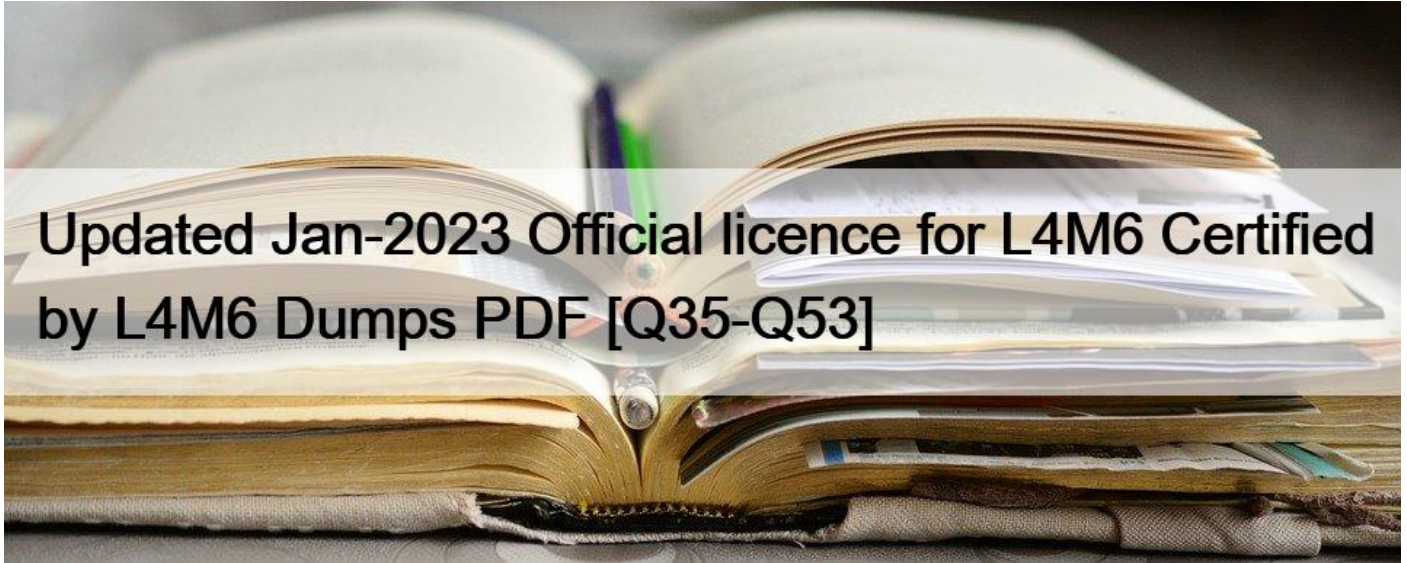


## Updated Jan-2023 Official licence for L4M6 Certified by L4M6 Dumps PDF [Q35-Q53]



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### CIPS L4M6 Exam Syllabus Topics:

Topic 1- The link between relationships as a process and the achievement of added value outcomes- Understand the dynamics of relationships in supply chains  
Topic 2- Compare the practical considerations of stakeholder management- Compare the sources of added value that can be achieved through supply chain relationships  
Topic 3- Positive relationships through positive contributions- Differentiate between different types of commercial relationships in supply chains  
Topic 4- Analyse the purpose of organisational procedures and processes in sourcing goods and- or services- The link between organisations in supply networks  
Topic 5- Compare team management techniques to ensure positive stakeholder relationships - Identify the processes for terminating stakeholder relationships  
Topic 6- Matrices to identify supply, supplier and purchaser positioning- Supplier identification, assessment and selection  
Topic 7- Understand processes and procedures for successful working with stakeholders- Identify items potentially suitable for partnership sourcing

### NEW QUESTION 35

The Kraljic Model is most useful for which aspect of procurement?

- \* category management
- \* cost analysis
- \* risk management
- \* cost reduction

The Kraljic model plays a key part in category management; p.19 of the textbook. Category Management = the spend in an organisation, broken down into categories of related products (e.g. IT, facilities management, marketing). Each of these categories could be plotted on the Kraljic Matrix.

### NEW QUESTION 36

Which of the following is not a stage in the relationship life-cycle?

- \* on-boarding
- \* qualification
- \* performance management
- \* design the specification

Designing the specification is not a stage in the relationship cycle- this would be done before the relationship begins. There are 6 stages of the relationship cycle; on-boarding, qualification, segmentation and risk management, performance management, development and innovation, phase out. P.13

### NEW QUESTION 37

Supplier development should be undertaken with all suppliers that a buyer uses. Is this statement TRUE?

