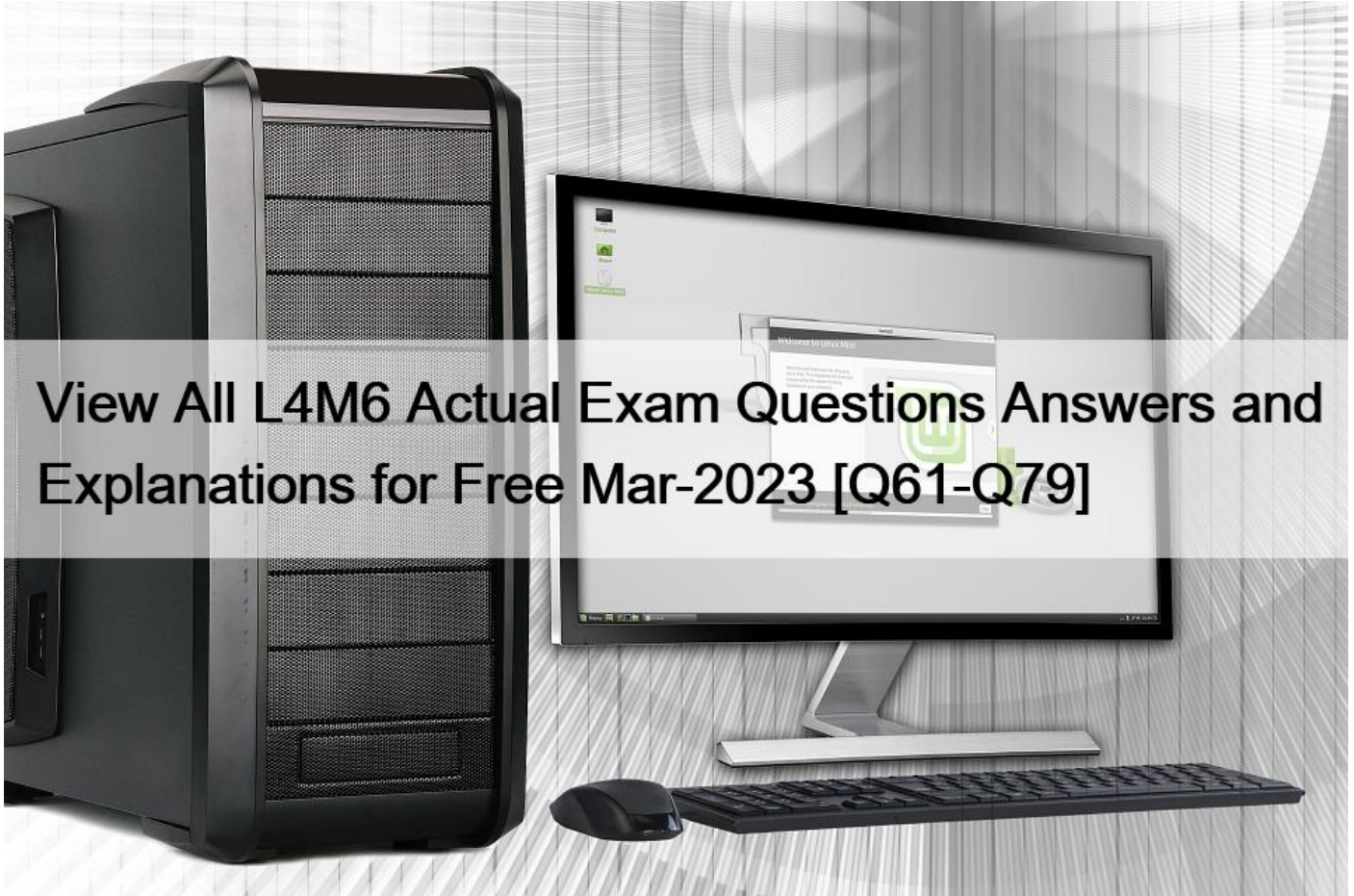


## View All L4M6 Actual Exam Questions Answers and Explanations for Free Mar-2023 [Q61-Q79]



### View All L4M6 Actual Exam Questions Answers and Explanations for Free Mar-2023 The Most In-Demand CIPS L4M6 Pass Guaranteed Quiz QUESTION 61

Which of the following macro-environmental factors can affect supply chains?

- \* social, economic and cost
- \* environmental, ethical and cost
- \* political, economic and social
- \* environmental, ergonomic and social

STEEPLE is what is used to analyse the macro-environment; the factors are; social, technological, economic, environmental, political, legislative and ethical. Details of this can be found on p.43-44. Note in the exam they won't necessarily be given in this order.

### QUESTION 62

What is a disadvantage of including qualitative KPIs into a contract?

