Get Latest CIPS L4M1 Exam Dumps [2026]

CIPS L4M1 -2025/2026 Q&A TEST LATEST VERIFIED GRADED A+

What should always be considered when making a purchase - The 5 rights of procurement and supply:

Right Price - not the cheapest but the most value for money

Right Time - Available to sample and available to purchase at right time

Right Place - Relatively close to view/sample/order or deliver in time

Right Quality - To arrive and functions as expected (Iso 9001)

Right Quantity - Enough to be available to and satisfy the customer (Just in time & Kanban

What is added value - Addition to a feature or capability for which the buyer is willing to pay extra

What are the three types of stock procurements - Raw materials, components, and finished goods

What are raw materials - A type of stock procurement, Raw materials: are extracted from their natural source by the primary sector. i.e. iron ore

What are components - A type of stock procurement, Components: Are manufactured in the secondary sector from raw materials and are used to create finished goods. i.e. nuts and bolts

What are finished goods? - A type of stock procurement.Finished goods: Stocked by retail store to sell to consumers , i.e. washing machine

How should stock procurements be managed? - Stock Procuments needs to managed well to keep inventory cost effective, if not can lead to problems. Effective stock control can save money as JCB found when they implemented new software to manager their inventory

What are Non-stock procurements - Commercial services that help run an organisation and are not listed as inventory. i.e. wifi, telephone service and insurance.

Just as important to get good value

P.S. Free & New L4M1 dumps are available on Google Drive shared by PDF4Test: https://drive.google.com/open?id=1BjZ79X6__n7DpMHPTZoyX7Fqm-ebHdqx

No matter you are exam candidates of high caliber or newbies, our L4M1 exam quiz will be your propulsion to gain the best results with least time and reasonable money. Not only because the outstanding content of L4M1 real dumps that produced by our professional expert but also for the reason that we have excellent vocational moral to improve our L4M1 Learning Materials quality. We would like to create a better future with you hand in hand, and heart with heart.

CIPS L4M1 Exam Syllabus Topics:

Topic	Details
Topic 1	• Procedures, strategies, manuals, and internal function involvement.
Topic 2	• Understand and analyse the added value through procurement and supply chain management: This section of the exam measures skills of supply chain managers related to identifying added value outcomes in procurement and supply and evaluating cost savings, service improvements, and innovationsu contributions.It also measures procurement and supply processes that contribute to added value.
Topic 3	• Understand and analyse the need for compliance: This section measures skills of compliance officers and sector-specific procurement managers in understanding different economic and industrial sectors such as

Topic 4	• Public, private, charity, not-for-profit, manufacturing, retail, construction, financial, agriculture, and service sectors. It also covers analyzing the impact of the public sector on procurement and supply chain activities public sector objectives, regulations, competition, accountability, and value for money. It finally covers the impact of the private sector on procurement or supply chain activities.

Pass Guaranteed Quiz Latest L4M1 - Scope and Influence of Procurement and Supply Exam Collection Pdf

In modern society, you cannot support yourself if you stop learning. That means you must work hard to learn useful knowledge in order to survive especially in your daily work. Our L4M1 learning questions are filled with useful knowledge, which will broaden your horizons and update your skills. Lack of the knowledge cannot help you accomplish the tasks efficiently. But our L4M1 Exam Questions can help you solve all of these probelms. And our L4M1 study guide can be your work assistant.

