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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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The Defining Business Needs unit is particularly relevant to procurement and supply chain professionals as it helps them to understand the broader business context in which procurement decisions are made. By understanding business needs, procurement professionals can ensure that their procurement strategies align with the goals and objectives of the organization.

CIPS L4M2 Exam is designed to be challenging and comprehensive. It covers a wide range of topics related to business needs analysis, including business strategies, stakeholder analysis, requirements gathering, gap analysis, and solution evaluation. Candidates must demonstrate a thorough understanding of each of these topics and their practical application in real-world business scenarios.

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CIPS L4M2 Exam covers a broad range of topics, including the identification of business requirements, the development of business cases, the analysis of data, and the creation of effective procurement strategies. L4M2 course is interactive and designed to provide learners with hands-on experience in real-world scenarios. This approach ensures that learners are equipped with the practical skills required to apply the knowledge gained in their workplace.

CIPS Defining Business Needs Sample Questions (Q15-Q20):

NEW QUESTION # 15

Due to increasing demand, a local restaurant is requesting its fish vendor to supply larger quantity. The restaurant manager also asks the vendor whether it is possible to reduce the total price by 5%. This is known as...?

- A. Modified rebuy
- B. Capital purchase
- C. Straight rebuy
- D. New purchase

Answer: A

Explanation:

There are three major types of buying situations, which are new purchase, modified rebuy and straight rebuy. Three factors make the buying situations be different from the others, customers may face different problems in these situations.

A new purchase is a situation requiring the purchase of a product for the very first time.

A straight rebuy is when a company places a second order with a supplier that is identical to the first purchase it made.

A modified rebuy is when a company orders again from a supplier, but wants to change some aspect of the order, such as the quantity, packaging, product features, or delivery times. The scenario above is an example of modified rebuy.

Reference:

- What is a straight rebuy example?
- CIPS study guide page 3-4

NEW QUESTION # 16

Synergy Ltd is a fast-growing tool and hardware retailer. The company's customer services team has been using Excel worksheets to manage customer relationships. When the company is expanding its market presence, this way of working leads to poorer customer services as the database is scattered around in spreadsheet, leading to patchy and inconsistent conversations with customers. The company decides to purchase a CRM system. What requirement should Synergy's procurement team take into account in the specification for CRM system?

- A. The form and reference number of the purchase order
- B. The relative size of the potential suppliers to Synergy
- C. Total number of the supplier's employees
- D. The ability to import bulk data from Excel spreadsheets

Answer: D

Explanation:

The purpose of this question is to test the student's ability to identify the problems and translate those problems to actionable requirements before communicating with the suppliers. The scenario suggests that Synergy Ltd's customer services team is using Excel spreadsheets, they lack a centralised customer database.

This leads to problems in communications with customers.

A CRM system can solve the communication problem. But a question arises: If a CRM system is employed, how will the previous data be imported? If the CRM system can support bulk import from Excel tables, it will save a lot of time.

Reference: CIPS study guide page 10-18

LO 1, AC 1.1

NEW QUESTION # 17

Daytona Ltd is developing a new product which is more environmental friendly. Though the objectives are set, the project team has no idea on which functions will be customers' favourites. Which of the following will help them decide the 'should-have' functions of the new product?

- A. Six Sigma

- B. Thomas-Kilmann model
- **C. Kano model**
- D. Taguchi method

Answer: C

Explanation:

The Kano model is useful in gaining a thorough understanding of a customer's needs. You can translate and transform the resulting verbatims using the voice of the customer table that, subsequently, becomes an excellent input as the what's in a quality function deployment (QFD) House of Quality.

The model involves two dimensions:

Achievement (the horizontal axis), which goes from the supplier didn't do it at all to the supplier did it very well.

Satisfaction (the vertical axis), which goes from total dissatisfaction with the product or service to total satisfaction with the product or service.

Dr. Noriaki Kano isolated and identified three levels of customer expectations: that is, what it takes to positively impact customer satisfaction. The figure below portrays the three levels of need: expected, normal, and exciting.

The Thomas-Kilmann Conflict Mode Instrument (TKI) is a conflict style inventory, which is a tool developed to measure an individual's response to conflict situations.

Genichi Taguchi, a Japanese engineer, proposed several approaches to experimental designs that are sometimes called "Taguchi Methods." These methods utilize two-, three-, and mixed-level fractional factorial designs. Large screening designs seem to be particularly favored by Taguchi adherents.

Six Sigma is a method that provides organizations tools to improve the capability of their business processes.

This increase in performance and decrease in process variation helps lead to defect reduction and improvement in profits, employee morale, and quality of products or services.

Source:

- CIPS study guide page 171-172
- WHAT IS THE KANO MODEL?

LO 3, AC 3.4

NEW QUESTION # 18

Lider Ltd is a leading bathroom furniture manufacturer in India

a. The company has more than 30 years experience in the market with extended knowledge of engineering and customers' taste. Lider is planning to launch a new type of bath fitting next year which offers Bluetooth connectivity and thermostat display. The company gathers a team of multi-disciplines, including engineering, procurement, sales and marketing. At the first team meeting, the project leader tells the team to discuss which functions will be valued by the customers, and how to deliver those functions with the lowest costs possible. Which of the following describes the process that the project team is undertaking?

- **A. Value engineering**
- B. Just in time
- C. Standardisation
- D. Cost analysis

Answer: A

Explanation:

From the scenario, you can see that the project team is developing a new product. They start with analysing the functions, and the costs of delivering those functions. This is a typical process of value engineering. You may read more on value engineering from the reference paper.

Reference:

- CIPS study guide page 171-173
- Value Analysis - Norwood Whittle (cimaglobal.com)
- A CASE STUDY ANALYSIS THROUGH THE IMPLEMENTATION OF VALUE ENGINEERING (researchgate.net) LO 3, AC 3.4

NEW QUESTION # 19

Which of the following problems may be identified as open-ended problems? Select TWO that apply:

- A. Shortage of key medicines in healthcare industry
- B. A cyber attack takes down whole company's IT system

- C. Engine failures cause flight cancellations.
- D. The suppliers don't comply with the company's policy on underage labour.
- E. Logistics costs incur a large portion in wholesale prices

Answer: D,E

Explanation:

Open-ended problem is something stopping the achievement of an objective or blocking progress. To solve this type of problems, procurement professional should find a way to unblock the block-age. In the above question, high logistics cost is an obstacle to cost cutting objective while supplier's incompliance prevents the company to achieve its sustainable objective.

Reference: CIPS study guide page 11

LO 1, AC 1.1

NEW QUESTION # 20

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