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CIPS L4M1 - Question & Answer Past exam questions latest 2023/2023

Q1. Outline FIVE differences between purchasing goods and purchasing services.
Answer - 1. Goods are tangible, services are intangible;
2. Services cannot be separated from their supplier;
3. Heterogeneity: goods are usually uniform in nature while services are unique at each delivery
4. Services 'perish' immediately on delivery whereas goods can be stored until required
5. Products are easier to specify, being tangible

Q2. Explain THREE circumstances in which a competitive tendering exercise might not be the best approach to making a purchase. Answer - 1. Urgency
2. Commercial confidentiality or national security (e.g. military organisations);
3. Value of the purchase;
4. Production costs cannot be measured accurately;
5. Price is not the only criterion for supplier selection and contract award
6. Intellectual Property Rights and monopoly

Q2. Describe TWO e-sourcing tools and their use in procurement and supply.
Answer - 1. E-Catalogues
2. E-Tendering
3. E- Auction
4. Reverse Auctions
5. Online supplier evaluation data

Q3. Explain the role of a shared services unit (SSU). Answer - SSUs reflect a desire to centralise and share services
The shared service provider becomes a dedicated provider of services such as; finance, HR, IT and procurement which continue to be provided internally
An SSU manages costs and quality SLAs to demonstrate value for money.
An SSU's benefits may be summarised as:

- cost effective internal service;
- liaison with its customers;
- anticipating future demand;
- employing resources and providing higher levels of service more cost effectively than if they were provided by a department or an external provider.

Q3. A manufacturer of electrically powered tools for the engineering industry consists of four separate business units, each of which undertakes its own purchasing activities.

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CIPS L4M1 Exam Syllabus Topics:

Topic	Details
Topic 1	• Understand and analyse the key steps when procuring goods or services: This section measures that skills of purchasing managers and procurement officers in identifying and evaluating stages in the sourcing process, planning, supplier selection, and contract management.
Topic 2	• Procedures, strategies, manuals, and internal function involvement.
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	Understand and analyse aspects of organisational infrastructure that shape the scope of procurement and supply chain functions: This section measures that skill of supply chain strategists and organizational analysts in understanding corporate governance, documented policies, accountability, and ethics. It also covers the impact of organisational policies and procedures on procurement and supply
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Quiz 2025 CIPS L4M1 – Trustable Test Duration

The Scope and Influence of Procurement and Supply (L4M1) Dumps PDF is the most convenient form of Scope and Influence of Procurement and Supply (L4M1) preparation material. It is a collection of actual CIPS L4M1 exam questions. So you will have real Scope and Influence of Procurement and Supply (L4M1) questions with accurate answers at your disposal in a L4M1 Dumps PDF document. These L4M1 PDF questions are also printable, so you can grab a hard copy if you have time to spare for a quick review.

CIPS Scope and Influence of Procurement and Supply Sample Questions (Q41-Q46):

NEW QUESTION # 41

Jan is a Contracts Manager at ABC Ltd and has recently awarded a contract to XYZ Ltd. Describe how she can manage the contract and supplier, detailing ways of monitoring performance and adding value for ABC Ltd (25 marks)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

How to approach this question:

- There are 4 sections to this essay, so before you start writing I'd make a couple of notes on each of the points. Then build those notes into separate paragraphs. Your notes may look like this:

How to manage the contract - ensuring contract is fit for purpose, holding XYZ to their responsibilities, ensuring ABC are also fulfilling their responsibilities, issuing contract variations if required, planning for contingencies.

- How to manage the supplier - ensure the right relationship is in place (transactional vs collaborative), communication - open and honest, ensure there is mutual trust and understanding of each other's goals/ objectives.

- Ways of monitoring performance - use KPIs / SLAs, Supplier Scorecard, Vendor Rating, feedback from customers

- How to add value for ABC - increasing efficiencies (e.g. less product defects), improved quality, assisting with Value Engineering exercises, reduction in time and costs (e.g. through improved processes such as ordering), the supplier delivers 'extras' for ABC such as training to staff at no additional cost.

- Ensure each paragraph refers to Jan, ABC and XYZ. The question doesn't state what the businesses are buying/ selling so you can use this as an opportunity to provide examples: 'if ABC are procuring raw materials from XYZ such as metal, an effective way to manage performance would include If they are procuring a service, it may be more beneficial to use methodology' Example Essay Jan, the Contracts Manager at ABC Ltd, plays a pivotal role in ensuring the success of the recently awarded contract with XYZ Ltd. Efficient contract and supplier management involves careful planning, communication, performance monitoring, and the continuous addition of value. Here's how Jan can navigate these aspects:

In terms of contract management, Jan must ensure that the terms and conditions of the contract are "fit for purpose," aligning with the specific needs and complexity of the procurement. For instance, a simple goods procurement may necessitate a concise document, while more intricate projects like engineering endeavors may require a detailed contract such as a JCT or NEC contract.