CIPS Scope and Influence of Procurement and Supply Sample Questions (Q45-Q50):

NEW QUESTION # 45
Explain how the new procurement department can use the CIPS Procurement Cycle to influence the spend on raw materials, deliver cost reductions and enable other value benefits.
(25 marks)

Answer:

Explanation:
See the solution in Explanation part below.
Explanation:
Electronica Manufacturing
Jane Henderson has been brought in to set up and lead a new procurement department at Electronica Manufacturing. It manufactures a range of electronic products, components and sub-assemblies for clients in the Information technology sector.
Jane has carried out an initial analysis of procurement practices and has discovered that the company has never focused on how procurement tools and techniques can be used to reduce costs. She is also keen to improve procurement added value, increase quality and increase end-user satisfaction.
Jane wishes to introduce a more robust approach to procurement and is considering implementing new processes and procedures in the procurement of raw materials and sub-assemblies.
Using the CIPS Procurement Cycle to Influence Spend on Raw Materials, Deliver Cost Reductions, and Enable Value Benefits
Electronica Manufacturing has historically not focused on procurement's role in cost reduction or added value. By implementing the CIPS Procurement Cycle, Jane Henderson can establish a structured and strategic procurement process to optimize spend on raw materials, achieve cost reductions, and generate other value benefits. Below is a detailed analysis of how each stage of the CIPS Procurement Cycle can support these goals:
1. Understanding Needs and Developing Specifications
* How it Helps:
* Jane must assess raw material requirements based on product designs, production needs, and customer expectations.
* Avoiding over-specification ensures that materials are fit for purpose rather than unnecessarily costly.
* Impact on Electronica Manufacturing:
* Prevents unnecessary spending on premium materials that don't add value.
* Ensures cost-effective sourcing without compromising quality.
2. Market Analysis and Supplier Identification
* How it Helps:
* Conducting supplier market research helps identify competitive suppliers offering better pricing and quality.
* Analyzing market trends (e.g., commodity price fluctuations) allows for timely purchasing to mitigate cost increases.
* Impact on Electronica Manufacturing:
* Reduces costs by sourcing from cost-effective and reliable suppliers.

* Identifies potential new suppliers that offer better value and innovation.
3. Developing a Sourcing Strategy
* How it Helps:
* Jane can implement strategic sourcing, using techniques like long-term contracts, supplier partnerships, and competitive bidding.
* A well-defined strategy ensures that procurement aligns with business goals.
* Impact on Electronica Manufacturing:
* Reduces supply chain risks by diversifying suppliers.
* Maximizes cost savings through bulk purchasing and supplier negotiations.
4. Supplier Evaluation and Selection
* How it Helps:
* A structured evaluation process ensures selection based on cost, quality, reliability, and sustainability.
* Supplier benchmarking and total cost analysis ensure best-value sourcing.
* Impact on Electronica Manufacturing:
* Reduces waste and costs by selecting suppliers that provide consistent quality.
* Helps mitigate supply chain risks, ensuring reliable raw material availability.
5. Contract Management and Negotiation
* How it Helps:
* Jane can introduce structured contracts with cost-control mechanisms, such as fixed pricing, volume discounts, and service-level agreements (SLAs).
* Contract negotiation can lock in competitive pricing and ensure supplier accountability.
* Impact on Electronica Manufacturing:
* Improves cost predictability and budget control.
* Strengthens supplier relationships, leading to better terms and cost efficiencies.
6. Purchase Order Processing and Expediting
* How it Helps:
* Implementing an efficient purchase order (PO) system reduces administrative inefficiencies and speeds up raw material procurement.
* Use of automated procurement systems (e.g., ERP systems) ensures cost-effective order processing.
* Impact on Electronica Manufacturing:
* Reduces administrative overheads and human errors.
* Ensures faster lead times and better inventory control, reducing stock shortages and excess inventory costs.
7. Supplier Relationship Management (SRM)
* How it Helps:
* Establishing collaborative relationships with key suppliers can drive joint cost-saving initiatives.
* Long-term supplier partnerships can lead to better pricing, innovation, and risk-sharing.
* Impact on Electronica Manufacturing:
* Reduces costs through supplier-led efficiency improvements.
* Encourages supplier innovation, leading to better materials and higher-quality products.
8. Performance Review and Supplier Development
* How it Helps:
* Regular supplier performance reviews ensure that quality, cost, and delivery expectations are met.
* Supplier development programs can help underperforming suppliers improve efficiency, reducing procurement risks.
* Impact on Electronica Manufacturing:
* Improves product quality and consistency, reducing defects and waste-related costs.
* Enhances supplier accountability, leading to more cost-effective procurement.
9. Risk Management and Compliance
* How it Helps:
* Jane can introduce risk management strategies such as dual sourcing, inventory buffers, and price hedging to mitigate supply chain disruptions.
* Ensuring compliance with ethical, legal, and sustainability standards reduces long-term operational risks.
* Impact on Electronica Manufacturing:
* Reduces financial and operational risks, improving business continuity.
* Strengthens brand reputation by ensuring ethical sourcing.
10. Procurement and Supply Strategy Review
* How it Helps:
* Continuous evaluation of procurement strategies ensures alignment with changing market conditions and company goals.
* Data-driven decision-making through spend analysis and procurement reporting allows for ongoing cost optimizations.
* Impact on Electronica Manufacturing:
* Enhances procurement efficiency and sustains cost reductions.
* Ensures procurement remains a value-adding function rather than a cost center.
Conclusion

