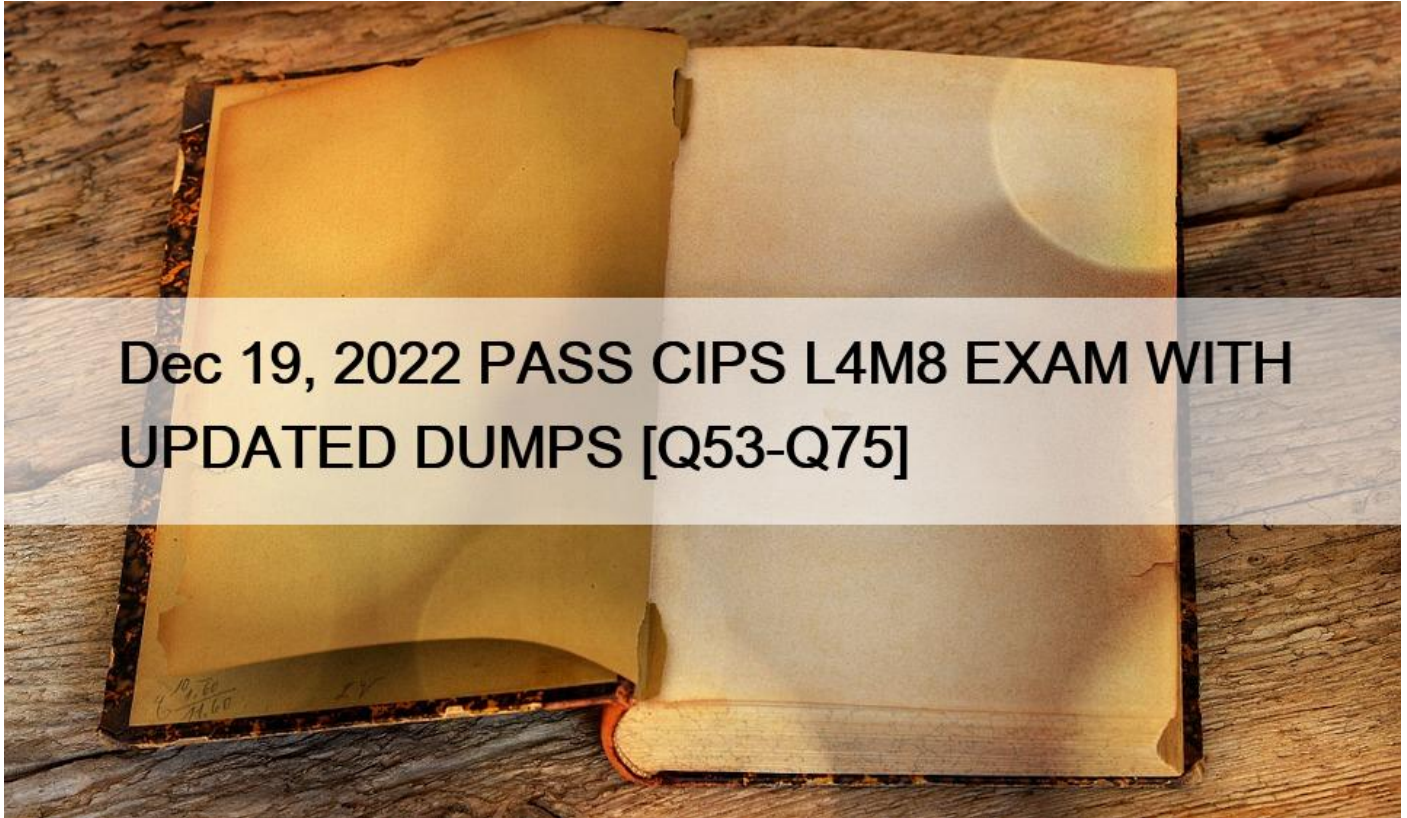


Dec 19, 2022 PASS CIPS L4M8 EXAM WITH UPDATED DUMPS [Q53-Q75]



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L4M8 Questions PDF [2022] Use Valid New dump to Clear Exam

NEW QUESTION 53

Explain which factors should be considered when deciding the quantity of a product to order.

When reviewing supplier's response the procurement professional should consider the right quantity of product or service that has to be ordered at anytime as against the price to decide how to gain the best cost.

Factors to consider include the following

- (1) Cost of inventory
- (2) cost of insurance
- (3) cost of transportation.

These three should be considered against price.

Note: Incoterms are versatile and procurement professionals should understand how they are applied and what point the risk transfers from being the supplier's responsibility to being the buyer's responsibility. It is important to consult the

ICC for the most recent definitions, but in the following questions (101-111) you can understand the rules.

