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L4M2

CIPS Diploma
Defining Business Needs



Additional Sample Questions For CIPS L4M2

Defining Business Needs

Diploma in Procurement and Supply

Additional 65 Sample Questions

Q1) What are the core objects of a private organisation and what model highlights the inter-relationship between each?

Q3) Why is governance very important when determining a business need?

Q6) Identify FIVE ethical issues that need to be considered when identifying a business need?

Q8) Produce a Porter's Five Force analysis of a market you are familiar with.

Q9) The Kano Model is used for what in a Procurement Structure:

- a) Quality assessments
- b) Value Engineering
- c) Personnel Development
- d) None of the above

Q10) When developing an understanding of the needs of a business, who should be consulted in relation to the development of a new logistics service - identify 5 stakeholders and populate the Mendelow matrix below?



Produced By VidBilinqz 2019 Using Adapted CIPS Historic Materials

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The L4M2 certification exam is a crucial step in the career development of procurement and supply chain professionals. L4M2 exam covers a wide range of topics, including stakeholder management, market analysis, and supply chain mapping. By passing L4M2 Exam, candidates can demonstrate their ability to effectively identify and define business needs, which is a critical skill in any procurement or supply chain role.

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CIPS Defining Business Needs Sample Questions (Q288-Q293):

NEW QUESTION # 288

A buying organisation may not have technical capability to produce a highly complex specification. Which of the following are sources of information that can be used to create the specification? Select TWO that apply

- A. Name cards
- B. Suppliers' know-how
- C. Industry standards
- D. Constitution
- E. Standard terms and conditions

Answer: B,C

Explanation:

If an organisation doesn't have capability to produce a technical specification, they can draft one based on standards or consulting the suppliers.

NEW QUESTION # 289

Which of the following can cause overhead variance? Select TWO that apply:

- A. Decreasing packaging costs
- B. Rising production worker's wage rate per hour
- C. Spike in monthly leasing fee
- D. Decrease in production volume
- E. Spike in material price

Answer: C,D

Explanation:

Overhead variances arise when the actual overhead costs incurred differ from the expected amounts.

Managers want to understand the reasons for these differences, and so should consider computing one or more of the overhead variances described below. Each of these variances applies to a different aspect of overhead expenditures. It is not necessary to calculate these variances when a manager cannot influence their outcome.

Fixed Overhead Spending Variance

The fixed overhead spending variance is the difference between the actual fixed overhead expense incurred and the budgeted fixed overhead expense. An unfavorable variance means that actual fixed overhead expenses were greater than anticipated. The formula for this variance is:

Actual fixed overhead - Budgeted fixed overhead = Fixed overhead spending variance The amount of expense related to fixed overhead should (as the name implies) be relatively fixed, and so the fixed overhead spending variance should not theoretically vary much from the budget.

Fixed Overhead Volume Variance

The fixed overhead volume variance is the difference between the amount of fixed overhead actually applied to produced goods based on production volume, and the amount that was budgeted to be applied to produced goods. For example, a company budgets for the allocation of \$25,000 of fixed overhead costs to produced goods at the rate of \$50 per unit produced, with the expectation that 500 units will be produced. However, the actual number of units produced is 600, so a total of \$30,000 of fixed overhead costs are allocated. This creates a fixed overhead volume variance of \$5,000.

Variable Overhead Efficiency Variance

The variable overhead efficiency variance is the difference between the actual and budgeted hours worked, which are then applied to the standard variable overhead rate per hour. The formula is:

Standard overhead rate x (Actual hours - Standard hours)

= Variable overhead efficiency variance

A favorable variance means that the actual hours worked were less than the budgeted hours, resulting in the application of the standard overhead rate across fewer hours, resulting in less expense being incurred.

However, a favorable variance does not necessarily mean that a company has incurred less actual overhead, it simply means that there was an improvement in the allocation base what was used to apply overhead.

Variable Overhead Spending Variance

The variable overhead spending variance is the difference between the actual and budgeted rates of spending on variable overhead.

The variance is used to focus attention on those overhead costs that vary from expectations. The formula is:

Actual hours worked x (Actual overhead rate - standard overhead rate)

= Variable overhead spending variance

A favorable variance means that the actual variable overhead expenses incurred per labor hour were less than expected.

In the study guide, CIPS splits overhead variance into volume and expenditure variance. They can be understood as variable and fixed overhead variance respectively.

NEW QUESTION # 290

Department for Transport (DfT) needs to buy new locomotives to expand the capacity of trains fleet. In 2009, they were criticized for beginning the procurement "without any clear idea of how many trains would be needed, which routes they would run on and what form of power would be required". What should procurement manager of DfT do first to manage risk in making the specification?

- A. Implement mitigating actions
- B. Assess the potential risks
- C. Monitor the potential risks
- D. **Identify the possible risks**

Answer: D

Explanation:

There are 4 steps to risk managing process:

Step 1: Identify hazards

Step 2: Assess the risk

Once a risk has been identified, a risk assessment should be conducted.

You should carry out a risk assessment for any manual tasks identified as being hazardous, unless the risk is well known and you know how to control it. A risk assessment can help you determine, which postures, movements and forces of the task pose a risk, where during the task they pose a risk, why they are occurring and what needs to be fixed.

Step 3: Control the risk

The ways of controlling risks are ranked from the highest level of protection and reliability to the lowest, which is known as the hierarchy of control. You must always aim to eliminate the hazard, which is the most effective control.

Step 4: Review risk control

Control measures that have been implemented must be reviewed, and, if necessary, revised to make sure they work as planned and to maintain a work environment that is without risks to health and safety.

Source: WorkCover Queensland

NEW QUESTION # 291

FSB Group is developing a specification for the construction of a new building. The project stakeholders need the specification to set specific criteria to ensure fair labour practices and local employment opportunities are prioritised. Which of the following describes this type of sustainability criteria?

- A. Economic Sustainability
- **B. Social Sustainability**
- C. Profit Sustainability
- D. Environmental Sustainability

Answer: B

Explanation:

Detailed Explanation: Social sustainability focuses on ethical considerations like fair labour practices, inclusivity, and community development. By addressing these criteria, FSB Group aligns with responsible business practices. Reference: CIPS Level 4, Sustainability in Procurement.

NEW QUESTION # 292

According to Porter's value chain, which of the following activities is categorised as support activity?

- A. Distribution of products from factory to retailer

- B. Storage of raw materials
- C. Supervising the production line
- D. Product warranties and special services
- E. Develop digital SRM technology to manage suppliers better

Answer: E

Explanation:

Primary activities consist of inbound logistics, operations, outbound logistics, sales & marketing, service.

Second activities consist of firm infrastructure, human resource management, technology development and procurement

Support activities (also known as secondary activities) include Firm infrastructure, Human resource management, Technology development and Procurement. Developing digital SRM technology to manage suppliers better is Technology development.

development and

NEW QUESTION # 293

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