By applying the CIPS Procurement Cycle, Jane Henderson can transform Electronica Manufacturing's procurement function from an ad-hoc, cost-inefficient process into a strategic, value-driven function.
This structured approach will enable smarter spending on raw materials, continuous cost reductions, and broader business benefits, such as improved quality, efficiency, and stakeholder satisfaction.
Implementing procurement best practices will not only reduce costs but also drive long-term business sustainability and competitive advantage.

NEW QUESTION # 46
Explain, with examples, the advantages of a Procurement Department using electronic systems (25 marks)

Answer:

Explanation:
See the solution inExplanation partbelow.
Explanation:
- Mention of some of the following benefits with at least one example provided against each; cost savings, time savings, more efficient, higher levels of transparency, easier to access historical records to inform upon decision making, mitigates risks such as fraudulent spending, easier to track spend against budgets, ensures compliance with regulations, provides 'real-time' information, paperless communications (so more environmentally friendly), assists in Supply Chain Management and integration with supply partners.
- I'd suggest 5 is a good amount to aim for
Example Essay
Procurement stands to gain numerous benefits from the adoption of electronic systems. These electronic tools and systems bring efficiency, accuracy, transparency, and cost-effectiveness to the procurement process. Here are several compelling reasons why procurement should leverage electronic systems:
Cost savings - the use of electronic tools saves organisations money. Although there is an initial cost outlay, over time the systems will save the organisation money. For example the use of e-procurement tools can save money by accessing a wider pool of suppliers. For example, when using an e-sourcing portal, a tender may reach a larger number of suppliers- this makes the tender more competitive thus driving down prices.
Compared to traditional methods such as phoning suppliers for prices, the use of electronic portals encourages suppliers to 'sharpen their pencils' and provide the best prices in order to win work. Money is also saved as communication is digital (so there is no costs for paper and postage).
Time savings - electronic tools automate a lot of processes which saves time. An example of this is e-requisitioning tools where orders can be placed automatically by a piece oftechnology when quantities of a material reach a certain level. For example, in a cake manufacturing organisation they may use an MRP system which calculates how many eggs are required per day. The machine knows that when the company only have 50 eggs left, a new order needs to be issued to the supplier. The MRP system (e-requisitioning system) therefore saves time as the Procurement department doesn't have to manually pick up the phone to place the order with the supplier- it is done automatically.
Access to higher levels of information - e-Procurement gives you centralised access to all your data. You can access the system to look at historical purchases with ease compared to having to dig through folders and filing cabinets. For example, an electronic PO system will hold details of all historical POs, this means if someone has a question about a PO that was raised 4 months ago, finding the information is much easier and quicker. Some systems may also be able to provide analytical data such as changes to spend over time, or which suppliers a buyer spends the most money with. This higher level of information can help inform upon future decision making. For example, if the organisation wishes to consolidate its supplier base it would look through historical data provided by the electronic system to find out which suppliers are used the least and remove these from the 'pre-approved supplier list'. This level of data might not be available in manual systems.
Better budget tracking - using electronic systems allows for real-time information to be collected which allows Procurement Managers to see where spend is compared to forecasts and budgets. An example of this is in the use of Pre-Payment Cards - rather than giving staff members petty cash to make transactions and having to chase this up and collect receipts and change, a pre-payment card usually comes with an online portal where a manager can see what has been purchased and the remaining budget on that card for the month. A manager may be able to see for example that a member of staff has spend £300 of their allotted £500 monthly allowance.
Higher levels of transparency and control - using E-procurement tools allows an organisation to track who is ordering what. For example, an e-requisitioning tool may allow Procurement Assistants to make purchases up to £500 but set an automatic escalation if they try to buy something of higher value. This allows for Management to have greater levels of visibility and more control over spending. Another example of transparency and control is in the use of e-sourcing tools to run a competitive tender exercise. All communication between the buyer and suppliers is tracked on the system and award letters can be sent via the system too. This reduces the risk of information being lost.
Environmental benefits- the use of e-procurement tools means that there is less paperwork involved. For example, rather than creating a physical PO which needs to be signed by a manager, an electronic system can allow a manager to sign-off the purchase by

