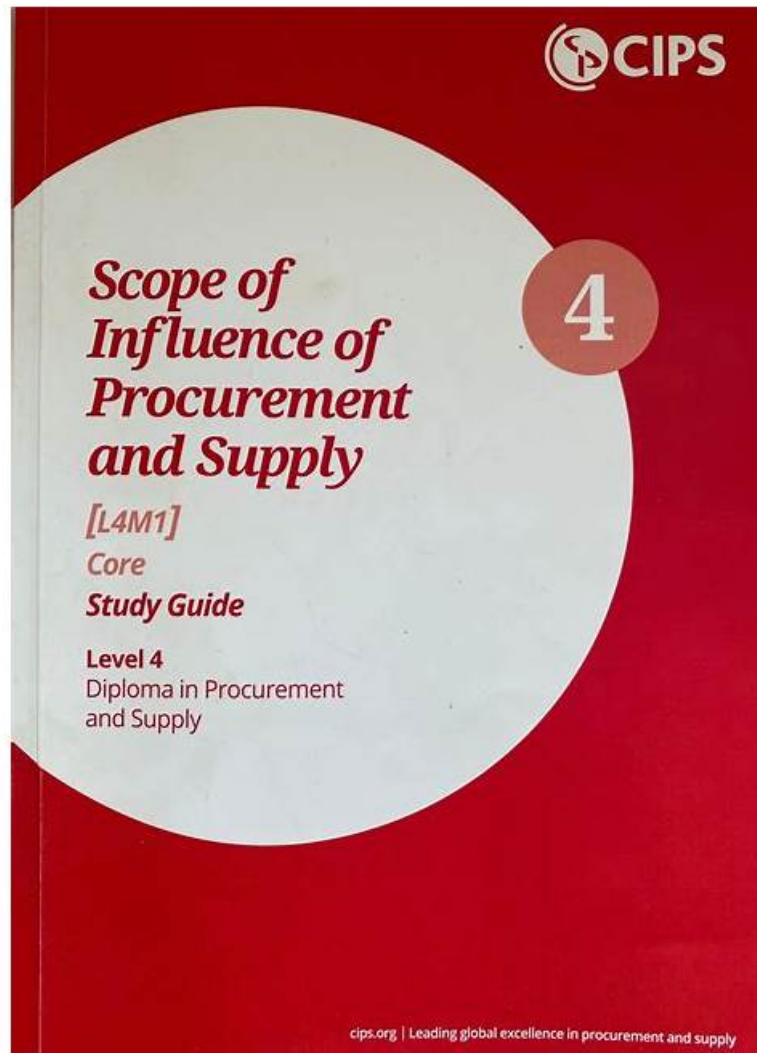


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CIPS L4M1 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none"> Public, private, charity, not-for-profit, manufacturing, retail, construction, financial, agriculture, and service sectors. It also covers analyzing the impact of the public sector on procurement and supply chain activities public sector objectives, regulations, competition, accountability, and value for money. It finally covers the impact of the private sector on procurement or supply chain activities.
Topic 2	<ul style="list-style-type: none"> Understand and analyse aspects of organisational infrastructure that shape the scope of procurement and supply chain functions: This section measures that skill of supply chain strategists and organizational analysts in understanding corporate governance, documented policies, accountability, and ethics. It also covers the impact of organisational policies and procedures on procurement and supply
Topic 3	<ul style="list-style-type: none"> Understand and analyse the added value through procurement and supply chain management: This section of the exam measures skills of supply chain managers related to identifying added value outcomes in procurement and supply and evaluating cost savings, service improvements, and innovations contributions. It also measures procurement and supply processes that contribute to added value.
Topic 4	<ul style="list-style-type: none"> Procedures, strategies, manuals, and internal function involvement.
Topic 5	<ul style="list-style-type: none"> Understand and analyse the need for compliance: This section measures skills of compliance officers and sector-specific procurement managers in understanding different economic and industrial sectors such as

CIPS Scope and Influence of Procurement and Supply Sample Questions (Q39-Q44):

NEW QUESTION # 39

Jan is a Contracts Manager at ABC Ltd and has recently awarded a contract to XYZ Ltd. Describe how she can manage the contract and supplier, detailing ways of monitoring performance and adding value for ABC Ltd (25 marks)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

How to approach this question:

- There are 4 sections to this essay, so before you start writing I'd make a couple of notes on each of the points. Then build those notes into separate paragraphs. Your notes may look like this:

How to manage the contract - ensuring contract is fit for purpose, holding XYZ to their responsibilities, ensuring ABC are also fulfilling their responsibilities, issuing contract variations if required, planning for contingencies.

