

# L4M2 Exam Experience & L4M2 Reliable Source

## CIPS L4M2 Exam Questions

Question: 1

The position of a product in its life cycle can affect the price that suppliers set. Is this statement correct? - correct answer A. No, in market economy, the state decides the price of all goods and services

B. Yes, each stage in product life cycle requires different levels of investment in promotion and distribution

C. No, customer's perception of value is the ultimate determinant of the suppliers' price

D. Yes, it is always the only factor determining the price

Question: 2

A CPO is making a business case for acquiring a new computer system. He has set out objective, generated options, cost and benefit of each option and implementation plan. Which of the following elements should be included in the business case? - correct answer A. Risk assessment

B. Operation management

C. Invitation to tender

D. Contract management

Question: 3

What is the document that defines the activities, deliverables and timelines a supplier must carry out during contract performance? - correct answer A. Statement of work

B. Project initial document

C. Framework agreement

D. Work instruction

Question: 4

A procurement manager is writing a conformance specification for a non-core component. She thinks that if the requirements in specification are higher than ISO standards, her company can achieve greater cost-savings. Is the procurement manager's opinion correct? - correct answer A. No, because higher specification may incur additional costs for the buyer

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CIPS L4M2 (Defining Business Needs) certification exam is an essential credential for professionals looking to advance their career in the field of business analysis. L4M2 exam is designed to test the candidate's knowledge and skills in defining business needs and requirements, which are crucial elements of any successful business project.

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In order to pass the CIPS L4M2 exam, candidates must have a good understanding of the key concepts and principles involved in defining business needs. They must also be familiar with the various techniques used to gather and analyze requirements, as well as the tools and methods used to evaluate and validate requirements. Candidates must also be able to communicate requirements

effectively to stakeholders and prioritize them based on their importance. With the right preparation and study, candidates can successfully pass the CIPS L4M2 Exam and advance their career in business analysis.

## CIPS Defining Business Needs Sample Questions (Q160-Q165):

### NEW QUESTION # 160

Which of the following are most likely to negatively affect the suppliers' bargaining power in a specific market? Select TWO that apply:

- A. There are almost no threats of backward integration
- B. Many suppliers are intent on integrating buyers into their business
- C. Substitute products are readily available in the market
- D. There are no differences among suppliers' products
- E. Buyers incur high cost when they change their suppliers

**Answer: C,D**

Explanation:

The bargaining power of supplier is a major determinant of the structure of an industry and also how much profit is available to organisation operating in that industry. Supplier is weak if:

- Substitutes are available and easy to access
- Suppliers are small and fragmented
- The industry is important to the seller
- The sellers' product or service is not an important of the industry's value chain
- The sellers' product or service is undifferentiated
- There are no significant switching costs
- There is no threat of forward integration.

Suppliers may have more power:

- If they are in concentrated numbers compared to buyers.
- If there are high switching costs associated with a move to another supplier.
- If they are able to integrate forward or begin producing the product themselves.
- If they have specific expertise or technology needed to manufacture goods.
- If their product is highly differentiated.
- If there are many buyers and none make up significant portions of sales.
- If there are no substitutes available.
- If there are strong end users who can exert power over the organization in favor of a supplier (This can be the case in labor situations).

In all of these cases, the bargaining power of suppliers is high to demand premium prices and set their own timelines.

LO 2, AC 2.2

### NEW QUESTION # 161

James Hunter has received a price increase request from a supplier with its justification. The supplier has requested the price increase because there has been an increase in staff sickness absence. James has reviewed the original contract and found a buyer provision for 'risk for additional resource.' This is the first year the supplier has experienced a resource issue. What should James do?

- A. Reject the price increase
- B. Review the request in three months
- C. Request additional budget
- D. Accept the price increase

**Answer: A**

Explanation:

Detailed Explanation:

Given that the provision for 'risk for additional resource' exists and this is the first occurrence, James should reject the price increase as the supplier should account for these risks in their pricing. Reference: CIPS Level

4, Contract Management and Cost Control.