- \* yes- it is important to develop all relationships
- \* yes- this will improve efficiencies for the buyer
- \* no- supplier development should only be done with strategic suppliers
- \* no- supplier development should only be done with tactical suppliers

Supplier development is time-consuming and resource-intensive so should only be done with strategic suppliers. P.14

### NEW QUESTION 38

Red Ltd and Blue Ltd have had a disagreement over a high value project they have been partnering on. They have been unable to resolve the issues inhouse and Red Ltd has suggested Mediation as an option. Is this a good option?

- \* Yes- mediation involves a neutral third party and gets both parties to attempt to reach a compromise
- \* Yes- mediation means the buyer and supplier agree to accept a third party's decision which will solve the disagreement issues
- \* No- it would be better to solve the disagreement in-house
- \* No- mediation could have a negative impact on the companies' reputation

The correct answer is Yes- mediation involves a neutral third party and gets both parties to attempt to reach a compromise. Be careful not to confuse mediation with arbitration; arbitration is when the buyer and supplier agree to accept a third party's decision which will solve the disagreement issues. See p.112 for more information on solving disputes

### NEW QUESTION 39

In the public sector, there are many sources of information that a buyer can use to identify a suitable supplier. Which of the following could be used? Select THREE

- \* Intranet
- \* Tradeshows
- \* OJEU
- \* Internal stakeholders' knowledge
- \* Procurement Platforms

The correct answers are; tradeshows, internal stakeholders' knowledge and e-procurement platforms. Intranet is incorrect as this is an internal system so you wouldn't find information on external suppliers on here (be careful not to confuse intranet with internet). OJEU is also incorrect; this is the platform on which tender opportunities in the public sector are published- its not a list of suppliers.

### NEW QUESTION 40

Which of the following are recognised organisational culture types? Select THREE

- \* Power
- \* Role
- \* Person
- \* Knowledge
- \* Team

The correct answer is power, role and person. This is part of Hardyman's Cultural Types on p.169 (there are four- the other one is task). There's quite a few questions on this in the exam, so it's worth doing some additional research on this prior to the exam as the study guide doesn't provide much detail on this.

#### NEW QUESTION 41

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 value for money. 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 Achieving Value for Money;

#### NEW QUESTION 42

Intellectual Property Rights (IPR) include items such as copywrite and trademarks. A buyer is considering entering into a partnership with their supplier to create a new product which will be released in two years' time. Should IPR be included into a contract between partners?

- \* Yes- IPR should always remain with the buyer- this will protect those rights
- \* Yes- IPR is a valid concern for both parties but will survive the termination of the agreement
- \* No- a separate legal agreement should be created to cover IPR
- \* No- a contract is not necessary if it is a partnership.

The correct answer is Yes- IPR is a valid concern for both parties but will survive the termination of the agreement (p.112). See the section on Legal considerations; in chapter 2.4

#### NEW QUESTION 43

Barry is a procurement manager at Sea Biscuits, a company which manufactures biscuits in the shape of dolphins and starfish. He works in an office that orders stationary regularly for its 100 person workforce. Stationary is a low-spend category item and Barry often orders stationary from different suppliers based on which supplier can provide the item the cheapest at that point in time. According to the Kraljic matrix, what type of suppliers provides stationary to Barry?

- \* Leverage
- \* strategic
- \* routine
- \* Bottleneck

Stationary is a routine item; it is ordered often (as Barry uses different suppliers), it is a low category spend, and low risk to the business' operations (a late delivery of pens isn't going to stop the company making its biscuits). There are lots of questions on Kraljic in the exam; do revise this topic and ensure you understand each of the four quadrants of the matrix (see p.20)

#### NEW QUESTION 44

Which of the following are considered 'wastes'; which can be removed from a business? Select THREE.

- \* Over-processing
- \* Stockout
- \* Equity
- \* Transportation
- \* Inventory

The seven wastes (as defined by Taiichi Ohno) can be remembered as Tim Wood; transportation, inventory, motion, waiting, over-processing, over-production, defects. Some people add an S onto the end of Tim Wood to make Tim Woods (the s is for skills). In some modules of CIPS, they refer to 8 wastes and include skills, but in M6 they've only put the 7 on p.70.

