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### CIPSA L5M6 Exam Syllabus Topics:

Topic	Details

Topic 1	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Topic 2	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Topic 3	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

## CIPS Category Management Sample Questions (Q62-Q67):

### NEW QUESTION # 62

The process of designing a product with a trusted supplier in order to eliminate costs that may appear at the delivery stage is known as which cost management strategy?

- A. Cost down
- **B. Cost out**
- C. Cost engineering
- D. Cost acceptance

**Answer: B**

Explanation:

The correct term is Cost Out, a proactive cost management approach where the buyer collaborates with the supplier during the design phase to eliminate unnecessary costs before they arise. This ensures efficiency and value creation throughout the product lifecycle. For example, designing packaging to minimise waste or using standardised components to avoid expensive customisation.

This differs from:

\* Cost acceptance, where the buyer accepts the supplier's price without analysis.

\* Cost engineering, a broader process of optimising costs through design and process evaluation.

\* Cost down, which typically involves reducing costs after production by analysing processes, renegotiating contracts, or improving efficiency.

Cost Out is especially relevant for strategic or high-value categories where innovation and collaboration with suppliers can generate long-term savings. It is consistent with category management's emphasis on strategic supplier partnerships.

[Ref: CIPS L5M6 Study Guide, p.80 - Cost Out vs Cost Down strategies]

### NEW QUESTION # 63

Volatile inflation rates are a risk that can affect any business. Which STEEPLED factor would this fall under?

- **A. Economic**
- B. Ethical
- C. Political
- D. Socio-Cultural

**Answer: A**

Explanation:

Inflation is directly linked to the Economic factor within STEEPLED. It affects costs, purchasing power, and business profitability.

[Ref: CIPS L5M6 Study Guide, p.109 - STEEPLED analysis factors]

#### NEW QUESTION # 64

Under what circumstances should forecast data be amended? Select THREE.

- A. A key customer is lost
- B. There is significant price inflation
- C. A key supplier ceases trading
- D. Operations move to a new location
- E. Health and safety legislation changes

**Answer: A,B,C**

Explanation:

Forecasts must be dynamic and updated when major internal or external changes occur. Losing a key customer significantly reduces demand, meaning forecasts must be lowered accordingly. Similarly, if a key supplier ceases trading, supply constraints may alter procurement strategies, requiring adjustment to supply and spend forecasts. Likewise, significant price inflation impacts both demand planning and budgeting, as organisations must reassess affordability and potentially seek alternatives. On the other hand, relocating operations or new health and safety legislation may change processes, but they do not directly influence demand, supply, or pricing forecasts. For category managers, regularly reviewing and amending forecasts ensures procurement strategies remain relevant and aligned with market realities. Without this adaptability, organisations risk supply disruptions, overestimation of needs, or financial misalignment.

Reference: CIPS L5M6 Study Guide, p.140

#### NEW QUESTION # 65

Jam Incorporated requires raw materials to be delivered from suppliers. One particular ingredient is a high supply risk and the strategy of the company is to hold inventory as a contingency. Which type of item is this?

- A. Strategic
- B. Leverage
- C. Non-critical
- D. Bottleneck

**Answer: D**

Explanation:

This is a bottleneck item. According to the Kraljic Matrix, bottleneck items are characterized by high supply risk and low profit impact, which makes them difficult to source. Holding contingency stock is a recommended strategy for such items.

Reference: CIPS L5M6 Study Guide, p.97

#### NEW QUESTION # 66

Yvonne is the Lead Negotiator for her Category. She is renewing a contract with an existing supplier and her negotiation technique is based on being passionate and creating a shared sense of purpose. Which negotiation style does she employ?

- A. Logic
- B. Confidence
- C. Inspire
- D. Empathy

**Answer: C**

Explanation:

The correct answer is Inspire. According to the negotiation styles outlined in the L5M6 study guide, the Inspire style is based on passion, motivation, and creating a sense of shared purpose between buyer and supplier. It focuses on appealing to the values and aspirations of the other party, encouraging collaboration and commitment beyond transactional goals.

Unlike logic [which relies on rational arguments and data] or confidence [which emphasizes authority and assertiveness], inspire creates an emotional connection that fosters trust and long-term cooperation. Empathy is another style that focuses on understanding the other party's position but does not carry the motivational dimension of "inspire." For category managers, using an inspire style can be particularly powerful when renewing contracts with long-term suppliers where collaboration, innovation, and trust are critical to value creation. It demonstrates leadership and ensures both sides are committed to mutually beneficial outcomes.