- How to manage the supplier - ensure the right relationship is in place (transactional vs collaborative), communication - open and honest, ensure there is mutual trust and understanding of each other's goals/ objectives.

- Ways of monitoring performance - use KPIs / SLAs, Supplier Scorecard, Vendor Rating, feedback from customers

- How to add value for ABC - increasing efficiencies (e.g. less product defects), improved quality, assisting with Value Engineering exercises, reduction in time and costs (e.g. through improved processes such as ordering), the supplier delivers 'extras' for ABC such as training to staff at no additional cost.

- Ensure each paragraph refers to Jan, ABC and XYZ. The question doesn't state what the businesses are buying/ selling so you can use this as an opportunity to provide examples: 'if ABC are procuring raw materials from XYZ such as metal, an effective way to manage performance would include If they are procuring a service, it may be more beneficial to use methodology' Example Essay Jan, the Contracts Manager at ABC Ltd, plays a pivotal role in ensuring the success of the recently awarded contract with XYZ Ltd. Efficient contract and supplier management involves careful planning, communication, performance monitoring, and the continuous addition of value. Here's how Jan can navigate these aspects:

In terms of contract management, Jan must ensure that the terms and conditions of the contract are "fit for purpose," aligning with the specific needs and complexity of the procurement. For instance, a simple goods procurement may necessitate a concise document, while more intricate projects like engineering endeavors may require a detailed contract such as a JCT or NEC contract.

Additionally, Jan should vigilantly manage the contract during its lifespan, addressing any potential 'scope creep' that might necessitate amendments. If the contract lacks provisions for such changes, Jan may need to initiate the creation of a new contract to accommodate evolving needs. Clear delineation of responsibilities and contingencies is crucial in the contract to ensure accountability and preparedness for unforeseen circumstances. The inclusion of Key Performance Indicators (KPIs) and damage clauses, where appropriate, adds a layer of clarity and accountability to the contractual relationship. Planning for contingencies involves having backup strategies in place, especially considering potential challenges that may arise during the collaboration with XYZ Ltd. For example, having other suppliers she can call upon if XYZ fail to deliver on an order.

Turning to supplier management, Jan's role involves fostering a positive and productive relationship with XYZ Ltd. This includes regular meetings to discuss progress, achievements, and future plans. A mobilization meeting is particularly important to ensure a strong start to the contract. Subsequent monthly or quarterly meetings provide a platform to review performance retrospectively and plan for the future. Additionally, effective communication is paramount, with Jan ensuring that both organizations regularly communicate, particularly regarding urgent issues that may require immediate attention. This proactive communication can occur through various channels, such as email or phone calls, facilitating a swift resolution of any emerging concerns.

Trust and honesty form the bedrock of the relationship between ABC Ltd and XYZ Ltd. Jan should work towards fostering mutual trust through both formal and informal activities, recognizing the importance of a transparent and cooperative partnership. In terms of performance monitoring, Jan can employ Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) to track performance regularly. These metrics should not be viewed as one-off activities but rather as ongoing tools for assessing and ensuring that performance aligns with expectations. Clear communication regarding the consequences of failing to meet these targets, such as the implementation of a Performance Improvement Plan or potential contract cancellation, is essential for maintaining accountability.

Regular performance meetings between ABC Ltd and XYZ Ltd provide an opportunity to discuss achievements, setbacks, and any necessary adjustments. Beyond quantitative metrics, surveys and feedback from customers can provide qualitative insights into performance.

Finally, Jan can contribute to the partnership's success by focusing on adding value. This involves going above and beyond the contractual obligations, such as delivering products more efficiently at no additional cost or improving operational efficiencies. Encouraging XYZ Ltd to participate in Value Engineering exercises and engaging in Early Supplier Involvement to shape and define future requirements would be a good example of this. Additionally, providing 'add-ons' or 'extras' outside the contractual framework, such as training for ABC Ltd staff, further enhances the value derived from the partnership.