Additionally, Jan should vigilantly manage the contract during its lifespan, addressing any potential 'scope creep' that might necessitate amendments. If the contract lacks provisions for such changes, Jan may need to initiate the creation of a new contract to accommodate evolving needs. Clear delineation of responsibilities and contingencies is crucial in the contract to ensure accountability and preparedness for unforeseen circumstances. The inclusion of Key Performance Indicators (KPIs) and damage clauses, where appropriate, adds a layer of clarity and accountability to the contractual relationship. Planning for contingencies involves having backup strategies in place, especially considering potential challenges that may arise during the collaboration with XYZ Ltd. For example, having other suppliers she can call upon if XYZ fail to deliver on an order.

Turning to supplier management, Jan's role involves fostering a positive and productive relationship with XYZ Ltd. This includes regular meetings to discuss progress, achievements, and future plans. A mobilization meeting is particularly important to ensure a strong start to the contract. Subsequent monthly or quarterly meetings provide a platform to review performance retrospectively and plan for the future. Additionally, effective communication is paramount, with Jan ensuring that both organizations regularly

communicate, particularly regarding urgent issues that may require immediate attention. This proactive communication can occur through various channels, such as email or phone calls, facilitating a swift resolution of any emerging concerns.

Trust and honesty form the bedrock of the relationship between ABC Ltd and XYZ Ltd. Jan should work towards fostering mutual trust through both formal and informal activities, recognizing the importance of a transparent and cooperative partnership. In terms of performance monitoring, Jan can employ Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) to track performance regularly. These metrics should not be viewed as one-off activities but rather as ongoing tools for assessing and ensuring that performance aligns with expectations. Clear communication regarding the consequences of failing to meet these targets, such as the implementation of a Performance Improvement Plan or potential contract cancellation, is essential for maintaining accountability.

Regular performance meetings between ABC Ltd and XYZ Ltd provide an opportunity to discuss achievements, setbacks, and any necessary adjustments. Beyond quantitative metrics, surveys and feedback from customers can provide qualitative insights into performance.

Finally, Jan can contribute to the partnership's success by focusing on adding value. This involves going above and beyond the contractual obligations, such as delivering products more efficiently at no additional cost or improving operational efficiencies.

Encouraging XYZ Ltd to participate in Value Engineering exercises and engaging in Early Supplier Involvement to shape and define future requirements would be a good example of this. Additionally, providing 'add-ons' or 'extras' outside the contractual framework, such as training for ABC Ltd staff, further enhances the value derived from the partnership.

In conclusion, Jan's role as Contracts Manager extends beyond the initial awarding of a contract- rather her role involves strategic contract and supplier management throughout the lifetime of the professional relationship. By ensuring the contract is well-suited for its purpose, fostering a positive relationship with the supplier, monitoring performance effectively, and consistently adding value, Jan contributes to the success of the collaboration between ABC Ltd and XYZ Ltd. This comprehensive approach sets the stage for a mutually beneficial and enduring partnership.

Tutor Notes:

- A case study question like this in the real exam is likely to come with more details. They often come with lots and lots of details to be honest, talking about what XYZ supplies to ABC and the names of the people involved. The case study usually gives you some good clues as to what the examiner will be looking for you to include, so do read them carefully.
- You don't have to include much 'theory' on case study questions - the important thing is to reference Jan as much as possible. BUT you could throw in a cheeky mention of the Kraljic matrix. The approach to managing the contract and supplier would depend on the type of item supplied by XYZ - e.g. if it is a bottleneck item the supplier may need to be handled differently to if it is a routine item. You could also mention KPIs and objectives as being 'SMART' - Specific, Measurable, Attainable, Relevant, and Time-Bound
- study guide p.86-90 / p.94 / p.96 -98

NEW QUESTION # 42

What is an electronic system? Describe the following: e-requisitioning, e-catalogues, e-sourcing, e-payment technologies (25 marks)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

How to approach this question:

- Your response will need 5 definitions. For 25 points that means 5 points per section so think about the level of detail you'll need to include. It would be 5 points for electronic system (i.e. your introduction and conclusion), and then do a paragraph on each of the technologies. In the description you could talk about why it's used and the advantages, and give some examples if you know any.
- Definition of electronic system - a system which uses some form of technology and automates a procurement process than would otherwise have been completed manually.
- E-Requisitioning - a way of ordering goods or services. Includes the use of integrated ordering systems such as: ERP/ ERP II / MRP / MRP II
- E-Catalogue- an electronic display of what goods can be ordered. A simple example of this may be a supplier displaying the goods they offer on their website and the prices to purchase the goods.
- E-Sourcing - this involves the early stages of the tender process- using an electronic portal to find a supplier and / or conduct a tender exercise.
- E-Payment - the P2P part of the cycle (procure to pay) - may involve electronic POs and Invoices, BACS, CHAPS and SWIFT payment systems, and the use of Purchasing Cards

Electronic systems, commonly referred to as E-procurement, is the business-to-business or business-to-consumer purchase of goods or services, typically using the Internet or other information/ networking systems such as ERP systems. It has developed in the past 20 years as technology has improved and replaces time-consuming manual processes and is now considered the 'norm'. Electronic systems and e-procurement can be used throughout the entire supply chain- not just between a single buyer and supplier.

Examples of electronic systems including the following:

E-requisitioning

This is often used in manufacturing organisations to order raw materials. An electronic 'bill of materials' is created and stock levels are automatically updated. As materials get used and a pre-determined level is reached, this triggers a new order which is placed via an e-requisitioning system such as MRP. It is a technological version of the traditional kan-ban (2 bin) system. E-requisition tools are often cloud-based. It helps buyers simplify the buying process, track orders and provides higher levels of visibility on spend. The main disadvantage to this technology is that it requires technology interfacing between the buyer and supplier, which may be expensive.

E-catalogues

This is a digital or online version of a catalogue- a document that details what you can buy and at what price.

There are two main types - buy side catalogues and sell side catalogues. A buy-side catalogue is an internal system used by a buyer which hosts a list of pre-approved suppliers from whom purchases can be made. It may include details of commonly bought items and the prices. The use of this reduces maverick spending and ensures consistency in purchases (e.g. whenever lightbulbs need to be ordered, the same lightbulbs are ordered so the office lighting is consistent). A sell-side catalogue is provided by a supplier and details what they offer- it often includes prices, any discounts for bulk buying and may also let buyers know of availability (e.g. the website may say only two items remaining). This may be as simple as a price list on their website, available for anyone to view.

E-sourcing

This is a tool that helps a buyer find the most suitable supplier. Examples include e-tendering websites where a buyer can host a competition to find a supplier. E-auctions are also a type of e-sourcing tool. The tool (often a website) hosts all of the tendering documents and allows for buyers and suppliers to communicate during the tender process (for example if there are any clarifications needed on the specification). Using this tool allows for transparency and equal treatment, but also saves time in completing the tender exercise. PQQs can be automated and some e-sourcing tools include the use of Artificial Intelligence which can 'read' tender submissions and automatically exclude suppliers who do not fulfil the required criteria.

E-payment technologies

These are methods to pay for goods and services that replace the need for cash and cheques. Examples include online bank transfers, electronic Purchase Orders and Invoices and the use of Pre-Payment cards. These act like credit cards for employees to use when they need to buy supplies. For example, if you have a maintenance team that frequently need to purchase low-value items like screws and paint, you could issue the team with a Pre-Payment card with a certain limit (e.g. £500/ month) so they can buy what they need. The company will then automatically be sent a monthly invoice for all of the purchases. This saves time from having to issue the maintenance team with petty cash for the purchases and allows for greater visibility over spend (e.g. how many screws are typically bought per year?). Another typical use is for staff travel.

In conclusion, procurement teams benefit significantly from leveraging electronic tools, including e-requisitioning, e-catalogues, e-sourcing, and e-payment technologies. The adoption of these electronic tools brings about various advantages that enhance efficiency, transparency, cost-effectiveness, and overall effectiveness in the procurement process. Moreover E-procurement tools has helped develop the procurement function into a professional and respected function and allows for a more pro-active rather than reactive approach to purchasing.