clicking a button. This means there is no requirement for the document to be printed. This saves paper and thus has a positive on the environment. Using electronic systems may help an organisation achieve their environmental targets.
In conclusion there are numerous benefits for procurement to adopt e-procurement tools. Depending on the sector and requirements of each individualised company, some advantages may be more pertinent than others, but it is undeniable that technology is helping to shape the industry into a value adding function of organisations.
Tutor Notes
- With an essay like this you could use subheadings and number the advantages if you like. It's a good idea to do one advantage per paragraph and using formatting really helps the examiner to read your essay.
- study guide p.108

NEW QUESTION # 47
Discuss 3 areas of regulation relating to competition that a procurement professional should be aware of (25 points)

Answer:

Explanation:
See the solution inExplanation partbelow.
Explanation:
How to approach this question
- This question is very vague. Sometimes CIPS do this. It allows for you to be a bit more free in your response, but can also be quite stressful because you don't 100% know what they're after.
- For this question we're looking at competitions, so full tenders where lots of suppliers are invited to bid for an opportunity. This means the type of things we could be discussing include; IP, cartels, merger controls and monopolies.
Example Essay
Procurement professionals operate within a legal framework that regulates competition, aiming to ensure fair business practices and prevent anti-competitive behaviour. Three critical areas of regulation related to competition that procurement professionals should be aware of include intellectual property, cartels, and merger controls.
Intellectual Property (IP):
Intellectual property encompasses creations of the mind, such as inventions, designs, and brand names, protected by law. In the context of procurement, understanding intellectual property is essential when dealing with suppliers' products, technologies, or services that may involve intellectual property rights.
Procurement professionals must be aware of the intellectual property rights associated with the goods or services they are procuring. This includes respecting patents, trademarks, copyrights, and trade secrets owned by suppliers. Due diligence is crucial to ensure that the products or services being procured do not infringe on the intellectual property rights of others, requiring verification of legal ownership and legitimacy. An example of something procurement should look out for include ensuring goods are authentic and not counterfeit.
Cartels:
Cartels involve agreements between competitors to control prices, manipulate markets, or restrict competition.
For procurement professionals, it is imperative to be vigilant and avoid engaging in or unintentionally supporting cartel activities. Procurement professionals should refrain from participating in anti-competitive behaviour, such as bid-rigging or price-fixing, which are common cartel activities. This involves not colluding with suppliers or competitors to manipulate procurement processes. Maintaining open and fair competition is essential, ensuring that procurement processes remain transparent, competitive, and free from attempts to distort market dynamics, thereby preventing the formation of cartels and promoting a level playing field.
One notable example involved the construction industry in the UK. In 2019, the Competition and Markets Authority (CMA) fined three major suppliers to the construction industry for participating in a cartel. The companies, which supplied concrete drainage products, were found to have coordinated their behaviour to share markets, fix prices, and rig bids.The investigation revealed that these companies had breached competition law by engaging in anti-competitive practices that limited competition and negatively impacted customers. The fines imposed were part of the CMA's efforts to deter and penalize such cartel behaviour, emphasizing the importance of fair competition in procurement. The Directors of the companies have also been banned from undertaking the role of Director of any company for 12 years.
Merger Controls:
Merger controls are regulations overseeing the consolidation of companies, mergers, and acquisitions to prevent monopolistic practices and protect fair competition. Procurement professionals need to be aware of these regulations, especially when dealing with suppliers undergoing mergers or acquisitions.
Staying informed about mergers and acquisitions within the supplier base is crucial. If a key supplier undergoes such changes, it may impact the stability of the supply chain or alter market dynamics. Procurement professionals need to be aware of potential changes in supplier relationships, pricing structures, or product/service availability resulting from mergers. Engaging in proactive risk management and contingency planning is necessary to mitigate any negative impacts on procurement operations.
Mergers are actively watched in the UK by the Competition and Markets Authority, and where rules are broken, the CMA can