In conclusion, Jan's role as Contracts Manager extends beyond the initial awarding of a contract- rather her role involves strategic contract and supplier management throughout the lifetime of the professional relationship. By ensuring the contract is well-suited for its purpose, fostering a positive relationship with the supplier, monitoring performance effectively, and consistently adding value, Jan contributes to the success of the collaboration between ABC Ltd and XYZ Ltd. This comprehensive approach sets the stage for a mutually beneficial and enduring partnership.

Tutor Notes:

- A case study question like this in the real exam is likely to come with more details. They often come with lots and lots of details to be honest, talking about what XYZ supplies to ABC and the names of the people involved. The case study usually gives you some good clues as to what the examiner will be looking for you to include, so do read them carefully.

- You don't have to include much 'theory' on case study questions - the important thing is to reference Jan as much as possible. BUT you could throw in a cheeky mention of the Kraljic matrix. The approach to managing the contract and supplier would depend on the type of item supplied by XYZ - e.g. if it is a bottleneck item the supplier may need to be handled differently to if it is a routine item. You could also mention KPIs and objectives as being 'SMART' - Specific, Measurable, Attainable, Relevant, and Time-Bound

- study guide p.86-90 / p.94 / p.96 -98

NEW QUESTION # 40

What is a Public Sector organisation and what are the main objectives of organisations in the Public Sector?

(25 points)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

How to approach this question

- For the first part of the question you should look to give a definition of the public sector, think about its characteristics and give so examples e.g. local government, hospitals, libraries.

- For the second part try to explain 4-5 objectives. Try to remain as broad as you can - think about objectives that all public sector

organisations have in common rather than anything very specific to one organisation, what the question is looking for is the higher level, more broad aims.

Example Essay

A public sector organization, is a branch of government responsible for providing a wide range of services and functions to citizens and communities. It is funded by taxpayers' money and operates under governmental authority at various levels, including federal, state, and local governments. Public sector organizations can encompass government departments, agencies, authorities, and public enterprises. The main objectives of these organizations are multifaceted, aimed at serving the public interest and ensuring the efficient functioning of society. Examples include hospitals, schools and libraries. In this essay, we will explore the primary objectives of public sector organizations: improving services, achieving value for money, supporting communities and social value, and promoting equality, diversity, and inclusion (EDI).

Improving Services:

One of the central objectives of public sector organizations is to enhance the quality and accessibility of services provided to the public. These services can range from healthcare and education to transportation and public safety. The focus is on improving the well-being of citizens by ensuring that essential services are accessible, efficient, and responsive to evolving societal needs. For example, public healthcare systems aim to deliver high-quality medical services to all citizens, striving to reduce health disparities and provide equitable care.

Value for Money:

Public sector organizations are entrusted with the responsible and efficient use of public funds. Achieving value for money is a critical objective, ensuring that taxpayer money is spent wisely and that resources are allocated efficiently. Government agencies are tasked with optimizing budgets, reducing waste, and delivering services in a cost-effective manner. For instance, public infrastructure projects must be designed and executed to maximize benefits while minimizing costs and delays.

Supporting Communities and Social Value:

Public sector organizations play a pivotal role in supporting communities and generating social value. This objective involves initiatives and policies aimed at fostering community well-being, economic development, and social cohesion. It includes activities such as urban planning, affordable housing initiatives, and community development programs. By focusing on supporting communities, public sector organizations contribute to the overall betterment of society, creating opportunities and improving the quality of life for residents. In the UK it is a legal requirement for all large public sector contracts to consider Social Value, in line with the Social Value Act 2012.

Equality, Diversity, and Inclusion (EDI):

Promoting equality, diversity, and inclusion is another fundamental objective of public sector organizations.

These organizations are tasked with ensuring that all citizens are treated fairly and have equal access to opportunities and services.

This objective encompasses anti-discrimination policies, diversity hiring practices, and programs that address societal inequalities.

Public sector entities strive to create environments where individuals of diverse backgrounds can thrive and participate fully in public life, regardless of race, gender, age, disability, or other characteristics.

In conclusion, public sector organizations serve as key agents in addressing societal needs and promoting the common good. Their objectives encompass improving services, achieving value for money, supporting communities and social value, and promoting equality, diversity, and inclusion (EDI). By pursuing these objectives, public sector organizations contribute to the welfare and development of society, ensuring that public resources are utilized efficiently and equitably. They play a vital role in shaping the overall well-being and progress of their respective communities and nations.

