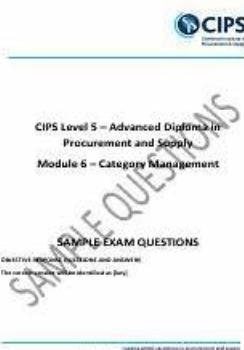


CIPS L5M6 Sample Questions - L5M6 Reliable Study Plan



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CIPS L5M6 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none">Understand Approaches that Can Be Used to Develop Category Management Strategies: This section of the exam measures the skills of Procurement Managers and focuses on understanding how category management strategies are formulated within procurement functions. Candidates are expected to differentiate between strategic and conventional sourcing, evaluate how these approaches support long-term supplier relationships, and align them with organizational goals. The section also emphasizes the role of category management in enhancing sourcing efficiency and achieving cost optimization.
Topic 2	<ul style="list-style-type: none">Understand the Concepts, Tools, and Techniques Associated with Managing Expenditure: This section of the exam measures the analytical abilities of a Category Analyst and focuses on expenditure management techniques within category management. It explores how organizations identify, classify, and analyze different types of spend to enhance procurement efficiency and value creation.

Topic 3	<ul style="list-style-type: none"> • Understand the Strategic Impact of a Category Management Process: This section evaluates the strategic insight of a Procurement Manager into how category management influences organizational performance. It explores the use of data-driven decision-making and market intelligence to shape sourcing strategies and drive sustainable procurement outcomes.
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CIPS Category Management Sample Questions (Q81-Q86):

NEW QUESTION # 81

In mitigating risks within the supply chain, which two factors should be assessed when evaluating potential risks?

- A. People involved
- B. Cost
- **C. Severity**
- D. Location
- **E. Likelihood**

Answer: C,E

Explanation:

The two most important factors when assessing supply chain risks are Severity and Likelihood. These are typically measured on a scale [e.g., 1-5], with the product of the two giving a risk score.

* Severity measures the potential impact on the organisation if the risk materialises. For example, supplier insolvency may severely disrupt operations.

* Likelihood assesses the probability of the event occurring.

The combination of severity \times likelihood determines whether a risk is low, medium, or high, and informs mitigation strategies.

Other options are less central:

* Location may influence likelihood but is a sub-factor.

* People involved is not a formal assessment criterion.

* Cost can be a consequence but is part of severity, not a separate factor.

Using severity and likelihood ensures risks are prioritised based on both impact and probability, allowing category managers to allocate resources effectively.

[Ref: CIPS L5M6 Study Guide, p.40 - Risk assessment and mitigation protocols]

NEW QUESTION # 82

What can the IACCM help a Category Manager with?

- A. Choosing the correct supplier
- B. Completing benchmarking
- C. Analysing the market
- **D. Using the correct sourcing model**

Answer: D

Explanation:

The International Association for ContractCommercial Management [IACCM], now known as WorldCC, provides frameworks to help organisations select the most suitable sourcing and contracting models. For category managers, this is particularly valuable when deciding whether a transactional, relational, or investment-based model best fits the organisation's needs.

It does not directly choose suppliers or perform market analysis; rather, it guides decision-makers on the structural relationship with

suppliers. For example, IACCM provides tools to decide whether to adopt outcome-based contracts, performance partnerships, or traditional transactional agreements.

Benchmarking may be a separate exercise, but sourcing models determine the governance and risk-sharing approach that underpins supplier relationships.

CIPS encourages procurement professionals to be familiar with IACCM's role, as it reinforces the need for strategic selection of sourcing models rather than a one-size-fits-all approach.

[Ref: CIPS L5M6 Study Guide, p.31 - IACCM and sourcing model selection]

NEW QUESTION # 83

SIC codes are sets of four-digit codes used to classify what?

- A. Spend categories
- B. Countries
- **C. Industries**
- D. Business departments

Answer: C

Explanation:

SIC [Standard Industrial Classification] codes are numerical codes used to classify industries. For example, 1000 = mining, 1500 = construction. These codes help in categorising spend, benchmarking, and market analysis but are not intended for memorisation.

[Ref: CIPS L5M6 Study Guide, p.82 - SIC codes]

NEW QUESTION # 84

Why would a company use a Technology Roadmap?

- A. To decide between two different software providers
- B. To assist in marking a tender for IT equipment
- **C. To help decide which technology to invest in the future**
- D. To mitigate risks of cyber-attacks

Answer: C

Explanation:

A Technology Roadmap is a planning tool used to align technological investments with business strategy. It enables organisations to evaluate current capabilities, identify emerging challenges, and plan for future technology adoption. The purpose is not just to decide between existing options but to forecast which innovations will be most valuable over time.

For instance, a company may use a roadmap to determine whether to invest in automation, artificial intelligence, or renewable energy solutions, based on expected business growth and industry trends. This ensures resources are allocated to technologies that offer long-term competitiveness.

Other options are less accurate:

- * Option A oversimplifies; technology roadmaps are not for one-off decisions.
- * Option B is incorrect as tenders require specifications, not long-term roadmaps.
- * Option D relates to risk management, not strategic technology planning.

Therefore, the roadmap helps businesses stay adaptive and forward-thinking, ensuring that investments made today remain relevant tomorrow.

[Ref: CIPS L5M6 Study Guide, pp.126-127 - Technology Roadmaps in category management]

NEW QUESTION # 85

In Category Management, often a small number of categories can be responsible for a large proportion of spend. What is this principle commonly known as? Select TWO.

- **A. 80-20 Rule**
- **B. Pareto Principle**
- C. Six Sigma
- D. The 5 Forces

Answer: A,B

Explanation:

The Pareto Principle, also known as the 80/20 Rule, states that around 80% of outcomes are generated by 20% of inputs. In category management, this means that a small number of categories often account for the majority of total spend. Identifying these high-impact categories allows procurement professionals to focus resources where they deliver the most value. For example, managing a few strategic or high-spend categories rigorously may yield more savings and risk reduction than spreading efforts across all categories equally. The principle reinforces the need for prioritisation and focus in procurement strategies. While Six Sigma and Porter's Five Forces are useful tools in other contexts, they are unrelated to spend distribution. Applying Pareto effectively helps organisations achieve better results with limited resources by focusing on what matters most.

Reference: CIPS L5M6 Study Guide, p.22

NEW QUESTION # 86

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