intervene and even prevent mergers from happening. A notable example of this was the attempted merger between JD Sports and Footasylum - the companies were fined millions of pounds for exchanging information and attempting to collude and distort the marketplace.
In conclusion, procurement professionals play a crucial role in navigating these regulatory landscapes effectively. Understanding intellectual property, avoiding cartel activities, and staying informed about merger controls contribute to fostering fair and transparent competition within the marketplace.
Tutor Notes
- The construction example of a cartel can be found here Supply of precast concrete drainage products: civil investigation - GOV.UK (www.gov.uk) but feel free to use your own!
- The JD/ Footasylum one is here: JD Sports and Footasylum fined £4.7m for competition breach - BBC News. Basically, the CMA got involved because the two firms were sharing private information and having secret meetings, with the intention that they could combine. The CMA thought it was super dodgy and that it would distort the trainer / footwear market in the UK so they fined the companies and told them to stop it.
- The study guide is a bit light on this topic, so I would do a bit of extra research and have an example in your back pocket for if you need it. P. 142 If you want an example of IP issues- Shein is a great company to look at- 'They took my world': fashion giant Shein accused of art theft | Art and design | The Guardian

NEW QUESTION # 48
Explain what is meant by the term Inventory Management System? Describe MRP and ERP systems explaining when they are used and the advantages and disadvantages of using them (25 points)

Answer:

Explanation:
See the solution in Explanation part below.
Explanation:
How to approach this question:
- Definition of Inventory Management System - a system, usually a piece of digital software, that helps an organisation manage their inventory. It oversees the process of ordering stock, receiving it, storing it and converting it into finished goods. Used predominantly in manufacturing organisations. MRP and ERP are types of IMS.
- MRP - Material Requirements Planning- this is a planning, scheduling, and inventory control system used to manage manufacturing processes. Most MRP systems are software-based. The aim is to automate and improve the efficiency of ordering and processing raw materials.
- ERP - Enterprise Resource Planning - this system uses MRP but also includes other operations such as finance, so allows for budgeting and forecasting, and customer relations. ERP gives an organisation a more holistic overview compared to MRP which just focuses on manufacturing.
- When they are used - predominantly in the manufacturing industry for the ordering of goods. Not used for services. Used when there is a lot of maths involved in figuring out how much of something to order and when e.g. a chocolate manufacturer who needs to produce 50,000 chocolate bars a day. MRP / ERP helps the organisation know what to order, how much and when. It helps achieve the 5 Rights of Procurement.
- Advantages - the advantages of MRP and ERP are very similar and in most cases the same: more accurate than manual processes, quicker response times, automated process frees up people to complete more added value tasks, flexibility, has real time information to inform on decision making, improved responsiveness to customers, improved supply chain management, reduction in costs.
- Disadvantages - expensive, complicated, can break down or be hacked (as they're digital systems), only as good as the information put into them. training required to use.
Example Essay:
IMS
An Inventory Management System (IMS) is a software application or set of tools designed to oversee and optimize the management of a company's inventory. The primary goal of an inventory management system is to maintain an accurate record of stock levels, streamline the procurement process, and ensure efficient order fulfilment. This system plays a crucial role in supporting businesses by helping them avoid stockouts, reduce excess inventory, and enhance overall supply chain efficiency.
Inventory Management Systems have the following functions: demand management (which assists with forecasting, and helps the avoidance of overstocking), helps to control stock levels (by stating minimum and maximum levels), replenishment of stock in line with policies, allows automatic reordering when stock levels get low, tracks stock movements (e.g. around a warehouse), allows communication with suppliers and end users, and helps increase safety by ensuring stock isn't damaged or deteriorating.
MRP
MRP stands for Material Requirements Planning, and it is a computer-based inventory management and production planning system used by businesses to optimize the management of materials, components, and finished products in the manufacturing process. MRP is a key component of Enterprise Resource Planning (ERP) systems, focusing specifically on the planning and control of materials and production resources.

MRP systems uses 3 main modules: 1. Master Production Schedule- information on customer orders, forecast orders, customer requirements and stock orders 2. Bill of Materials - the recipe / breakdown of components of the finished product and 3. Inventory Status File - tells you the current stock levels.
How MRP works- For example, a customer wants to order a new sofa. 1. input the customer order into MRP
2. Check finished stock and if there's a sofa, give the customer that sofa. If there isn't a sofa in stock, the MRP system will look at the Bill of Materials- looking at individual materials needed to make the sofa and will order these, factoring in lead times 3. confirm to customer what the lead time is on getting their new sofa, based on delivery time of materials and time to make it.
MRP is a simple system - it doesn't take into account other business processes and can go wrong due to inaccurate or outdated information.
Advantages of the MRP process include the assurance that materials and components will be available when needed, minimised inventory levels, reduced customer lead times, optimised inventory management, and improved overall customer satisfaction.
Disadvantages to the MRP process include a heavy reliance on input data accuracy (garbage in, garbage out), the high cost to implement, and a lack of flexibility when it comes to the production schedule.
ERP
This is business management software which is used to collect, store, manage, and interpret data from many business activities. It uses MRP but also includes other operations such as finance, HR and customer services.
Therefore it's more powerful than MRP. Where MRP can tell you how much of something to order and what the lead times are, ERP can also consider how many staff are available each day (by looking at holidays and sickness) and factor this into the manufacturing process. It can also produce accurate financial data, manage customer and supplier relationships.
ERP facilitates information flow between all business functions and manages connections to outside stakeholders. SAP and Oracle are examples of ERP systems. There is also ERP II - this extends the system to include links with suppliers and supply chain stakeholders One of the primary advantages of implementing an ERP system is the integration of information across various departments. By providing a unified view of an organization's operations, an ERP system ensures that different functions work with synchronized and consistent data, fostering improved decision-making and collaboration.
Operational efficiency is another significant benefit of ERP systems. Through the automation of routine tasks and streamlined processes, organizations can achieve greater efficiency, reduce manual errors, and enhance overall productivity.
However, one of the primary disadvantages is the high initial implementation costs. Organizations must invest in software licenses, training programs, and customization to align the ERP system with their specific needs.
The complexity of ERP systems and potential customization challenges can pose difficulties, requiring expertise and resources for successful implementation.
Resistance to change among employees is a common hurdle when introducing ERP systems. Employees may be hesitant to adopt new processes and technologies, leading to a slower transition period and potential inefficiencies during the learning curve.
Organizations also become dependent on ERP vendors for updates, support, and maintenance, and switching vendors can be disruptive and costly.
In conclusion, while MRP and ERP systems offer numerous advantages in terms of operational efficiency, data integration, and strategic planning, organizations must carefully weigh these benefits against the associated challenges. A well-planned and effectively implemented system can contribute significantly to an organization's success, but the decision to adopt such a system should be approached with a thorough understanding of both its advantages and potential drawbacks.
Tutor Notes
- This is a really hard topic if you don't have a manufacturing background. The way I think about it is this- imagine you're Cadbury's and you're coming up to Easter. How much sugar do you need to buy and when do you need to buy it in order to make all your Easter Eggs? Hard question right? Well MRP / ERP is the clever software that figures that all out for you. It will tell you how much sugar needs to be bought on what day, in order for the delivery time to be right for manufacturing. It will consider storage costs and how quickly Easter Eggs get made in the factory. It's honestly so clever. Feel free to use that example in your essay. Examples like that show the examiner you understand the topic.
- Although they're fabulous systems, using MRP and ERP systems doesn't guarantee success- at the end of the day they're just software- the key to success is in the accuracy of the data that's inputted into the systems and how the systems are used. That would make a strong conclusion.
- This is a good simple video that explains the topic: What is Materials Requirement Planning (MRP)?
(youtube.com) I also like watching How Its Made - a documentary series about factory life. You can find it on BBC Iplayer. If you don't have a manufacturing background it helps give context to some of these dry subjects like MRP and Just-in-Time manufacturing.
- LO 3.4 p. 175