Tutor Notes

- The study guide talks about the main objective of the public sector as being 'to improve services'. This is true, but in reality, the public sector may be the only people providing that service. They may be providing a service that the private sector can't or won't because it's simply not profitable. An example is the Forestry Commission which looks at protecting forests and conducting research on forests. No private sector organisation is going to do that because there's simply no money in it.

- With a lot of public sector organisations there are competing private sector organisations, just look at medical care and the rise of private health insurance. Same with transport. This essay doesn't ask you to talk about this, and it is outside of the scope of the study guide but it's an interesting observation: traditionally the aim of the public sector was to serve the public, nowadays it's actually competing with private sector organisations to do this!

- Social Value Act for anyone who's not familiar: Social Value Act: information and resources - GOV.UK (www.gov.uk)

NEW QUESTION # 41

Describe 3 stages of the sourcing cycle that occur in the post-contract award stage (25 marks)

Answer:

Explanation:

See the solution in Explanation part below

Explanation:

How to approach the question

Your answer should provide details on 3 of the following:

- Contract Award and Implementation
- Warehouse Logistics
- Contract performance and Improvement
- Supplier Relationship Management
- Asset Management

Because the question is only asking for 3 stages, you're going to have to go much more into detail for each stage, giving lots of information about why each stage is important and examples. You could consider thinking of an example procurement you have done recently and explaining the stages for that. Or you could take a hypothetical procurement too. Either will get you the same marks. Pick the three that you can write the most about.

Essay Plan

Introduction - explain that sourcing of goods and the role of Procurement doesn't end once a contract is signed. There is ongoing management and processes which must be carried out to ensure success.

Paragraph 1 - Contract Performance and Improvement

- * This is about ensuring contract obligations are fulfilled. Contract administration includes P2P procedures, database management, budgeting / costs monitoring, reporting and dispute resolution
- * Procurement's role may be in managing contract performance through the use of SLAs and / or KPIs. This can be done via reporting, using a Supplier Scorecard and meeting regularly to discuss.
- * It's important KPIs are measured and that there are consequences for failing to meet them. An example of consequences could be using a Performance Improvement Plan.
- * Contract Management also includes updating the contract where required - e.g. issuing variations to contract and updating the change control log
- * Another important aspect of this is ensuring the costs remain within scope of the budget
- * Contract performance can be compared if you have several suppliers delivering the same goods- could use a Factor Rating Method.
- * Performance could be measured against several criteria such as on time deliveries, response time of supplier, number of complaints.

Paragraph 2 - Supplier Relationship Management

- * There is a difference between managing the contract and managing the supplier relationship. It's possible to have excellent contract performance and a terrible relationship. However, the two are generally linked- where there is a good relationship, the contract often performs well.
- * The supplier management approach depends on where the relationship falls on the relationship spectrum (e.g. transactional or collaborative)
- * This involves; maintaining regular contact with the supplier, motivating the supplier, working collaboratively with them (e.g. on performance issues or resolving any disputes)
- * Incentivising the supplier leads to collaboration and mutual support
- * To assess or rank suppliers you could use a vendor rating method or supplier evaluation forms
- * Supplier relationship management may involve investing in the supplier- e.g. through training or technology sharing

Paragraph 3 - Asset Management

- * Includes creating a post contract 'lessons-learned'
- * Assessments should be carried out to determine if business requirements have changed, whether the agreement is still required and fit for purpose, what can be learnt from the process and how improvements can be incorporated next time.
- * This is the final stage of the Procurement Cycle and takes us back to the start of cycle, which begins again when the item needs to be reprocured
- * Whole life costing should be considered at this stage: this is the total cost of ownership over the life of an asset. The concept is also known as life-cycle cost (LCC) or lifetime cost, and is commonly referred to as "cradle to grave" or "womb to tomb" costs.
- * Generally used on large purchases such as machinery and vehicles. Full Asset Management may not necessary for direct cost items such as raw materials incorporated into final goods.
- * Considerations may include; costs of running the asset, how long it will perform, insurance, maintenance, opportunity costs, disposing of the asset.
- * Also consider environmental and social impacts of the procurement.

Conclusion - it is important that procurement are involved at every stage of the cycle, not just in the pre-award stages. Procurement can add value at every stage.