- \* They can lead to poor supplier performance
- \* They pull focus from the more important quantitative KPIs

- \* They are hard to measure
- \* They make the buyer seem weak

The correct answer is &#8216;They are hard to measure&#8217; p.103

### QUESTION 63

Brian Air is a company that is trying to break into the air transport market. Which of the following could be barriers to entry for Brian Air? Select THREE

- \* economies of scale
- \* access to capital
- \* licences and permits
- \* health and safety
- \* ethical sourcing

Barriers to entry are economies of scale (in the air travel industry you can&#8217;t just start off small and grow), access to capital (you need to already have a lot of money to buy airplanes) and licences and permits (you need to ensure you have the correct licences to fly planes). These are listed on p.41. Other barriers include; strong brand identity already dominant in the market, high switching costs for buyers, access to distribution networks and government policy.

### QUESTION 64

A supermarket is struggling with sales and has done an analysis on its competitors. It has discovered that it has two major competitors; one provides groceries at a much cheaper price and another that provides only organic products. The supermarket has decided that it wants to continue providing groceries to a wide target audience but that it will compete by offering superior customer service. What is the supermarket&#8217;s source of competitive advantage?

- \* cost leadership
- \* differentiation
- \* cost focus
- \* differentiation focus

This is differentiation as the target market is broad. Differentiation focus would be if the supermarket was targeting a niche market. There&#8217;s a couple of questions on Porter&#8217;s Generic Strategies in the exam- there&#8217;s a useful diagram of this on P.13

### QUESTION 65

Jenny is a procurement manager who works in the public sector. She has been charged with organising a tender to source new Xray machines for a hospital and to ensure that they receive &#8216;value for money&#8217;. Which of the following should Jenny consider when drafting her ITT?

- \* Price only
- \* Equity
- \* Whole life costs
- \* Availability

Jenny should consider whole life costing. Ensuring value for money means considering a combination of price and quality throughout the lifetime of the product. See p.65 for more on &#8216;Achieving Value for Money&#8217;

### QUESTION 66

What is collaborative inertia?

- \* the concept that the value and performance of two companies combined will be greater than the sum of the separate individual parts
- \* A situation when the apparent output from collaboration is considerably less than expected

- \* When a partnership is unable to create new ideas
- \* Where a third party is invited to join a partnership.

The correct answer is &#8216;A situation when the apparent output from collaboration is considerably less than expected&#8217;. This is verbatim the definition given in the study guide on p.166 A synergy is the concept that the value and performance of two companies combined will be greater than the sum of the separate individual parts.

### QUESTION 67

Which of the following are elements of a business that can develop a company&#8217;s competitive advantage? Select THREE.

- \* cost focus
- \* cost leadership
- \* human resource management
- \* organisation culture
- \* natural resources

This is one of those questions you have to read carefully- it asks for &#8216;elements of a business&#8217;. Cost focus and cost leadership are ways a company can improve their competitive advantage, but they&#8217;re not elements of a business. The other three options are. Porter created a list of elements of a business that can help a company&#8217;s competitive advantage- these can be found on p.33-34

### QUESTION 68

Which of the following are primary activities, according to Porter&#8217;s Value Chain? Select THREE.

- \* Procurement
- \* Operations
- \* Marketing and Sales
- \* Human Resources
- \* Inbound Logistics

This Question: refers to

Porter&#8217;s Value Chain (p.35). There&#8217;s a couple of questions on this in the exam so try to learn it. Primary activities are; inbound logistics, operations, outbound logistics, marketing and sales, after sales- service

### QUESTION 69

Which of the following relationship types would you consider using for a Main Contractor on a building construction project, who will be responsible for co-ordinating the activities of other suppliers?

- \* partnership
- \* transactional
- \* closer tactical
- \* co-destiny

in tiered supply chains, a closer-tactical relationship could be used between a buyer and a supplier who will be responsible for co-ordinating the activities of other suppliers (p.8 of the textbook).

### QUESTION 70

Mendelow&#8217;s Stakeholder Matrix categorises stakeholders into four groups and provides insight into how these stakeholders should be managed. What is a limitation to using this Matrix to categorise stakeholders?

- \* Nowadays, Stakeholders fall into more than four categories
- \* The Matrix doesn&#8217;t consider the power these stakeholders have
- \* The Matrix doesn&#8217;t consider whether the stakeholder is for or against the activity

\* The categories are hard to remember

The correct answer is 'The Matrix doesn't consider whether the stakeholder is for or against the activity'.  
For a list of other limitations of using Mendelow's Stakeholder Matrix see p.82

### QUESTION 71

ABC is a company which sources a vital component from a supplier. There are only a few suppliers in the industry and without this component, ABC would not be able to produce their final product. What type of relationship should ABC seek to develop with their supplier?

