

L4M1 Exam Questions Preparation Material By DumpsFree

CIPS L4M1 - Question & Answer Past exam questions

O1. Outline FIVE differences between purchasing goods and purchasing services. - correct answer 1. Goods are tangible, services are intangible:

2. Services cannot be separated from their supplier:
3. Heterogeneity: goods are usually uniform in nature while services are unique at each delivery
4. Services 'perish' immediately on delivery whereas goods can be stored until required
5. Products are easier to specify, being tangible

O2. Explain THREE circumstances in which a competitive tendering exercise might not be the best approach to making a purchase. - correct answer 1. Urgency

2. Commercial confidentiality or national security (e.g. military organisations):
3. Value of the purchase:
4. Production costs cannot be measured accurately:
5. Price is not the only criterion for supplier selection and contract award
6. Intellectual Property Rights and monopoly

O2. Describe TWO e-sourcing tools and their use in procurement and supply. - correct answer 1. E-Catalogues

2. E-Tendering
3. E. Auction
4. Reverse Auctions
5. Online supplier evaluation data

O3. Explain the role of a shared services unit (SSU). - correct answer SSUs reflect a desire to centralise and share services

The shared service provider becomes a dedicated provider of services such as; finance, HR, IT and procurement which continue to be provided internally

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So you should have to be vigilant and prepare well to crack the L4M1 exam. For complete, comprehensive, and instant Scope and Influence of Procurement and Supply L4M1 exam preparation, the DumpsFree L4M1 Dumps are the right choice. You can trust L4M1 exam questions and start Scope and Influence of Procurement and Supply L4M1 exam preparation. No doubt the DumpsFree is one of the leading and reliable platforms that has been helping L4M1 Exam candidates in their preparation. The DumpsFree offers valid, updated, and real Scope and Influence of Procurement and Supply L4M1 exam practice questions that perfectly and quickly prepare the L4M1 exam candidates.

CIPS L4M1 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none">• Procedures, strategies, manuals, and internal function involvement.

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 innovationsu contributions. It also measures procurement and supply processes that contribute to added value.
Topic 4	<ul style="list-style-type: none"> Understand and analyse the key steps when procuring goods or services: This section measures that skills of purchasing managers and procurement officers in identifying and evaluating stages in the sourcing process, planning, supplier selection, and contract management.
Topic 5	<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.

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CIPS Scope and Influence of Procurement and Supply Sample Questions (Q27-Q32):

NEW QUESTION # 27

Explain, with examples, the three different ways one can categorise procurement spend: direct vs indirect, capital expenditure vs operational expenditure and stock vs non-stock items. (25 points)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

The knowledge to remember:

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Essay Plan :

Remember to include examples for each of the six categories of spend. This is specifically asked for in the question so it's important to include as many examples as you can. To do this you could take an example organisation such as a cake manufacturer and explain which of their purchases would fall into each category and why.

Introduction - explain why procurement categorises spend

- Direct - these are items that are incorporated into the final goods (the cakes) so would include raw materials such as flour, eggs, sugar etc

- Indirect - these are items that the company needs, but don't go into the end product. For example, cleaning products and MRO supplies for the machines

- Capital Expenditure- these are large one-off purchases, such as buying a new piece of equipment such as a giant oven to cook the cakes.

- Operational Expenditure - these are purchases that are required to ensure the business can function day-to- day. They may include PPE for the workers in the factory and cleaning equipment

- Stock items - these are items procured in advance and held in inventory until they are needed. In a cake manufacturing factory this

could be PPE for staff such as hairnets and gloves. The organisation will buy these in bulk and keep them in a stock cupboard, using these as and when they are required

- Non- stock items - items that are not stored and used right away. An example would be eggs- these will need to be put directly into the cakes as they would go off if bought in advance.

Conclusion - the categories are not mutually exclusive - an item can be direct and operational, or indirect and stock. Different companies may use different systems to classify items of spend.

Example Introduction and Conclusion

Introduction

Procurement categorizes spend to efficiently manage resources and make strategic decisions. Three primary ways of categorizing procurement spend include distinguishing between direct and indirect spend, classifying expenditures as capital or operational, and categorizing items as stock or non-stock. These distinctions aid organizations in optimizing their procurement strategies for better resource allocation.

