on projects and previous colleagues have described him as 'professional but quiet and he does not find it easy mixing with others.'

Alison and Mohammed are the two new purchasing assistants. Mohammed is an enthusiastic recruit who has taken up one of the purchasing assistant roles straight from college. He is keen to make an impression but lacks work experience, although he did hold a part time job at a local fast food outlet while at college. He is already enjoying working at KT and has made good friends with his new colleague Alison but has found it difficult to relate to Brian as they seem to have little in common.

Alison joined KT as a purchasing assistant after recently leaving school. She did quite well at school but wanted to earn her own money and gain a professional qualification while working. Alison is outward going and very direct in her approach to life and work. She is a hard worker and quick to learn and hence has a very inquisitive nature which has caused problems with Brian who likes to focus on his own work.

The Purchasing Manager's Role

The chief executive officer (CEO) has requested that the purchasing manager needs to spend time finding out about the business as a whole to be able to contribute to the business plan which is to be re-written next year.

The CEO has asked the purchasing team to focus on the standardisation of purchasing procedures across KT. Currently, there are no recognised forms, (such as purchase orders and requisitions) each site decides on who can buy what items, specification development is ad-hoc and information technology (IT) systems focus on other functions besides purchasing.

The purchasing manager has been asked to secure national agreements for larger expenditure items and services. Currently, KT works with 3000 suppliers across the business which provides a diverse range of goods and services. There are currently no service level agreements in place and hence performance and quality varies from site to site.

The information in this case study is purely fictitious and has been prepared for assessment purposes only. Any resemblance to any organisation or person is purely coincidental.

QUESTIONS AND MARKING SCHEME

Q1 Learning outcome: 1.0

Examine, using appropriate theories, the process of management that the purchasing manager at KT needs to follow to achieve the best results from the team.

(25 marks)

Marking scheme

The candidate may start with a definition of management or why effective management is so important within the purchasing function at KT.

The candidate should then go onto use a range of recognised management theories such as:

- Armstrong
- Management Standards Centre
- Brech
- Mullins
- Fayol
- Drucker
- Mintzberg.

The candidate should then go onto identify the steps/stages in the process of management that the purchasing manager needs to follow. These may include:

- 'Getting things done through people'
- Providing direction – linked to KT business plan and strategy
- Planning: defining objectives or desired results, and formulating courses of action (strategies, policies, procedures and so on) to achieve them
- Problems Solving – which may include resolving team conflict issues
- Decision Making
- Organising staff
- Co-ordination – ensuring all staff contribute well to the team goals
- Control – e.g. monitoring of budgets
- Satisfying the needs of people e.g. providing appropriate training and development opportunities
- Creating a conducive working environment at KT
- Achieving the objectives at KT
- Commanding staff
- Motivating staff
- Technology enabling – integrating the purchasing function at KT with IT systems
- Communicating with internal and external stakeholders.

Stronger answers will not only mention appropriate theory but will also contextualise the theory to the case study and deal with the issues faced in the purchasing function at KT.

Equal marks should be awarded for the stages of process management that the candidate examines and the theories that are explored.

(25 marks)

CIPS study guide reference: Page 3 and pages 7 - 9

Q2 Learning outcome: 2.0

Evaluate, using appropriate theories, the main approaches to motivation that can be deployed by the purchasing manager at KT to address team problems and get the most out of the new team.

(25 marks)

Marking scheme

The candidate may start with a definition of motivation and why it is so important in the context of KT.

The candidate should then consider a range of appropriate theories that can be used including:

- Maslow's Hierarchy of Needs
- Herzber's Two factor Theory
- McGregor's X and Y Theory
- Alderfer's ERG Theory
- McClelland's motivation theory
- Vroom's expectancy theory
- Porter & Lawler's expectancy model
- Adam's Equity Theory
- Locke's goal setting theory
- Other appropriate theories (with a clear rationale).

The candidate should then go on to discuss the factors that need to be considered when motivating the purchasing team at KT such as:

- Pay
- Rewards
- Personal Development
- Working environment
- Clear instruction
- Work – is it challenging and interesting enough for the individuals? Work can be changed through Job enrichment, enlargement and rotation.
- Empowering staff
- Conflict handling
- Providing appropriate opportunities (e.g. promotion or extra responsibilities).