- \* outsource
- \* strategic alliance
- \* transactional
- \* arms length

As the component is vital to their business, ABC should seek a collaborative relationship with the supplier. There are three types of collaborative relationship (co-destiny, partnership and strategic alliance). Of these only strategic-alliance is given as an option. Remember 'strategic purchase = collaborative relationship with supplier. There are many questions on the Relationship Spectrum on the exam. See p.5 for more details

### QUESTION 72

Which of the following is an advantage for the supplier of entering into a partnership with a buyer?

- \* They may gain an increased volume of business
- \* There is more flexibility when selling the product
- \* The Intellectual Property Rights of the buyer become yours
- \* They no longer have to try as hard to win business.

The correct answer is 'They may gain an increased volume of business'. The other options are just not true. See p.130 for advantages and disadvantages of partnerships from both the buyer and supplier's perspective. This is a hot topic for the exam.

### QUESTION 73

Kinky Boots Ltd provides high heeled shoes in large sizes. Their target market are Drag Queens. There are a couple of rival shoe manufacturers in this market and Kinky Boots Ltd offer the cheapest high heels. What strategy is Kinky Boots Ltd employing in terms of competitive advantage?

- \* cost leadership
- \* differentiation
- \* cost focus
- \* differentiation focus

This is 'cost focus'; Kinky Boots is both focusing on being a cost leader (by providing the cheapest products) and focusing on a niche market (drag queens). When these two strategies are combined it is called 'cost focus'. There's a couple of questions on Porter's Generic Strategies in the exam- there's a useful diagram of this on P.13

### QUESTION 74

Pablo has run an open- competition to secure a new contract for a supplier of paper for his Birthday Card making company. He has received 10 submissions from various suppliers and needs to put a team together to evaluate the bids. What type of team should Pablo consider?

- \* A team composed of internal stakeholders
- \* A cross-functional team

- \* A team of procurement experts
- \* A team composed of internal and external stakeholders

Pablo should use a 'cross-functional team'; CIPS love 'cross-functional teams'; and refer to them frequently throughout the study guide. A cross-functional team is people from different departments who come together for a purpose, such as to evaluate a tender. The benefit of using a cross-functional team is that you get people with different experiences and knowledge. So in this example a Cross-Functional team could compose of people from various departments such as procurement, logistics, manufacturing and legal. P.76

### QUESTION 75

Which of the following are not stages of team development? Select TWO.

- \* Forming
- \* Mourning
- \* Achieving
- \* Adjourning
- \* Accepting

This question is very, very similar to a real exam Question: and is

a really mean one. The CIPS study guide describes stages of team development as forming, storming, norming and performing. Of those listed in the book only forming is listed above. What the textbook fails to tell you is that some people add on two additional stages to this model which are mourning and adjourning. I strongly recommend doing some further reading on this (it's called the Tuckman Group Development Model) as it comes up a lot in the exam and the study guide doesn't really go into enough detail.

### QUESTION 76

One of the first stages of designing a Partnership is to come up with joint KPIs. These should be:

- \* Measurable, achievable and time-bound
- \* Relatable, specific and measurable
- \* Time bound, difficult and relevant
- \* Significant, measurable and achievable

The correct answer is Measurable, achievable and time-bound. This is from SMART KPIs on p. 151. Smart stands for specific, measurable, achievable, relevant, time-bound. In the exam they come up in different orders so be careful.

### QUESTION 77

According to Mendelow, there are four ways stakeholders can be managed, depending on the amount of power they have, and how interested they are in your project. What are these four categories?

- \* Keep satisfied, keep informed, minimal effort, no effort
- \* Manage closely, manage loosely, keep satisfied, keep informed
- \* Minimal effort, manage closely, keep informed, keep satisfied
- \* Keep informed, keep happy, keep satisfied, keep notified

The four categories are; Minimal effort, manage closely, keep informed, keep satisfied. You can see the Matrix on p.81. An easy way to remember this is there are 2 Ms and 2 Keeps. And these sit on opposite sides of the matrix.

### QUESTION 78

A doctor's surgery requires a complex database system to manage all of its patients data, which is highly sensitive. The system also needs to link to other departments of the health service such as physiotherapy and intensive care. The Manager of the surgery is considering outsourcing the management of the database to an IT company. What is the Manager's main

motivation for doing this?

- \* The supplier is an expert in their field
- \* This will result in economies of scale
- \* This will free-up internal resources
- \* This will result in cost-savings

The reason for outsourcing in this example is that the IT firm is an expert in their field. The requirement is complex and important and this is the reason why it is not being delivered in-house. The other answers given CAN be reasons for out-sourcing, but don't relate to this example. For a full list of reasons a company could use outsourcing see p. 4-5

## QUESTION 79

Which of the following are considered part of the '5 Rights of Procurement'? Select THREE.

- \* place
- \* quality
- \* cost
- \* focus
- \* time

The 5 Rights of procurement are; place, quality, quantity, time, price. (Price and Cost are not the same thing). See p.38

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