NEW QUESTION # 49
Describe the main characteristics of, and differences between, procuring goods, services and construction works (25 points)

Answer:

Explanation:
See the solution inExplanation partbelow.
Explanation:
- there are a lot of components to this question so I would take a good 5 minutes to write out some bullet points on the characteristics of each one, and on some differences. Then from your notes make this into an essay. The mark scheme isn't 100% clear on how many characteristics and differences you need to name, so try and keep an equal split between the two areas. You would probably need 2-3 characteristics of each, and 3 differences for a good score.
- Characteristics of goods: tangible, homogeneous, items tend not to perish quickly, can be stored
- Characteristics of services: intangible, heterogenous, inseparable (produced and consumed at the same time), no transfer of ownership, perish upon use (i.e. cannot be stored)
- Characteristics of construction work: project-based procurement, includes procuring both goods and services, complex procurement which has its own set of regulations (CDM2015).
- Differences between these
1) goods are not usually outsourced and services can be.
2) Complexity of the supply chain (goods and construction may have a complex supply chains, but service contracts usually only involve 2 parties).
3) Timescales - construction work has a designated timescale but procurement of goods could be a one off or long-term contract, services is usually a long-term contract.
Example Essay
Introduction:
Procurement is a multifaceted field, and understanding the nuances between procuring goods, services, and construction works is pivotal for effective management. This essay explores the main characteristics that differentiate these categories.
Tangible / Intangible:
Goods are tangible items that can be physically seen and touched. For instance, raw materials like wheat and sugar in a manufacturing organization are tangible goods. On the other hand, services are intangible-though the results can be observed, the service itself cannot be touched. An example is a cleaning contract for a factory; while the effects of the cleaning are visible, the service itself remains intangible. Construction is usually a mixture of tangible and intangible procurement; the tangible is the construction materials such as bricks and windows, and the intangible aspect is the labour to complete the project.
Heterogeneous / Homogeneous:
Goods are generally homogeneous, meaning they are always the same. For example, steel purchased for manufacturing purposes will always be the same. In contrast, services areheterogeneous, varying each time they are rendered. Customer service, for instance, is inherently different each time due to the dynamic nature of customer interactions. Construction could be either heterogeneous or homogeneous depending on the project - is it a one off unique building, or is it a large housing estate of same-build properties?
Transfer of Ownership:
When goods are procured, there is a transfer of ownership. The product becomes the property of the buyer upon delivery and payment. In contrast, services do not involve a transfer of ownership as there is no physical entity to transfer. In construction the transfer of ownership is extremely complex and varies depending on the project. Usually the buyer will retain ownership of the land throughout the project, but on some occasions the construction company may take ownership for insurance purposes.
Storable (Separable/ Inseparable):
Goods are storable, allowing for purchase on one day and use on another. For example a factory can buy in plastic to be used to manufacture toys and this is stored in inventory until the time comes to make the toys.
However, services are consumed at the point of purchase, making them inseparable. The service is bought and utilized simultaneously. Services cannot be stored. This is the same for construction.
Ability to Outsource:
Goods are rarely outsourced, as they are typically purchased directly from suppliers. Services, on the other hand, can be easily outsourced-examples include outsourcing finance, cleaning, or security services.
Construction works are commonly outsourced, with external companies hired to execute projects.
Complexity of the Supply Chain:
Service contracts often involve a simple two-party relationship between the buyer and the supplier. Goods and construction, however, may have complex supply chains. For example, procuring a pen involves a supply chain with various steps, including the raw material supplier, manufacturer, and possibly a wholesaler.
Construction works often feature a tiered supply chain with subcontractors playing crucial roles.
Construction as a Hybrid:
Construction procurement represents a hybrid, incorporating elements of both goods and services. It involves hiring a service, such as a bricklayer for laying bricks, while also procuring the tangible goods-bricks.
Separating goods from services in construction is challenging, as they are often intertwined, and both aspects are paid for simultaneously.
Conclusion:
In conclusion, distinguishing between the procurement of goods, services, and construction works is essential for effective supply chain management. The tangible or intangible nature, heterogeneity, transfer of ownership, storability, outsourcing potential, and supply chain complexities offer a comprehensive framework for understanding the unique characteristics of each category.

