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Free PDF Quiz 2026 CIPS L5M7: First-grade Achieving Competitive Advantage Through the Supply Chain (L5M7) Hot Spot Questions

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CIPS L5M7 Exam Syllabus Topics:

Topic	Details

Topic 1	<ul style="list-style-type: none"> • Understand Improvement Methodologies that Can Be Used in Supply Chains: This section of the exam measures the skills of Procurement Managers and focuses on the tools and methodologies used to enhance supply chain performance and efficiency. It highlights the principles of total quality management (TQM), including quality assurance and inspection, and their role in ensuring product and process consistency. Candidates must understand how to use statistical methods such as KPIs, data analysis, and Six Sigma to drive continuous improvement. The section also explores lean thinking, agile processes, Just-in-Time (JIT) systems, and the 5S methodology as frameworks for optimizing operations. Furthermore, it covers the application of business process re-engineering (BPR) and benchmarking to evaluate and redesign supply processes for better performance and competitiveness.
Topic 2	<ul style="list-style-type: none"> • Understand Measures Required to Achieve Competitive Advantage in Supply Chains: This section of the exam measures the skills of Strategic Sourcing Specialists and focuses on achieving and maintaining competitive advantage through strategic supply chain practices. It assesses knowledge of how organizations can leverage cost leadership or differentiation strategies to outperform competitors. Candidates are expected to understand pricing mechanisms such as fixed and variable pricing, open book costing, and risk • reward arrangements that drive efficiency and transparency. The section also includes cost reduction techniques like supplier rationalization, value analysis, and negotiation strategies that enhance profitability. Finally, it examines collaborative approaches such as partnership sourcing, building supplier trust, and managing relationship life cycles to ensure long-term strategic advantages within the supply chain.
Topic 3	<ul style="list-style-type: none"> • Understand the Dynamics of Supply Chains: This section of the exam measures the skills of Supply Chain Analysts and covers the foundational understanding of how supply chains operate, interact, and add value to organizations. It examines the differences between supply chains, supply networks, and supply chain management while exploring the concept of supplier tiering and network sourcing. Candidates are expected to understand how effective supply chain management improves quality, reduces costs and lead times, and fosters innovation while mitigating risks. Additionally, this section emphasizes the connection between an organizational infrastructure, culture, and process management in achieving efficient supply chains. It also compares various improvement approaches, including collaborative and competitive models, outsourcing, offshoring, and global procurement.

CIPS Achieving Competitive Advantage Through the Supply Chain (L5M7) Sample Questions (Q81-Q86):

NEW QUESTION # 81

Which of the following is an example of a closed-loop supply chain?

- A. The sale of second-hand cars at a retail outlet
- B. The extraction of diamonds from a mine sold to a jewellery manufacturer
- C. A farm supplying milk to a dairy manufacturer
- **D. A retailer which accepts old phones to be given back to the manufacturer**

Answer: D

Explanation:

A closed-loop supply chain returns used products to the chain for reuse/recycling/remanufacture. Short extract: "closed loop - products/materials re-enter the supply chain." (L5M7 Study Guide, pp.5-7) Reference: L5M7 Study Guide, pp.5-7.

NEW QUESTION # 82

Which of the following is an example of exceeding customers' expectations? Select TWO.

- A. A customer orders an item online and it is delivered on the expected day
- **B. Providing a free gift when a purchase is made**
- **C. The price is lower than the customer expected to pay**
- D. Providing the item desired in a different colour

Answer: B,C

Explanation:

Meeting expectations (B) is not exceeding them. Exceeding is demonstrated by unexpected extra values such as lower-than-expected price or a free add-on. Short extract: "exceeding expectations-delighting customers with additional/unexpected value." (L5M7 Study Guide, p.121) Reference:L5M7 Study Guide, p.121.

NEW QUESTION # 83

Jerry works in product development at a clothing manufacturer. The company is discussing ways of adding value for customers. Jerry suggests reducing prices could be a form of added value. Is he correct?

- A. No - as the customer is not offered anything additional to their purchase.
- B. No - added value is only a form of innovation.
- **C. Yes - this is a form of added value but requires the ability of the supply chain to reduce costs.**
- D. Yes - this will increase the company's profit margin.

Answer: C

Explanation:

Added Value arises whenever the customer perceives extra benefit. Lowering prices can add value if the supply chain reduces costs to support it sustainably.

Short cited term: "price reduction is a form of added value if supported by cost efficiencies." (L5M7 Study Guide, p. 35)

Reference:CIPS L5M7 Study Guide, p. 35.

NEW QUESTION # 84

Which of the following relationship styles has the least amount of trust?

- A. Closer Tactical
- **B. Transactional**
- C. Partnership
- D. Outsourced

Answer: B

Explanation:

The relationship spectrum shows that transactional relationships are the least trust-based, focusing on short-term exchanges with minimal collaboration.

Short cited extract: "Transactional - low trust, short-term, low collaboration." (L5M7 Study Guide, p.80) Reference:CIPS L5M7 Study Guide, p.80.

NEW QUESTION # 85

Which type of relationship seeks greater commitment and preferential treatment through exclusivity?

- A. Adversarial
- B. Outsourcing
- C. Partnership
- **D. Single-sourcing**

Answer: D

Explanation:

Single-sourcing builds exclusive, strategic relationships with one supplier to secure priority service and joint improvement opportunities.

Short cited extract: "Single-sourcing - exclusivity to gain stronger commitment and collaboration." (L5M7 Study Guide, p. 81)

Reference:CIPS L5M7 Study Guide, p. 81.

NEW QUESTION # 86