Conclusion:

In conclusion, categorizing procurement spend into direct vs. indirect, capital vs. operational, and stock vs. non-stock items is essential for strategic resource management. While these categories provide a structured framework, they are not mutually exclusive, as an item can fall into multiple categories. For example, an item may be both direct and operational or indirect and stock. The flexibility of these categories allows organizations to tailor their procurement strategies based on their specific needs, ensuring efficient resource allocation and effective supply chain management. Different companies may adopt varying categorization approaches depending on their industry, size, and operational requirements.

Tutor notes:

- Because you've got 6 categories of spend to talk about you're only going to need 3-4 sentences for each.

Providing you've said the category, explained what it is and given one example, you'll absolutely fly through this type of question

- You could also mention that it is useful to use categories of spend as this helps with budgeting. Different categories may also have different processes to follow for procuring the item (this could form part of your introduction or conclusion).

- This subject is LO 1.3.2 it's quite spread out in the text book but the main info is on p.49

- Note- different companies/ industries classify items of spend differently. Particularly packaging and salaries.

Some say they're direct costs and some say they're indirect costs. Honestly, it's a hotly debated subject and I don't think there is a right or wrong. I'd just avoid those two examples if you can and stick to ones that aren't as contentious like eggs and PPE.

NEW QUESTION # 28

Examine FIVE ways in which procurement activities can contribute to achieving BrightAid's organisational objectives. (25 marks)
BrightAid BrightAid is a medium-sized charity (not-for-profit) with 20 permanent employees and it uses 400 volunteers to deliver aid and services to the individuals and groups it serves. Its main aims are to raise awareness of its cause and bring issues to people's minds to prompt them to donate and/or join campaign activities. The charity depends on these voluntary donations, as without them, it would not be able to function. It also aims for this support to be continued on a regular basis and must engage with a wide range of stakeholders (both internal and external). BrightAid is also considering joining a buying group with several other charities and aims to extend the member's purchasing power and obtain competitive prices for the group members. Recognising that there is increasing competition in the amount and frequency of donations, the charity is now looking at several ways to increase the amount or frequency of donations and make its internal processes more efficient and effective. Up to this point, any procurement activities have been undertaken ad-hoc with no formalised processes.

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

Five Ways Procurement Activities Can Contribute to BrightAid's Organisational Objectives Procurement plays a critical role insupporting the operational efficiency and sustainabilityof a not-for- profit organization likeBrightAid. Given its reliance on donations and volunteers, a structured and strategic procurement approach can help maximize resources, reduce costs, and enhance the charity's impact. Below are five key ways in which procurement can contribute toBrightAid's organisational objectives.

1. Cost Reduction and Financial Efficiency

* How Procurement Helps:

* Implementing a formal procurement strategy ensures that goods and services are sourced at the most cost-effective prices.

* Joining a buying group with other charities can enhance BrightAid's purchasing power, securing bulk discounts and reducing overhead costs.

* Supplier negotiations and competitive tendering can help maximize value for money on every purchase.

* Impact on BrightAid:

* More funds can be allocated to core aid and campaign activities.

* Lower operational costs mean greater financial sustainability and improved service delivery.

2. Enhancing Transparency and Accountability

* How Procurement Helps:

- * Implementing clear procurement policies and procedures ensures fair supplier selection, minimizing risks of fraud or inefficiencies.
- * Establishing a procurement audit process ensures compliance with ethical and legal standards.
- * Open and fair supplier engagement strengthens stakeholder trust (donors, volunteers, and partners).

* Impact on BrightAid:

- * Increases donor confidence, encouraging repeat and larger donations.
- * Ensures resources are used efficiently and ethically, enhancing the charity's reputation.

3. Improving Supply Chain Reliability and Efficiency

* How Procurement Helps:

- * Strategic supplier selection ensures consistent delivery of essential goods and services.
- * Developing long-term supplier relationships can reduce risks of supply disruptions.
- * Procurement can introduce supplier performance reviews to ensure that services meet BrightAid's needs effectively.

* Impact on BrightAid:

- * More efficient aid distribution, ensuring beneficiaries receive timely support.
- * Reduced operational disruptions, allowing volunteers and staff to focus on charitable work instead of supply issues.

4. Supporting Ethical and Sustainable Procurement

* How Procurement Helps:

- * Ethical sourcing policies ensure that supplies (e.g., food, clothing, medical aid) come from responsible and sustainable sources.
- * Procurement can help BrightAid select suppliers that align with its mission and values (e.g., fair trade suppliers, environmentally friendly packaging).
- * Working with ethical suppliers enhances CSR (Corporate Social Responsibility) partnerships, attracting more donors.