Stronger answers will not only use appropriate theories but will also demonstrate a good understanding and application of relevant actions (that can be clearly linked to the theories).

Equal marks should be awarded for appropriate actions that the purchasing manager can use to motivate the new team and use of relevant theories.

(25 marks)

CIPS study guide reference: Pages 84 – 96

Q3 Learning outcome: 3.0

- (a) Identify the current stage of development the purchasing team at KT is at, using appropriate theory, and justify the reasons for your choice. **(10 marks)**
- (b) Propose actions that the purchasing manager can take to support the new members of staff to become an effective team. **(15 marks)**
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Marking scheme

- (a) The candidate should identify key factors that indicate the stage of group/team development of the purchasing team at KT. These include:
- New recruits
 - Variable experience
 - Conflict
 - Age differences
 - Different personality types
 - No evidence of recent successes.

Candidates should use the Tuckman and Jensen, Group Formation model of Forming, Storming, Norming, Performing and Adjourning.

Good exam technique and astute comprehension skills should lead the candidate to determine that the purchasing team at KT is at the forming and/or storming stage.

Stronger answers will not only identify the factors above but will have a good knowledge of the forming and storming stages. Candidates may identify the matching traits displayed by staff members at these stages:

Forming = settling in, best behaviours, finding out about other team members and determining peoples likes and dislikes

Storming = group in fighting, people jostle for power in the group, clarifying roles, determining team members strengths and weaknesses.

Other models such as Belbin's team roles may also aid the candidate in the pursuit of their quest.

Up to 5 marks can be awarded for identification of the factors that determine the stage the team is at. 5 marks can be awarded for the application of appropriate theory.

(10 marks)

- (b) The candidate may start with a definition of what an effective team is.

The candidate should then go on to put forward a range of actions that the purchasing manager can take to support the team which may include:

- Displaying appropriate leadership style
- Getting to know team members
- Communication (various types – one to one meetings, briefings, appraisals, emails, meetings etc.)

- Leading by example (e.g. set a vision, clarify team objectives linked to business plan)
- Displaying conflict handling techniques
- Arranging social events
- Providing opportunities for growth
- Intervening in work situations when necessary
- Operating an open door policy
- Praising in public and chastise in private
- Influencing the working environment – open office setting?
- Other factors with a clear rationale.

Stronger answers will appreciate that a team needs a good leader and willing followers to achieve functional objectives.

Theories that the candidate may explore within the answer include Tuckman and Jensen's Group Formation model, Maslow's Hierarchy of Needs (to determine what drives the team members) and Belbin's Team Roles Model.

(15 marks)

**CIPS study guide reference: (a) Page 115
(b) Page 123 -125**

Q4 Learning outcome: 4.0

A few months later, due to inter-team conflict, Brian decides to leave the organisation and start up his own consultancy company.

- (a) Justify an appropriate recruitment and selection plan that will ensure that the right person replaces Brian. **(15 marks)**
- (b) Explain the benefits of a successful recruitment and selection plan. **(10 marks)**
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Marking scheme

- (a) The candidates may start with a definition of what 'recruitment and selection' is or how important this discipline is within the organisation.
- The candidate should then discuss the following factors:
 - Updating the job description and person specification (hopefully with the help of Brian)
 - Discussing with the team – their needs and expectations
 - Advertising the post
 - Shortlisting
 - Interviewing candidates (with appropriate questions to ensure a team player is appointed)
 - Use of appropriate IT software (in recruitment)
 - Selecting most suitable candidate
 - Agreeing terms and conditions
 - Complying with appropriate employment and equal opportunity legislation.
- (15 marks)**
- (b) The benefits that a successful plan can achieve are:
- A balanced team
 - Better performance
 - Reduced conflict
 - Happy working environment
 - Synergy
 - Savings
 - A settled team (reduced staff turnover)
 - The Manager will spend less time on staff matters and more on other aspects of the role
 - Improved relationships with suppliers and other functions
 - Better company reputation
 - Other benefits (with a clear rationale).

Stronger answers may also consider disadvantages such as the costs of recruitment and selection, workload of existing team while a new person is appointed and the time needed for the process and the personnel that would need to be involved.

(10 marks)

CIPS study guide reference: Page 159 – 176
