**1.1**

1. Please complete the following sentence:

Purchasing is responsible for all *input factors* entering *production*.

1. Which of the following is **not** a strategic procurement objective?
* To safeguard market position
* To ensure the supply of materials
* *To ensure liquidity*
* To ensure price stability
1. Explain the tactical/operational objectives of procurement.

*Optimize procurement costs*

* *Optimize purchasing prices*
* *Optimize sourcing, ordering and procurement administration costs*

*Ensure material quality*

*Ensure liquidity*

*Ensure supply capability*

**1.2**

1. Please complete the following sentence:

The more complex tasks and services become, the *greater* the risk of becoming *dependent* on the supplier.

1. Which of the following is **not** characteristic of a core competency?
* Gives customers added benefits
* Helps differentiate from competitors
* Forms the basis for a broad spectrum of products
* *Is easy to imitate*

**1.3**

1. Please complete the following sentence:

In an industrial park concept, many *core suppliers* relocate their production to the immediate *vicinity* of the buyer.

2. What is meant by internal sourcing?

* *The spatial integration of suppliers*
* The reintegration of functions
* The extension of business activities
* The outsourcing of services

3. Explain the different external outsourcing strategies.

*Selective outsourcing: Outsourcing part of a service to an external company.*

*Complete outsourcing: Outsourcing an entire segment including related resources and orders. The external company delivers a full service.*

*Business process outsourcing: Outsourcing an entire business process. The external company assumes complete responsibility.*

**1.4**

1. Please complete the following sentence:

Single sourcing means procuring a *part or module* from only *one* supplier.

1. The just-in-sequence concept presupposes that …
* *… the supplier delivers according to a sequence that is synchronized with the buyer’s production.*
* … the supplier provides warehousing.
* … the supplier designs the parts and modules themselves.
* … the supplier is also able to deliver overseas.
1. Explain the disadvantages of just-in-time procurement.
* *Buyers may become dependent on suppliers*
* *More deliveries mean higher transport costs*
* *Risk of quality impairments (with shorter throughput times, the client has no time to inspect incoming goods and must rely on the supplier)*
* *Adverse environmental impacts associated with more deliveries, plus the risk of traffic jams and accidents*

**1.5**

1. Please complete the following sentence:

Procurement market research refers to the *planned, systematic* exploration of *the conditions and operations* prevailing on the relevant procurement markets.

1. Which of the following is **not** an aspect of procurement market research?
* The analysis of economic market conditions
* The systematic analysis of the procurement market
* The analysis of upstream markets
* *Changes in consumer behavior*
1. Which are the different types of information in procurement market research?
* *Information about demand*
* *Information about pursued goals and strategies*
* *Information about procurement markets*
* *Information about the company’s own portfolio of markets and suppliers*

**1.6**

1. Please complete the following sentence:

The task of supplier identification is to identify those *suppliers* who are capable of delivering the *procurement items*.

1. Which of the following is not a qualitative approach to supplier selection?
* Supplier days
* Audits
* Concept competitions
* *Balance sheet analysis*
1. Name possible types of supplier potential which are relevant for supplier assessment.
* *Service potential*
* *Volume potential*
* *Quality potential*
* *Innovation potential*
* *IT potential*
* *Cooperation potential*
* *Finance potential*
* *Environmental potential*
* *Logistics potential*

**1.7**

1. Please complete the following sentence:

A DPS system is a *multi-supplier catalog* containing consolidated data about a large number *of suppliers*.

1. Which of the following is **not** one of the functions of an online auction?
* To submit multiple bids
* To reduce the bid price
* *To improve the quality of procurement items*
* To cooperate with other buyers
1. What services do content managers offer?
* *Upload and share e-catalogs*
* *Automate updates to catalogs*
* *Convert data into an e-catalog format*
* *Classify products and services*

**1.8**

1. Please complete the following sentence:

The centralization of procurement means that *overall central* procurement tasks are carried out by the *parent company* on behalf of the subsidiaries.

1. Which of the following is not a strategic procurement decision?
* *Track deadlines*
* Define success factors for procurement
* Formulate a purchasing policy
* Formulate procurement principles
1. Explain the features of a local procurement organization.

