

# CIPS L4M2 Valid Test Notes - L4M2 Exam Lab Questions

## 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 course covers a range of topics related to defining business needs, including the identification of business requirements, the development of business cases and the creation of procurement strategies. L4M2 course also covers the use of market analysis and stakeholder engagement to ensure that procurement activities are aligned with business needs. L4M2 course is designed to provide a comprehensive understanding of the importance of defining business needs in procurement and how it can contribute to the success of an organization.

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CIPS L4M2 Exam covers a range of topics including procurement strategy development, market analysis, stakeholder management, risk management, and contract management. It is a comprehensive exam that requires candidates to have a deep understanding of the procurement process and the ability to apply this knowledge to real-world scenarios. Successful completion of L4M2 Exam demonstrates that a candidate has the necessary knowledge and skills to develop effective procurement strategies that align with the business needs of an organization.

## **CIPS Defining Business Needs Sample Questions (Q123-Q128):**

### **NEW QUESTION # 123**

How can a procurement department meet the business needs when purchasing leverage items?

- A. Developing efficient order processes such as e-procurement
- B. Developing long-term relationships such as partnerships
- **C. Developing buying power such as competitive tendering**
- D. Developing effective contracts such as call-off contracts

**Answer: C**

### **NEW QUESTION # 124**

Which competitive forces influence markets in our modern environment?

- A. Increased cost in supply and deliveries
- **B. Bargaining strength of suppliers and buyers**
- C. Production companies and relationships
- D. Manufacturing of goods and services

**Answer: B**

Explanation:

Detailed Explanation:

The bargaining strength of suppliers and buyers is a key factor influencing market competitiveness, as outlined in frameworks like Porter's Five Forces. These forces dictate pricing, supply availability, and value delivery. Reference: CIPS Level 4, Market Analysis and Competitive Forces.

### **NEW QUESTION # 125**

A procurement manager has noticed that profitability within a market has increased steadily over the years. In addition, the market is relatively easy to enter, and demand within the market is predicted to remain high.

Which of the following is likely to happen in this particular market as a direct consequence of these factors?

- A. Suppliers will invest more heavily in technology
- B. The regulator will intervene and establish pricing controls
- **C. The market will attract new entrants**
- D. Buyers will switch to a different market

**Answer: C**

### **NEW QUESTION # 126**

Which of the following provides in-depth detail for both functional and non-functional requirements and covers assumptions, constraints, performance, dimensions, weights and reliability of a product?

- A. Tolerance
- B. Performance specification
- C. Statement of work
- **D. Design specification**

**Answer: D**

Explanation:

Design specification is a detailed document providing a list of points regarding a product or process. For example, the design specification could include required dimensions, environmental factors, ergonomic factors, aesthetic factors, maintenance that will be needed, etc. It may also give specific examples of how the design should be executed, helping others work properly (a guideline for what the person should do).

Performance specification is written requirement that describes the functional performance criteria required for a particular equipment, material, or product.

Tolerance is the permissible limit of a variable used to define a product. Statement of work is the document that captures and defines all aspects of a project, including the activities, deliverables and the timetable for the project.

### NEW QUESTION # 127

Which kind of these following costs belong to fixed costs? Select TWO that apply.

- A. The costs of leasing or purchasing capital equipment
- B. Energy consumption in manufacturing
- C. The depreciation of capital inputs
- D. The packaging and distribution costs
- E. The annual income tax charged by local authorities

Answer: A,C

Explanation:

Based on variability, the costs has been classified into three categories, they are fixed, variable and semi variable. Fixed costs, as its name suggests, is fixed in total i.e. irrespective of the number of output produced. Variable costs vary with the number of output produced. Semi-variable is the type of costs, which have the characteristics of both fixed costs and variable costs (Source: Key Differences).

Among above costs, leasing and depreciation are relatively static and do not change if volume of business activities increase or reduce.

Packaging, utilities and annual business rate (tax) are variable costs.

Reference:

LO 1, AC 1.2

### NEW QUESTION # 128

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