#### NEW QUESTION 45

Tim manages the procurement department at a large retailer. He wants to ensure that his team are achieving value for money in their procurement activities. Which of the following should Tim set up?

- \* ITT
- \* Audit
- \* Framework
- \* Contract

Tim should do an audit. P.71 of the textbook says 'to ensure that a procurement department is achieving value for money, an audit should be undertaken';

#### NEW QUESTION 46

In a monopoly market, which of the following statements is true?

- \* bargaining power of suppliers is strong
- \* bargaining power of buyers is strong
- \* There is strong rivalry
- \* There is a threat of new entrants

In a monopoly there is only one supplier- therefore their power is strong. Buyers in this market are price takers and their power is weak. There is generally a strong barrier to entry into a monopoly market so the threat of new entrants is low. There is no rivalry. There are many questions in the exam on Porter's 5 Forces; see p. 39

#### NEW QUESTION 47

Which of the following are NOT one of the four key principles of procurement in the EU?

- \* Transparency
- \* Value for Money
- \* Non-Discrimination
- \* Proportionality

Value for money is not a principle of EU procurement. The four key principles are; transparency, non-discrimination, proportionality and equality of treatment. The principles are basically about ensuring the procurement process is fair. See p.75

#### NEW QUESTION 48

Red Manufacturing work with around 40 different suppliers. One of these suppliers is Blue Business. Red Manufacturing order regularly from Blue Business, and have never had any issues with their performance. The materials Blue Business supply are of low value and there are several other suppliers of these materials in the market. What type of relationship should Red Manufacturing seek to have with Blue Manufacturing?

- \* partnership

- \* single-source
- \* arms-length
- \* adversarial

The correct answer is 'arms length'. This is a tactical purchase (as it is low value) and keeping the supplier at arms-length means that Red Manufacturing could possibly exploit them to reduce their prices (think back to the Kraljic matrix and where Blue Business would likely fall). A Partnership or Single- Source relationship requires investment into the relationship, and as the products are low value and Red Manufacturing have a lot of other suppliers, they should not be investing time in developing that relationship with Blue Business. An adversarial relationship wouldn't be advantageous as it may lower the performance of the supplier. See the relationship spectrum on p.5; this is a hot topic for the exam

#### NEW QUESTION 49

Victoria runs a hotel and has recently had several security issues such as attempted robberies. She has decided that she needs to hire a security firm to ensure these issues don't continue. She has done some research and has found there are several local security firms who may be able to provide services to her hotel. However, she hasn't decided exactly what she would require the security firm to do. What should be Victoria's next steps?

- \* Issue a Request for Proposal
- \* Issue an Invitation to Tender
- \* Issue a Request for Quotation
- \* Issue a Prior Information Notice

Victoria should use a 'request for proposal'; this allows the security firms to submit ideas on how best to serve the hotel. They might come up with some ideas that Victoria hasn't thought about and can price against their own ideas. As Victoria doesn't have a concrete specification, an ITT or RFQ are not appropriate. A PIN tells suppliers that a tender opportunity is coming up and is used in the Public Sector. A hotel is not a Public Sector organisation. See p.76 for more information on when to issue a Request for Proposal

#### NEW QUESTION 50

A company has just hired a new cleaning firm to clean their offices. The specification for the clean was detailed in an appendix in the contract and included a list of pre-approved products that the cleaning firm should use. The cleaners that were sent to site had not read the contract and therefore did not use the appropriate products. What is the reason for the failure of this?

- \* Poor communication
- \* Miscommunication
- \* Distortion of the facts
- \* Communication overload

This is an example of poor-communication. The information was not passed from the person who signed the contract to the staff on site who were to do the cleaning. See p.158 on communication issues.

#### NEW QUESTION 51

Togo Bongos is a manufacturer of percussion instruments, in particular of bongo drums. It requires electricity to run its factories and this is a major factor of cost impact. There are lots of suppliers of electricity in the market and there is no switching costs if Togo Bongos wanted to switch suppliers. What type of supplier is Togo Bongo's electricity supplier?

- \* strategic
- \* leverage
- \* routine
- \* bottleneck

This is a leverage supplier on the Kraljic Matrix; high cost impact and low risk impact. The diagram on p.20 gives the example of utility services such as electricity as a common leverage supplier. There are lots of questions on Kraljic in the exam; do revise this topic and ensure you understand each of the four quadrants of the matrix

### NEW QUESTION 52

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.

### NEW QUESTION 53

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).

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