Note: sharpen your knowledge on INCOTERMS. Please consider the following Objective Re-sponse questions

NEW QUESTION 54

What matrix helps to define how to manage stakeholders?

Stakeholders are individuals or organizations who are directly affected by a decision for example, community, shareholders, employees, suppliers, distributors, customers etc. stakeholders can be internal (employers, staffs), connected (such as suppliers, shareholders, financiers and customers) external (Government, pressure groups, and community).

The matrix that helps define how to manage stakeholders is mendelow's stakeholders management matrix. This matrix is based on the theory that the level of management stakeholders require depends on the level of their power and interest within the project or organization The matrix groups stakeholders in to four quadrants according to their power and interest and ad-vice how to manage them.

- 1) Low power – Low interest (minimum effort)
- 2) Low power – High interest (keep inform)
- 3) High power – Low interest (keep satisfied)
- 4) High power – high interest (manage closely)

NEW QUESTION 55

Create a list of tangible, intangible, direct and indirect needs within an organization with which you are familiar.

Tangible costs are the cost an organization incur acquiring items that can be physically touched and or seen. Examples includes; 1) Capital Purchase 2) Raw materials 3) Sundry items 4) Vehi-cles/transport 5) Utilities Intangible costs are the cost an organization incurs acquiring something that cannot be physically seen or touched. Examples include; 1) Insurance 2) Marketing 3) Research and development 4) Salaries and/pension 5) Services 6) Training.

Direct costs – These are costs that an organization incurs acquiring product and services directly attributable/traceable to its production, for example, the cost of labour and materials directly uses to produce the goods/services which the organization sells. In the case of buying and running a Lorry for transport fleet, this would be 1) total cost of acquiring the lorry,) Tooling 3) Operation.

Indirect cost – These are costs that are not directly associated to production, for example, materials and services not used in production, labour/ staff cost not directly attributed to production, such as management, sales and marking, ICT support, rents. In the case of buying and running a Lorry for transport fleet. Examples are; 1) Insurance 2) Disposal.

NEW QUESTION 56

Which Incoterm applies here?

The supplier is responsible for delivering the goods directly onto the vessel that will transport them to their named destination. As soon as the goods are on the vessel, the risk transfers to the buyer

- * FOB – Free On Board
- * DAP – Cost and Freight
- * CIF – Cost Insurance and Freight
- * FAS – Free Alongside Ship

NEW QUESTION 57

What are the five stages in Tuckman's team Development model?

Tuckman's team development model depicts from where a team is formed to the various stages they might experience before the end where the objective is achieved and these includes.

- 1) Forming: here they are just being put together
- 2) Storming: conflict and competition begin to arise
- 3) Norming: here agreement and consensus is reached as roles and responsibility is clear.
- 4) Perform: They start carrying out the roles and responsibility
- 5) Adjourning: Task is complete and they are discharged

NEW QUESTION 58

Using the case study about Toyota, which type of benchmarking Tada has used when comparing the Toyota with Porsche?

Benchmarking is the process of comparing a function, process or performance with another which is best-in-class. Benchmarking is either internal or external. External benchmarking has three types; 1) Competition benchmarking, 2) Functional 3) Generic Company Toyota with the Porsche a competition in the same industry and by suggesting that drives will find the cars performances comparable with that of Porsche Cayman sports car, suggest think it is an external competitive benchmark.

NEW QUESTION 59

In relation to the case study 'Walmart and H&M in spotlight regarding human rights in media' explain which human rights are not being granted to the workers.

Human rights are the statutory ways in which individual expects to and should be treated. Ethical and responsible sourcing includes the protection of human rights, not violating it.

When young women are being bound into contracts where they work for two to three years, they are not being granted the right to freedom from slavery.

Forcing these women to live in hostels under restrictions that prevent them from moving and are denied the opportunity to improve on their living condition is a violation of their right to life, liberty and personal security, also, their freedom from torture and degrading treatment is being violated.

NEW QUESTION 60

Which theory relates to the 3Ps

Trying to measure how sustainable an organization was use to be challenging undertaking. However, during the 1990s, a concept brought up by American John Elkington change the way sustainability was measured. This framework is known as the triple bottom line (TBL) and measures sustainability in relation to organizational performance and investment against the 3Ps (1) Profits (2) People (3) Planet. For example; Profit: A packaging manufacturer reinventing its profits in a State-of-the-art recycling machinery for it wasted cardboard.

People: A large privately owned call centre donate its end of life computers to a local youth clubs and social groups to help gain internet cases.

