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IV Semester M.B.A. (Day and Eve.) Examination, November/December 2023  
(CBCS) (2022-23 and Onwards)

MANAGEMENT

4.10.3 : Vendor Management

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any 5** of the following questions. **Each** question carries **5** marks : (5×5=25)

1. How is Vendor Performance evaluated ? List the steps.
2. Why do you think automation in procurement system is important ?
3. What are the steps involved in the purchase of a tender ?
4. Explain in brief Vendor Social Audit.
5. What are the Unethical Practice Prevention Tools used by Vendor Managers ?
6. Explain low cost country sourcing.
7. What are Vendor Monitored Supply Chains ?



SECTION – B

Answer **any 3** of the following questions. **Each** question carries **10** marks : (3×10=30)

8. What are the types of sourcing ? Explain in brief.
9. Explain Contract Life-cycle Management.
10. What are the key strategies implemented in Retaining and Developing the Supplier Relationship ?
11. Write notes on :
  - a) Sustainable Procurement
  - b) Benefits of Vendor Management.



## SECTION – C

## Case Study (Compulsory)

(1×15=15)

12. Pampers, disposable diapers, are bulky items that require a lot of storage space relative to their value. Walmart maintained an inventory of Pampers in its distribution centers from which store orders were fulfilled. When the distribution center's supplies ran low, Walmart again ordered more diapers from P&G. Insufficient inventory leads to customer dissatisfaction and loss of sales. Excessively high volumes lead to high financing and storage costs. Additionally, inventory management itself is a costly activity. With the idea of improving this aspect of its business, Walmart approached P&G, noting that P&G probably knew more about the movement of diapers in its warehouses than Walmart did, as it had information on usage patterns and shipments to retailers across the country. Therefore, Walmart suggested that P&G take responsibility for informing Walmart when and in what quantities to reorder Pampers products from its distribution center.

Every day, Walmart reported to P&G how much merchandise was moving from the distribution center to its stores. When P&G saw fit, it told Walmart it was time to regroup and provide the amount. If the recommendation makes sense, Walmart will approve it and P&G will ship the goods. The new solution worked so well that over time, Wal-Mart advised P&G to ignore the purchase recommendations and only ship the diapers that Walmart thought they would need. Walmart eliminated the costs associated with maintaining Pampers inventory. Inventory is managed more efficiently because P&G can do a better job than Wal-Mart. This means the retailer has less inventory on hand and is less likely to experience stock-outs. Lower inventory levels free up space in Walmart's distribution center and reduce the retailer's need for working capital to finance that inventory. Anyone can supply diapers to Walmart, but P&G increases the value of the diapers it supplies through its inventory management process. This gives it the position of the preferred supplier of a large distribution chain. As a preferred supplier, P&G gains additional space on Walmart store shelves and in coveted shelf displays.

**Questions :**

- a) How the process of Vendor Managed Inventory becomes advantageous for an organization ?
  - b) What were the challenges faced by Walmart in regards to P&G ?
  - c) Why cost management is important for Vendor Managers ?
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