Tutor Notes

- Depending on the examples you choose to use, you could talk about how the type of item procured could impact on the different stages. For example, high risk purchases may require more contract management than low risk purchases, and capital expenditure items such as new machinery may require more attention to the Asset Management stage.
- You could also think about how procurement adds value at each of the stages.
- Study guide p. 79

NEW QUESTION # 42

What is meant by a structured procurement process? (10 marks) Why is this important? (15 marks).

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

- Definition of 'structured procurement process' - when an organisation provides a sequence of actions / steps to take to get the outcome (the procurement of an item). This involves an organisation providing guidelines and instructions of how things should be done. Basically following a step-by-step process.

- Why this is important - Ensures all tasks that need to be done are done, maintains consistency, prevents conflict and suboptimal behaviour, improves efficiency, better managerial control, compliance (with laws and standards), assists with continuous improvement, may result in time/ cost savings, reduces risks such as fraudulent spending.

Example essay:

The first part of the question is worth 10 points, so you could include a few of the following points. It would also be good to include examples:

- Structured procurement involves creating rules on how procurement should be done

- This is in contrast to reactive / maverick spending

- May come about due to company policy, external regulations or through trying to achieve Competitive Advantage

- Examples include an organisation having set procedures for ordering items of different spend- e.g.

Procurement Assistants can purchase items up to £500. Items between £500-£1000 require a manager's approval and anything over £1000 requires a written Business Case in order to procure

- Structures Procurement Processes will usually also include the use of a designated e-procurement tool. E.g.

an organisation may insist that all tenders use a certain online system and that invoices are sent via X system within 30 days.

The second part of the question is worth slightly more points, so spend more time on this. You could put each of the reasons why it is important in a separate paragraph. Also use examples where you can;

- Ensures all tasks that need to be done are done- having structured processes means having a step-by-step guide to how to procure. This means activities are well co-ordinated and there are no gaps, no duplications of effort and no conflicting efforts. It may involve assigning different people in the team different roles e.g.

someone makes the requisition and someone else approves it. It also means that nothing is forgotten.

- Maintains consistency- having standardised processes means each procurement exercise follows the same process. This may include using a standard template for a requisition or ITT. Where there is consistency, this results in time being saved and less mistakes being made as everyone (including supply partners) is familiar with the processes.

- Prevents conflict and suboptimal behaviour- in organisations that use structured procurement processes everyone does the same.

This means there is no conflict (e.g. one person doing things one way and another person does it differently and arguing which way is best). It also means no one can do procurement 'wrong' - there are written guides and procedures to follow. This is particularly helpful for new starters.

- Efficiency - time and money can be saved where there are standard procedures as people don't have to plan each procurement activity individually. Structured Procurement Processes may also involve completing bulk orders and co-ordinating activity within the organisation which means less orders are placed over the year and efficiency savings can be made. For example, a factory may create an order of cleaning products once a quarter, compared to ordering products just as and when they are required. This will save time of the procurement department overall throughout the year and allows them to focus on other more value-adding tasks.

- Better managerial control - Managers have more oversight when using structured procurement. There are clear rules as to when managers need to be involved and provide sign-off. This visibility makes it easier for managers to make decisions and allows for early intervention where someone needs assistance. It will reduce maverick spending and fraudulent spending. For example, it is much harder to provide kick-backs to suppliers when there are clear processes and audit trails and managers have visibility over all processes.

- Compliance (with laws and standards) - particularly in the Public Sector there are rules and regulations regarding procurement practices. Using standardised processes allows organisations to demonstrate compliance with appropriate legislation. It also protects them from 'challenge'. This is when a bidder who is unsuccessful challenges the decision to award a contract to someone else. Using a structured procurement process allows the organisation to demonstrate that they procured the item correctly and the challenge is unfounded.

Tutor Notes

- This topic isn't as well explained in the new study guide as it used to be. It's all pretty obvious stuff but the language is slightly different. The guide now talks about 'compliance with processes' and the benefits this brings. Which is exactly the same as why do you follow a structured process. This is on p. 114.

- If you're feeling clever, you could mention the difference between Public and Private Sector- e.g. a private organisation may use standardised processes for efficiency and cost savings, whereas a public sector organisation may use it more for compliance purposes.