NEW QUESTION 61

What Incoterm applies here?

The goods are considered 'delivered' at the point of release from the supplier's premises or another name place. The supplier is not responsible for loading or transporting the goods and does not have to arrange export clearance; this must be arranged by the buyer. The risk is on the buyer from this point.

- a) EXW; Ex Works
 - b) FCA; Free Career
 - c) CPT; Carriage Paid To
 - d) CIP; Carriage and Insurance Paid to
- * EXW; Ex Works
 - * FCA; Free Career
 - * CPT; Carriage Paid To
 - * CIP; Carriage and Insurance Paid to

NEW QUESTION 62

Use the balance sheet below to work out the correct ratio for coffee Time and explain whether the company appears to have enough assets to cover it liability.

Coffee Time			
Balance sheet			
December 2012			
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets	\$	Current Liabilities	\$
Cash in bank	26,758	Wages payable	21,850
Cash in hand	287	Note payable	3000
Accounts receivable	72,160	Account payable	53,870
Inventory	34,650	Interest	7200

Prepaid expenses	3750	Taxes	19,000
TOTAL CURRENT ASSETS	137,605	Warranty liability	1300
Non-Current assets	\$	TOTAL CURRENT	106,220
LIABILITIES		Non-current liability	
Land	82,000	Long-term debts. Owed	217,737
Building	185,000	TOTAL LIABILITIES	323,957
Equipment	2,150	NET ASSETS	159,298
Depreciation	(16,000)		
TOTAL	303,650		
Other assets	\$		
Intangible asset	42,000		
TOTAL ASSETS	\$483,255		

The current ratio is one of the two ways to determine organizations liquidity (how quickly its assets can be converted into cash)

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liability}}$$

From the table above:

$$\text{Current Assets} = \$137,605$$

$$\text{Current liability} = \$106,220$$

$$\therefore \text{current ratio} = \frac{\$137,605}{\$106,220} = 1.3$$

A current ratio of 1 shows that the organization has enough assets to repay (cover) its liability. Buyers can be encouraged to deal with these suppliers after if they considered proven and strong in other areas.

NEW QUESTION 63

Justify which of the five approaches to condition performance monitoring you think is the most cost effective within whole life asset management.

Condition performance monitoring is a surveillance system that is designed to get the maximum production uptime and availability out of an asset. And this can be achieved by timely monitoring and measuring of temperature, vibration, output, speed, noise, emissions and quality. With this, decision has to be made as to what, if any, action needs to be taken. The five approaches to condition performance monitoring are as follows:

1. Do nothing: Use like a commodity. This will bring worries later.

2. Reactive: Fix it when it breaks. This will run to failure.
3. Preventive: Scheduled maintenance.
4. Predictive: Fix it before it breaks. Predict faults.
5. Proactive: Continuous improvement defect elimination.

The most cost-effective approach is **Proactive**, because is the only approach that has continuous improvement in the process, people and policies to minimize downtime. Being proactive takes defect out of the system and continuously harness opportunity that will optimize the system

NEW QUESTION 64

What information should be included on a purchase requisition?
A purchase requisition should contain the following information

- 1) Date of the requisition
- 2) Description of what is required
- 3) Supplier if known
- 4) The quantity
- 5) when the need is required
- 6) why the need is required
- 7) who identified the need
- 8) who approved the need
- 9) if it's a re-buy

NEW QUESTION 65

Describe three benefits of working cross-functionally

Working cross-functionally is the involvement of all departments involved in an organization to contribute knowledge, skills and innovation towards adding value of achieving the organization's strategic goal. All functions may include; procurement, maintenance, marketing, finance, human resources working together in procurement activity to come up with the best strategy or selecting the supplier that best suit the organization.

When working cross functionally, members of the organization gives support by believing in the end goal, assist during difficult time, help troubleshoot any issue, providing the required resources and sharing information.

NEW QUESTION 66

What is PQQ and what does it include?

Pre-qualification questionnaire (PQQ) is often standard forms that buyers send to potential suppliers. The purpose is to ensure that

these potential suppliers could, if they win the contract, supply the product or service to the standard required. PQQ includes requesting details from the potential suppliers on the following information

1. Company Details
2. Environment policies
3. Trading history
4. Ethical policies
5. Financial information
6. Health and safety policies
7. Quality standards
8. References
9. Insurance.

NEW QUESTION 67

Describe a situation where amendment or an addendum would need to be created

After all the due diligence is carried out, before awarding contract to the best supplier, sometimes procurement professionals find themselves in some problem solving situation; this might have been emanated from supplier facing a financial challenge or problems from external environment. Responding to this might require an amendment or an addendum, depending on the case in hand.