Tutor Notes:

- Fun Fact! In the public sector, it is mandated that electronic systems are used in procurement (Public Contract Regulations 2015) as this helps to achieve the objectives of transparency and equal treatment. Where manual systems are used, it is easy to manipulate the tender process. For example, a buyer could read some tender submissions before the deadline for submission and no one would know, but with an electronic system this is impossible as it locks evaluators out until the deadline has passed and all bidders have submitted their responses. (note PCR 2015 is being replaced in 2024- details are still TBC but the above fun fact will still remain in the new legislation- they're definitely still going to make it compulsory).
- You could also mention the names of systems if you know any. For example, e-sourcing tools include MyTenders.com and Delta E-Sourcing. PO / Invoice systems include Sage, Xero and QuickBooks.
- The question doesn't ask for advantages of using these technologies but you could mention this in your answer. Just be sure that this isn't the focus of your response- the question asks specifically for you to DESCRIBE the systems so detailed explanations and examples are where you will secure the most points.
- p.108

NEW QUESTION # 43

Describe the key drivers for organisations who operate in the public, private and third sector (25 marks)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

- There's 2 main approaches to layout you could take for this question. Firstly, divide your essay into three sections for the public, private and third sectors and talk about the key drivers for each sector separately.

Alternatively, you could select a couple of drivers and form paragraphs around them, explaining in each paragraph whether the driver is strong or weak or even applicable for the different sectors.

- Drivers you could talk about include attitudes towards money, survival in the industry, differentiation, need for transparency, resources available, stakeholders, regulatory compliance

- Your answer should say why these are drivers in each of the industries, whether these drivers are strong or weak and why.

Example essay:

Organizations across the public, private, and third sectors operate within different paradigms, driven by distinct motivations and constraints. Understanding these key drivers is essential for comprehending how these organizations function and achieve their objectives. This essay explores the fundamental drivers of organizations in each of these sectors, focusing on attitudes towards money, survival, differentiation, need for transparency, resource allocation, and stakeholder management.

Attitudes Towards Money:

The approach to profit significantly differentiates the sectors. In the private sector, profit is a primary driver, essential for survival and rewarding shareholders. Conversely, the public sector is not profit-driven; its primary aim is to provide essential services to society, regardless of financial gain. The third sector, often termed 'not-for-profit', also requires profit generation, but uniquely, all profits are reinvested into the organization to further its aims, rather than being distributed as shareholder dividends. The Public-Sector needs to 'balance the books' but it is not a profit-generating area of the economy. The priority around money is ensuring that taxpayer money is well spend and that procurement activities represent value for money.

Survival in the Industry:

Survival strategies vary across sectors. Private and third sector organizations must focus keenly on survival, necessitating efficiency and sound business processes. The public sector, by contrast, can continue operating even when inefficient or running at a deficit, as seen in cases like local councils operating with budget shortfalls. This difference underscores a greater urgency for efficient management in the private and third sectors.

Differentiation:

Differentiation is a key driver in the private sector due to competition. Private entities often strive to distinguish their goods or services to gain a competitive edge, either through cost competitiveness or unique offerings. However, differentiation is less of a driver in the public and third sectors, where organizations are often sole providers of certain services or focus on specific social causes without direct competition.

Need for Transparency and Regulatory Compliance:

Transparency and adherence to regulations are paramount in the public and third (not-for-profit) sectors. These sectors are highly regulated, with public organizations adhering to regulations like the Public Contract Regulations 2015 and third sector organizations following guidelines set by bodies like the Charities Commission. The public's right to information through mechanisms like Freedom of Information requests further underscores this need for transparency. In contrast, the private sector faces less pressure for transparency, though it is not entirely exempt from regulatory compliance.

Resource Availability:

The availability and management of resources are different across sectors. Public and third sector organizations often operate with limited funds, making value for money a critical driver. They must achieve their objectives within these financial constraints. In contrast, the private sector generally has greater flexibility in resource acquisition, able to raise funds through loans or share sales, providing them with a broader scope for investment and expansion.

Stakeholder Management:

Stakeholder dynamics vary significantly among sectors. Public and third sector organizations often have a wide range of stakeholders, though these stakeholders may not wield significant power. Conversely, stakeholders in private organizations, like employees, can exert considerable influence, as seen in cases where employees might strike for better working conditions. Therefore, managing and satisfying stakeholders can be a more pressing concern in the private sector compared to the public sector, where actions like strikes can be legally restricted.

Conclusion:

In summary, organizations in the public, private, and third sectors are driven by different motivations and constraints. While profit is a major driver in the private and third sectors, it serves different purposes in each.

Survival strategies, the need for differentiation, transparency requirements, resource management, and stakeholder relations all vary significantly across these sectors, reflecting the distinct roles and responsibilities they hold in society. Understanding these key drivers is crucial for anyone looking to navigate or interact with these diverse organizational landscapes effectively.

