

# L4M4 Testking Exam Questions & L4M4 Latest Study Notes

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## L4M4 - Chapter 1 exam 2024 with 100% correct answers

What is Tactical sourcing? - correct answer ✓ ✓ Low level decision making

High profit, low risk items

Short term projects

Transactional relationships

What is Strategic sourcing? - correct answer ✓ ✓ Top level decision making

High profit, high risk items

Long term projects

Collaborative relationships

What factors typically represent value to the procurement organisation when sourcing? - correct answer ✓ ✓ Price, Delivery, Quality, Ethics, Sustainability, Availability

Novack and Simco's 11-stage sourcing process - correct answer ✓ ✓

1. Identify needs

2. Define user requirements

3. Decide whether to make or buy

4. Identify purchase type (new buy, modified re-buy, straight re-buy)

5. Carry out market analysis

6. Identify potential suppliers

7. Pre-screen suppliers and create a shortlist

8. Evaluate shortlisted suppliers

9. Supplier selection

10. Final product or service delivered

11. Evaluate supplier performance

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## CIPS L4M4 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none"><li>Understand compliance issues when sourcing from suppliers: It explores legislative, regulatory, and organizational requirements for sourcing. It compares the use of audit and other mechanism of feedback.</li></ul>
Topic 2	<ul style="list-style-type: none"><li>Understand options for sourcing requirements from suppliers: This section covers the sourcing process, approaches, options, and award criteria for obtaining requirements from suppliers. The sub-topics provide a foundation for strategic sourcing.</li></ul>

Topic 3	<ul style="list-style-type: none"> <li>Understand the key processes that can be applied to the analysis of potential external suppliers:</li> </ul>
Topic 4	<ul style="list-style-type: none"> <li>This section examines analyzing market data, obtaining quotations</li> <li>tenders, and assessing responses. The sub-topics focus on key processes for evaluating potential suppliers.</li> </ul>

>> **L4M4 Testking Exam Questions <<**

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### **CIPS Ethical and Responsible Sourcing Sample Questions (Q162-Q167):**

#### **NEW QUESTION # 162**

What type of relationship should a buyer seek when making strategic sourcing for their business?

- A. partnership
- B. transactional
- C. collaborative**
- D. arms-length

**Answer: C**

Explanation:

The buyer should seek a 'collaborative' relationship. Transactional and arms-length relationships are more suited to tactical sourcing. Partnerships are reserved for joint-ventures.

#### **NEW QUESTION # 163**

Incoterms are divided into four main groups to follow movement of goods covering exporter's premises, export/import points, and cost/risk. Which letters represent the groups?

- A. E, F, B, C
- B. E, F, C, D**
- C. B, C, F, C
- D. A, B, C, D

**Answer: B**

Explanation:

Incoterms are grouped into four categories:

- \* E: Departure (EXW)
- \* F: Main carriage unpaid (FCA, FAS, FOB)
- \* C: Main carriage paid (CFR, CIF, CPT, CIP)

Reference: CIPS L4M4 Study Guide (v2), LO: "Application" - Incoterms groupings and risk allocation.

#### **NEW QUESTION # 164**

What type of ratio is used to measure a company's ability to meet its short-term financial obligations, specifically focusing on its ability to convert assets into cash to cover current liabilities?

- A. Dividend per share
- B. Profitability ratio
- C. Earnings per share

- D. Liquidity ratio

**Answer: D**

Explanation:

Liquidity ratios assess a company's capacity to meet its short-term obligations using its most liquid assets.

These ratios, such as the current ratio and quick ratio, provide insight into the financial health of a company by indicating whether it has sufficient resources to pay off its immediate liabilities without raising external capital.

Exact Extract from Study Guide:

"Liquidity ratios: # Typical ratios: current ratio, quick ratio, cash flow ratio, etc. # Formulae of those ratios # Implications of liquidity ratios

### **NEW QUESTION # 165**

When working closely with a supplier, waste can be reduced which can lead to improved business functions and cost savings. Which of the following are wastes that can be removed from the supply chain? Select THREE.

- A. Over-analyzing
- B. Barriers
- C. Motion
- D. Inventory
- E. Waiting

**Answer: A,D,E**

Explanation:

The correct answers are; motion, waiting and inventory.

This is part of Ohno's 8 Wastes. You can remember this with the acronym Tim Woods; transportation, inventory, motion, waiting, over-production, over-processing, defects, skills.

This is only mentioned briefly in this module but comes up in other modules more in depth, so is worth memorising if you can.

### **NEW QUESTION # 166**

You have been asked to purchase 500 pens of a specific brand. You decided to use a weighted points system for assessment of proposals. Is this approach appropriate?

- A. Yes, you should follow the same procurement process irrespective of the circumstances
- B. No, it is not necessary, as in this case, you are mainly concerned with price
- C. Yes, a weighted points system is always the best way to evaluate suppliers' bids
- D. No, you should only use a weighted points system for high-spend procurement

**Answer: B**

Explanation:

For low-value, routine purchases where price is the primary consideration, employing a weighted points system may not be necessary. Such systems are more suitable for complex procurements where multiple factors, such as quality, delivery, and sustainability, need to be evaluated alongside price. In the case of purchasing standard items like pens, a straightforward price comparison is typically sufficient.

Reference:

CIPS Level 4 Diploma in Procurement and Supply, L4M4 Study Guide, Section 2.3.2: The use of weighted points systems for assessment

### **NEW QUESTION # 167**

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