*The local variant is characterized by the controlled decentralization of procurement tasks and decisions. The procurement department based at the parent company focuses on its own demand and only intervenes in a coordinating/advisory capacity in the local procurement activities of the subsidiary. These advice and coordination tasks include the development of general procurement policy principles, the cooperative agreement of procurement policy targets, the preparation of organizational improvements, the drafting of plans and measures, the training of employees in the procurement departments and involvement in senior appointments in the procurement departments.*

**Unit 2**

**2.1**

1. Please complete the following sentence:

Distribution functions may be divided into *microeconomic* and *macroeconomic* tasks.

1. Which of the following are **not** secondary functions of distribution?
* Warehousing
* Transport
* *Collection function*
* Granting of credit
1. List the microeconomic functions of distribution.

*Sales preparation*

1. *Market exploration*
2. *Evaluation of past sales experience*
3. *Sales planning*

*Sales initiation*

1. *Advertising (general offers)*
2. *Individual offers (handling enquiries, sampling, demonstrating etc.)*

*Stock-keeping*

1. *Factory warehousing (central)*
2. *Maintenance of delivery depots (also used for sales execution)*
3. *Maintenance of consignment warehouses*

*Sales execution (“selling” being the heart of the marketing function)*

1. *Closing the sale (negotiation, agreement)*
2. *Execution of the sale:*
	1. *Order processing (functional, timewise)*

**2.2**

1. Please complete the following sentence:

The primary task of a channel policy is to *select the correct channel from* the various alternatives available in a given *sub-market*.

1. What is meant by the depth of the channel?
* *The number of different types of distributors at each level*
* The number of similar sales agents within the various agency types
* Cooperation between manufacturers and distribution agents
* The number of sales levels between manufacturer and consumer
1. Explain what is meant by flexibility of the sales channel.
* *Time needed to build the channel*
* *Willingness and ability of agents to adapt to strategy changes by the manufacturer*
* *Level of loyalty to the channel required from the manufacturer*

**2.3**

1. Please complete the following sentence:

Distribution logistics aspires to optimize *distribution* within the constraints dictated by the *product* itself.

1. Which of the following is **not** a task of distribution logistics?
* Order fulfilment
* *Advertising*
* Warehousing
* Transport function
1. Explain the component parts of the delivery service.

*As a customer service, the delivery service extends from the sales phase through to the selling process and encompasses all services from order placement through to warehousing of the merchandise at the customer’s premises. It is important to distinguish the delivery service from the pre-sales service (customer service during the pre-sales phase) and the after-sales service (customer service in the post-sales phase). The delivery service comprises four elements: delivery time, delivery reliability, delivery condition and delivery flexibility.*

**2.4**

1. Please complete the following sentence:

The structure of a distribution system may be divided into a *vertical* structure and the *horizontal* structure.

1. Which warehousing system does **not** apply to alternative distribution structures?
* Regional warehouse
* Delivery depot
* *External procurement warehouse*
* Central warehouse
1. Explain what is meant by a horizontal distribution structure.

*The horizontal distribution structure comprises the number of warehouses at each stage and their location.*

**2.5**

1. Please complete the following sentence:

In selection and differentiation strategies, it is important to define *the sales channels, the number and type of sales intermediaries and the preferred approach*.

1. What is meant by intensive distribution?
* *Availability of a product everywhere on the market*
* Limited sales outlets
* Just one sales intermediary
* Distribution of special products
1. What is meant by exclusive distribution?

*The manufacturer only entrusts one sales intermediary per sales region with the sale of their products. This is often subject to compliance with strict requirements (such as being prohibited from selling competitor products; a guaranteed minimum turnover; complex warehousing; independent marketing efforts; own service organization). Exclusive distribution is typically used for specialist products such as designerlabel fashion, high-end cosmetics, certain brands of car, exclusive entertainment electronics etc.*

**2.6**

1. Please complete the following sentence:

The main objective of a distribution depot is to offer a *high-quality delivery service* and *increase competitiveness* with other more favorably positioned competitors.

1. The choice of sales agent …
* … Is based solely on financial factors.
* *… Should consider qualitative factors as well as quantitative features.*
* … Should always be a long-term decision.
* … Has no relevance to distribution.
1. Name the features other than cost which determine the choice of transport system.
* *Regularity of arrivals*
* *Minimal transport damage*
* *Transport speed*
* *Transport volume*
* *Cushioning of peaks*
* *Opportunities for return shipments*
* *Customer service*
* *Administrative effort*
* *Transport costs and freight*

**Unit 3**

**3.1**

1. Please complete the following sentence:

The product business refers to the relatively *standardized* manufacturing and marketing of capital goods which are used by the buyer *in isolation*.