Tutor Notes:

- If you're asked about different sectors of the economy it can be difficult to know what to talk about. An easy way to remember topics you can discuss in your essay is the acronym CAROLS which stands for:

Competition, Activity, Responsibilities, Objectives, Legal Restrictions and Stakeholders. This acronym may generate some ideas of things you can discuss in your essay.

- This question takes some content from different Learning Outcomes throughout L4. Charities are discussed separately from Public and Private Sectors in LO 4.4 p.230.

Explain FIVE possible factors that influence procurement activities in third sector (not-for-profit) organisations that Parvinder should research. (25 marks)

Parvinder Kaur works for a leading procurement consultancy, NHB. Her

clients are based all around the world with a diverse range of products and services. Parvinder specialises in providing procurement advice within the public sector but she also has two major clients in the private sector.

Before beginning procurement consultancy services with a new client,

Parvinder likes to research the organisation and the sector in which it operates so that she can understand the type of challenges that the organisation may face. This work, ahead of the first meeting, has meant that Parvinder has built an excellent reputation for analysing a business quickly. It also means she has been able to establish insight into the aspects which may have a significant impact on the success of the procurement function in her clients.

NHB has recently won a significant contract to provide procurement consultancy service to a large third sector (not-for-profit) organisation.

This is an important new client for NHB and the board is keen to assign Parvinder as the key account manager, even though this is a new area for her. Parvinder is happy to take on the additional work as she is keen to develop a greater understanding of this sector.

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

Procurement in third sector (not-for-profit) organisations operates under distinct influences compared to public or private sectors. Understanding these factors is crucial for Parvinder to provide effective consultancy tailored to the sector's unique challenges and requirements. Below are five key factors that influence procurement activities in third sector organisations:

1. Funding Sources and Financial Constraints

* **Explanation:**Third sector organisations typically rely on donations, grants, fundraising, and government funding rather than sales revenue. This creates tight budgetary controls and unpredictability in funding availability.

* **Impact on Procurement:**Procurement activities must align closely with available funds, often requiring careful prioritisation, cost-effectiveness, and compliance with funders' conditions. Parvinder should research how the organisation manages fluctuating budgets and whether there are restrictions on how funds can be spent.

2. Regulatory and Compliance Requirements

* **Explanation:**Not-for-profit organisations are often subject to specific regulatory frameworks and reporting standards, including charity laws, governance codes, and donor-imposed conditions.

* **Impact on Procurement:**These regulations impact supplier selection, contract management, and transparency obligations.

Procurement must ensure compliance with these rules to maintain legitimacy, donor confidence, and avoid legal penalties. Parvinder should assess the regulatory environment affecting procurement processes.

3. Social and Ethical Considerations

* **Explanation:**Third sector organisations frequently have missions linked to social good, environmental sustainability, and ethical practices. Procurement decisions are influenced by these values and stakeholder expectations.

* **Impact on Procurement:**Procurement must prioritise suppliers who meet ethical standards, support local communities, and minimize environmental impact. This may limit supplier options but aligns procurement with organisational values and public image. Parvinder should evaluate the organisation's sustainability and CSR policies.

4. Stakeholder Involvement and Governance

* **Explanation:**Procurement decisions in not-for-profits often involve multiple stakeholders, including trustees, donors, beneficiaries, and volunteers, making the governance structure complex.

* **Impact on Procurement:**This can lengthen decision-making processes, require additional approvals, and demand higher transparency and accountability. Parvinder should investigate who the key stakeholders are and how procurement decisions are governed and communicated.

5. Market and Supplier Availability

* **Explanation:**Depending on the organisation's geographic location, niche requirements, and mission, there may be limited availability of suitable suppliers, especially those compliant with social and ethical standards.

* **Impact on Procurement:**Limited supplier choice can increase costs and procurement risk.

Procurement strategies may need to focus on supplier development, collaboration, or partnerships to meet organisational needs.

Parvinder should research supplier markets and potential supply chain risks.

Conclusion:

To effectively advise the new third sector client, Parvinder must research and understand the impact of funding limitations, regulatory compliance, ethical imperatives, stakeholder complexity, and supplier availability on procurement activities. Recognising these factors will enable her to tailor procurement strategies that support the organisation's mission, ensure transparency, and optimise resource use-key to delivering value in the not-for-profit environment.

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NEW QUESTION # 45

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

Answer:

Explanation:

See the solution in Explanation part below.

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

- 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

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