NEW QUESTION # 43

What is an electronic system? Describe the following: e-requisitioning, e-catalogues, e-sourcing, e-payment technologies (25 marks)

Answer:

Explanation:

See the solution in Explanation part below

Explanation:

How to approach this question:

- Your response will need 5 definitions. For 25 points that means 5 points per section so think about the level of detail you'll need to include. It would be 5 points for electronic system (i.e. your introduction and conclusion), and then do a paragraph on each of the technologies. In the description you could talk about why it's used and the advantages, and give some examples if you know any.
- Definition of electronic system - a system which uses some form of technology and automates a procurement process than would otherwise have been completed manually.
- E-Requisitioning - a way of ordering goods or services. Includes the use of integrated ordering systems such as: ERP/ ERP II / MRP / MRP II
- E-Catalogue- an electronic display of what goods can be ordered. A simple example of this may be a supplier displaying the goods they offer on their website and the prices to purchase the goods.
- E-Sourcing - this involves the early stages of the tender process- using an electronic portal to find a supplier and / or conduct a tender exercise.
- E-Payment - the P2P part of the cycle (procure to pay) - may involve electronic POs and Invoices, BACS, CHAPS and SWIFT payment systems, and the use of Purchasing Cards

Example essay:

Electronic systems, commonly referred to as E-procurement, is the business-to-business or business-to-consumer purchase of goods or services, typically using the Internet or other information/ networking systems such as ERP systems. It has developed in the past 20 years as technology has improved and replaces time-consuming manual processes and is now considered the 'norm'. Electronic systems and e-procurement can be used throughout the entire supply chain- not just between a single buyer and supplier. Examples of electronic systems including the following:

E-requisitioning

This is often used in manufacturing organisations to order raw materials. An electronic 'bill of materials' is created and stock levels are automatically updated. As materials get used and a pre-determined level is reached, this triggers a new order which is placed via an e-requisitioning system such as MRP. It is a technological version of the traditional kan-ban (2 bin) system. E-requisition tools are often cloud-based. It helps buyers simplify the buying process, track orders and provides higher levels of visibility on spend. The main disadvantage to this technology is that it requires technology interfacing between the buyer and supplier, which may be expensive.

E-catalogues

This is a digital or online version of a catalogue- a document that details what you can buy and at what price. There are two main types - buy side catalogues and sell side catalogues. A buy-side catalogue is an internal system used by a buyer which hosts a list of pre-approved suppliers from whom purchases can be made. It may include details of commonly bought items and the prices. The use of this reduces maverick spending and ensures consistency in purchases (e.g. whenever lightbulbs need to be ordered, the same lightbulbs are ordered so the office lighting is consistent). A sell-side catalogue is provided by a supplier and details what they offer- it often includes prices, any discounts for bulk buying and may also let buyers know of availability (e.g. the website may say only two items remaining). This may be as simple as a price list on their website, available for anyone to view.

E-sourcing

This is a tool that helps a buyer find the most suitable supplier. Examples include e-tendering websites where a buyer can host a competition to find a supplier. E-auctions are also a type of e-sourcing tool. The tool (often a website) hosts all of the tendering documents and allows for buyers and suppliers to communicate during the tender process (for example if there are any clarifications needed on the specification). Using this tool allows for transparency and equal treatment, but also saves time in completing the tender exercise. PQQs can be automated and some e-sourcing tools include the use of Artificial Intelligence which can 'read' tender submissions and automatically exclude suppliers who do not fulfil the required criteria.

E-payment technologies

These are methods to pay for goods and services that replace the need for cash and cheques. Examples include online bank transfers, electronic Purchase Orders and Invoices and the use of Pre-Payment cards. These act like credit cards for employees to use when they need to buy supplies. For example, if you have a maintenance team that frequently need to purchase low-value items like screws and paint, you could issue the team with a Pre-Payment card with a certain limit (e.g. £500/ month) so they can buy what they need. The company will then automatically be sent a monthly invoice for all of the purchases. This saves time from having to issue the maintenance team with petty cash for the purchases and allows for greater visibility over spend (e.g. how many screws are typically bought per year?). Another typical use is for staff travel.

In conclusion, procurement teams benefit significantly from leveraging electronic tools, including e-requisitioning, e-catalogues, e-sourcing, and e-payment technologies. The adoption of these electronic tools brings about various advantages that enhance