1. Capital goods marketing is often referred to as …
* *… B2B marketing.*
* … Consumer goods marketing.
* … C2B marketing.
* … C2C marketing.
1. Explain the four basic types of capital goods marketing.

*1. The product business refers to the relatively standardized manufacturing and marketing of capital goods which are used by the buyer in isolation.*

*2. The industrial plant business (or project business) refers to comprehensive hardware or software bundles, the elements of which are combined into functioning systems by the buyer.*

*3. The systems business uses engineering and project management to combine functional units into complex systems. Software and service elements are always included. Pre-sales and after-sales services are essential to the systems business.*

*4. The component supply business is characterized by more long-term business relationships. The supplier delivers services that are utilized in succession by the customer (e.g. in the automotive industry).*

**3.2**

1. Please complete the following sentence:

The product business distinguishes between *parts* and *aggregates* as the two different product types.

1. In the product business, the warehousing function is …
* … Very important and significant.
* *… Not so important.*
* … Only important in a few industries.
* … Seasonally important.
1. What is meant by the term “aggregate”?

*Aggregates can function independently, while system elements must be combined with other products. Individual aggregates perform specific, defined production or administration functions for the buyer, and they need not necessarily be integrated into larger systems (e.g. photocopiers, cranes). Aggregates refer to operating equipment with a greater or lesser degree of complexity that can function in isolation and perform certain sub-functions. They may be combined together with other equipment to create complex systems or marketed independently.*

**3.3**

1. Please complete the following sentence:

Industrial plant is generally sold via *direct* distribution and requires a *technically proficient* sales expert.

1. Which of the following is **not** a feature of industrial plant business?
* An extensive service aspect
* Discontinuity of incoming orders
* Manufacturing to order
* *Large number of suppliers and buyers*
1. Via what institutions/individuals is industrial plant distributed?
* *Executive board*
* *Sales engineers (in-house personnel)*
* *Representatives in selected regions/countries*
* *The supplier’s own regional and overseas sales organizations*
* *(Partial) production overseas with a corresponding sales/service department*

**3.4**

1. Please complete the following sentence:

The systems business is characterized by the fact that services are devised for the *anonymous market* rather than *specific customers*.

1. Systems transactions are characterized by the fact that …
* *… they are purchased in conjunction with other services.*
* … they are not in any way related to other purchase decisions.
* … they are only designed for individual customers.
* … they are only intended for high-end products.
1. What are system components and what are sub-systems?

*System components are items that cannot expediently function without interacting with other system parts (e.g. CD drive). By contrast, sub-systems can be used effectively in isolation (e.g. laptop).*

**3.5**

1. Please complete the following sentence:

In the component supply business there is often a *close partnership* between suppliers and customers, with the supplier often providing *just-in-time* deliveries.

1. Which of the following is **not** a feature of the component supply business?
* A close relationship between supplier and buyer
* A limited value-added partnership
* *The delivery of high-volume systems*
* The delivery of components
1. What are the different levels of the component supply business?
* *Production-centered supply*
* *Logistics-integrated supply*
* *Expertise-integrated supply*
* *Disposal-integrated supply*

**Unit 4**

**4.1**

1. Please complete the following sentence:

Electronic marketplaces are *virtual* spaces where the various *market players* can interact.

1. What is meant by a horizontal marketplace?
* Concentration on a few industries
* *A cross-industry marketplace*
* A marketplace confined to services
* A marketplace aimed at collaboration
1. What are the features of a vertical marketplace?

*Vertical marketplaces are primarily confined to the goods and services of one or a limited number of sectors, usually in a single industry. They provide a platform where manufacturers, suppliers and sub-suppliers can work together and optimize their processes. Vertical marketplaces are ideal for performing supply chain management functions and facilitating collaboration between companies. They concentrate on direct materials with a strong focus on solution-finding.*

**4.2**

1. Please complete the following sentence:

SRM essentially involves *establishing and cultivating supplier relationships.*

1. With key supplier management …
* *… Targets and strategies are agreed jointly.*
* … Prices are internationally adjusted.
* … Risks are jointly minimized.
* … Suppliers receive selective support.
1. What is the main emphasis of SRM?

*The main aim of supplier relationship management is not so much to optimize current supplier conditions as to take the partnership to the next level with a view to the future. A good relationship with suppliers is vital for maintaining willingness and cooperation should problems arise. Like profits and losses, opportunities and risks should also be evenly distributed.*