An amendment is for a physical change in the existing contract for example; if a contract contains a negotiated and agreed fixed price for the period of the contract but unexpected market forces such as an economic down turn or force majeure occur, the supplier may have to request an amendment order to continue to make a profit.

An addendum is when an additional document is added to the existing contract for example, If a contract have a schedule of rates and the market forces prices up, an addendum can be added to an existing contract with a revised schedule. Once accepted, the addendum becomes part of the contract. Addendum are physically used when the forecasted cost of a project rises and approval is needed to increase the contract spend.

NEW QUESTION 68

What is needed for a contract to be binding?

A contract is written or verbal agreement, made between two or more parties that is legally enforceable.

For a contract to be legally binding it must include intention of parties entering into the contracts.

All parties must have the capacity to contract or be contracted.

They must be of a sound mind, there should be a promise (offer) for performance from the other party and an exchange (consideration) of one thing for another within an agreement for contract to be binding, and there must be an acceptance of the offeror's offer by the offeree.

NEW QUESTION 69

What are the 3Ps in the triple bottom line.

Trying to measure how sustainable an organization was use to be challenging undertaking. However, during the 1990s, a concept brought up by American John Elkington change the way sustainability was measured. This framework is known as the triple bottom line (TBL) and measures sustainability in relation to organizational performance and investment against the 3Ps (1) Profits (2) People (3) Planet. For example; Profit: A packaging manufacturer reinvesting its profits in State- of-the-art recycling machinery for it wasted cardboard.

People: A large privately owned call centre donate its end of life computers to a local youth clubs and social groups to help gain internet cases.

Planet: A driving instructors using only hybrid vehicles to teach her learners, thus to reducing Co2 emission.

NEW QUESTION 70

Which contract term contains details of when a product or service should be delivered and ex-plained the potential loss of business? Contract terms are the right and duties agreed between parties with which are then documented in contract. Terms can be either implied or expression.

Implied terms are always present in a contract and are set by national laws; like the sales of goods act, whereas express terms are negotiated and created, for example; time is of the essence. When the procurement professional is setting key performance indicators, where which the supplier's performance will be monitored and managed, the KPI is expected to be SMART. The SMART is an acronym that is used to set KPI and specification. It means:

Specific

Measurable

Achievable

Relevant

Time bound

NEW QUESTION 71

What Incoterm applies here?

The supplier is responsible for delivering the goods to a carrier or to an intermediate agreed place. From this point, the buyer is responsible for ensuring these goods reach their named destination.

- * EXW Ex Works
- * FCA Free Career
- * CPT Carriage Paid To
- * CIP Carriage and Insurance Paid to

NEW QUESTION 72

What is the method of monitoring suppliers?

When a contract has been awarded, either is to meet tangible needs or intangible needs, contractors or suppliers should be managed

to ensure that they are meeting up with fulfilling their contractual agreement. To establish this, there are methods of managing contracts and suppliers.

Service level agreement (SLA) clauses: is placed in contract to ensures that supplier meets the expected and agreed level of service
Key performance indicator (KPI): are used to manage contracts that fulfill tangible needs, the KPIs are set performance thresholds that are used to monitor supplier's performance.

Management by objectives (MBO): is the process of defining objective that are strategic to the organization relating them to the vision and mission and communicating them to the supplier through the contract and ensuring that this objective is met during contract performance.

Reviews: Regular supplier reviews are good practices, for it gives the buyer opportunity to give feedback on performance.

Continuous Improvement: Contracts and suppliers can be monitored through how they are changing for better incrementally as they are fulfilling the schedule. There must be a set down system to timely improve on the process, people and continuously reduce waste.

Training: It is essential that training, are provided to come up on areas supplier is lacking.

NEW QUESTION 73

What effect is technology having on jobs within an organization with which you are familiar with?

With the ever developing use of technology, organizations are often under pressure to keep up with numerous technological advances. Jobs could be created in line with technology. Advances in technology can also results in lack of requirement for human impact and as such, jobs could be lost. Though it can help save time and retain bulk files in no space.

NEW QUESTION 74

Which sector most frequently uses invitation to tender?

The public sector uses tenders a lot more in the working environment than private sector.

NEW QUESTION 75

Which type of power is most likely to be used in corruption?

The abuse of power within the supply chain can be linked to corruption. If individuals with seniority favor one supplier over another, they can exercise their power to award the contract to whoever they wish. According to CIPS code of conduct, this is not acceptable.

According to French and Raven, there are five types of power (Legitimate power, Reward, Expert, Referent and Coercive), and these powers can most likely be used in corruption.

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