### NEW QUESTION # 162

A company is planning the procurement of an IT system and wants to agree a through-life contract with the supplier to ensure ongoing system support. The first step in producing that specification should be to:

- A. Identify the IT system supplier
- **B. Define the user requirements**
- C. Prepare tendering documents
- D. Build a design

**Answer: B**

Explanation:

Writing a high-quality specification is very crucial in every purchase. In through-life management, it is even more important since the assets often have very high value. Defining user requirement is the first step to write a specification. Without doing this right, many problems may arise in later stages.

Reference: CIPS study guide page 132

LO 3, AC 3.2

### NEW QUESTION # 163

Which of the following always impact negatively on a company's cash flow? Select TWO that apply

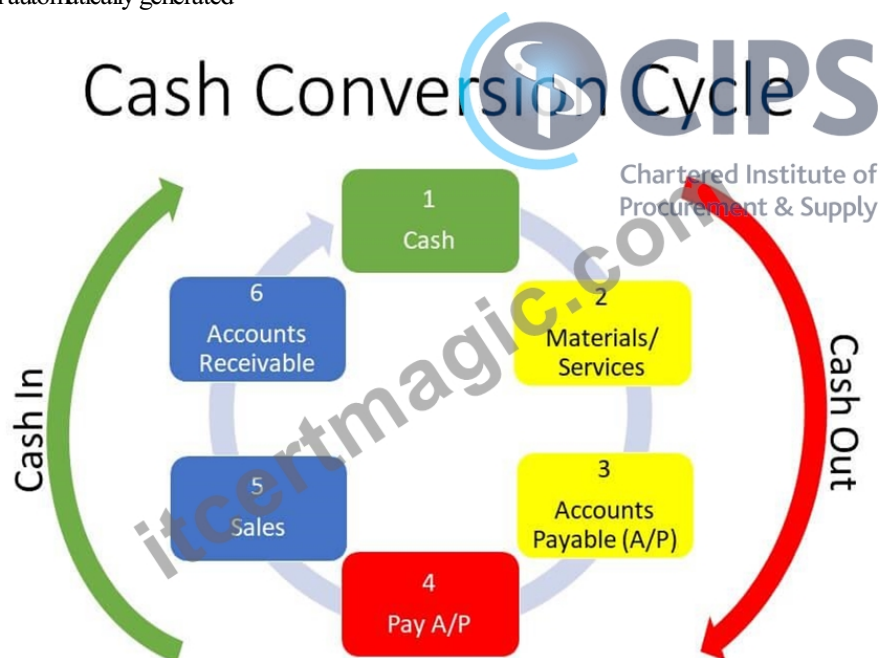
- A. Customers agree to pay immediately
- B. Increasing revenue
- **C. More inventory**
- D. Depreciation of fixed asset
- **E. Supplier shortens their payment period**

**Answer: C,E**

Explanation:

To answer this question, candidates are required to remember the cash flow cycle and cost entries as well as the impact of their timing on a business.

Diagram Description automatically generated



Source: <https://cfoperspective.com/free-your-cash-trapped-in-the-cash-conversion-cycle/> Shorter payment term and more inventory are likely to have negative impact on the cash flow because the buyer has to pay sooner and greater.

"Customers agree to pay immediately" will increase the organisation's bank account sooner.

Depreciation has no impact on cash flow as it is only listed in Profit and Loss statement.

Increasing revenue may have negative or positive impact on cash flow, depending on the real situation.

### NEW QUESTION # 164

Standards are documents that stipulate or recommend minimum levels of performance and quality levels of goods and services. The government is the only source of any standards that are applied by businesses in nations. Is this correct?

- A. Yes, because a country has a national body that regulates standards within the nation
- B. No, governments only create standards for products related to national security
- C. Yes, the only other possible source is through international initiatives such as ISO
- **D. No, standards can be generated internally by other organisations besides the government and ISO**

**Answer: D**

### NEW QUESTION # 165

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