Recognizing these distinctions empowers organizations to tailor their procurement strategies to the specific challenges and dynamics associated with goods, services, and construction works.
Tutor Notes
- What a characteristic is can also be a difference. So for example you can say tangible is a characteristic of goods but tangibility is also the main difference between goods and services. So don't worry too much about which order to write stuff in, or doing clear sections for this type of essay. It all comes out in the wash.
- Other differences in procuring these include:
- Costs: procuring goods such as stationary for an office will be low-cost so may not require approval, but a service contract may require management sign off. Procuring construction projects tend to be huge sums of money
- Where the budget comes from: goods and services may be operational expenditure and construction works capital expenditure.
- The level of risk involved in the procurement: goods tends to be quite low risk and construction high risk.
- Types of contract involved: procuring goods may be very simple and just require a PO, services is more complex so may require a formal contract or Deed of Appointment. Construction projects will require a contract due to the high value and high risk of the purchase
- Legislation - Goods = Sale of Goods Act, Construction - CDM Regulations 2015. Construction is much more heavily regulated than services or goods. Note CDM regulations isn't part of CIPS. It's occasionally referenced in various modules but you don't have to really know what it is. Just know it's the main legislation governing the construction industry. Construction - Construction Design and Management Regulations 2015 (hse.gov.uk)
- Study guide LO 1.3.1 p. 40, but mainly p. 52 for services. NOTE the title of this learning outcome includes construction and it is hardly mentioned in the study guide. Most of the above information on construction comes from my own knowledge rather than the book.

NEW QUESTION # 50
.....

www.stes.tyc.edu.tw, www.stes.tyc.edu.tw, www.stes.tyc.edu.tw, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, myportal.utt.edu.tt, Disposable vapes

2026 Latest PDF4Test L4M1 PDF Dumps and L4M1 Exam Engine Free Share: https://drive.google.com/open?id=1BjZ79X6__n7DpMHPTZoyX7Fqm-ebHdqx