* Impact on BrightAid:

- * Increases public trust and donor support, strengthening brand reputation.
- * Aligns procurement decisions with the charity's core mission and sustainability goals.

5. Enhancing Operational Effectiveness and Stakeholder Engagement

* How Procurement Helps:

- * A structured procurement process ensures timely and cost-effective delivery of goods and services, reducing inefficiencies.
 - * Procurement professionals can engage stakeholders (staff, volunteers, donors) to understand their needs and improve sourcing decisions.
 - * Implementing procurement technology or e-procurement systems can streamline purchasing and reduce administrative burdens.
- * Impact on BrightAid:
- * Staff and volunteers can focus more on core charitable activities rather than administrative tasks.
 - * Better stakeholder engagement ensures that procurement aligns with donor expectations, strengthening long-term relationships.

Conclusion

By implementing a structured and strategic procurement function, BrightAid can significantly improve its financial efficiency, supply chain reliability, and ethical standards, ultimately enhancing its ability to deliver aid effectively and attract continued donor support. With growing competition for donations, a well-managed procurement process ensures cost savings, improved transparency, and stakeholder trust, directly contributing to the charity's long-term sustainability and success.

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NEW QUESTION # 29

Discuss the importance and role of an organisation's branding in procurement and supply operations (25 marks)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

How to approach the question

- This is a very open question so your essay could discuss

o the functions of a brand; e.g. advertising, marketing, creating trust, identity o What is effective branding? Strong image, convincing people to purchase, shared values with customers, offering a solution to a problem

o The impact for procurement and supply chain isn't explained in the study guide so tailor this however you like. The best thing to do would be to think about some companies where branding is important, such as luxury goods, cars, or the brand is synonymous with a particular aspect such as Apple being associated with innovative technology. From there you could argue the importance of selecting the right suppliers to work with in order to keep up the brand image. Another example could be an ethical company needing to ensure their supply chain is 'clean', so as not to damage their branding. Possibilities are endless with this one.

Example Essay

In the contemporary business landscape, the significance of branding extends far beyond marketing and consumer perception. In procurement and supply operations, an organization's brand plays a pivotal role in shaping relationships with suppliers, determining the quality of goods and services that are procured, and influencing overall supply chain efficiency. This essay delves into the importance of branding in procurement and supply, exploring how a strong brand image can drive competitive advantage, foster trust and collaboration, and impact an organization's bottom line.

Building Competitive Advantage Through Brand Reputation:

The reputation of an organization's brand is a key determinant in attracting and retaining high-quality suppliers. A strong brand often correlates with financial stability, market presence, and business ethics, making such organizations more appealing to work with. This advantage is critical in procurement as it can lead to preferential treatment, such as priority access to scarce resources, better payment terms, and opportunities to collaborate on innovative products. For example, a well-regarded technology company might receive early access to cutting-edge components from suppliers eager to be associated with a market leader.

Enhancing Supplier Relationships and Negotiations:

Branding extends into the realms of trust and reliability, essential components in building long-term relationships with suppliers. A well-respected brand often implies a history of fair dealings, prompt payments, and mutual respect, which can make suppliers more willing to negotiate favourable terms. This trust can be particularly vital in times of supply chain disruptions or market volatility. Suppliers are more likely to extend credit or expedite orders for trusted partners, which can be invaluable for maintaining uninterrupted operations.

Influencing Quality and Sustainability Standards:

An organization's brand also communicates its commitment to quality and sustainability, which are increasingly crucial in procurement decisions. Suppliers aligning with brands that emphasize high-quality standards are often more diligent in maintaining these standards in their products and services. Additionally, a strong brand committed to sustainability can drive supply chain practices that align with environmental and social governance (ESG) principles. This commitment can lead to long-term cost savings, risk mitigation, and enhanced brand loyalty among environmentally conscious consumers.

Brand Image and Consumer Perception:

The procurement function directly impacts the final product quality, which in turn affects consumer perception of the brand. An organization's ability to procure high-quality, ethically sourced materials can significantly enhance its brand image and appeal to a broader customer base. For instance, a fashion brand's commitment to ethical sourcing and procurement of sustainable materials can bolster its image as an environmentally responsible brand, appealing to a growing demographic of eco-conscious consumers. The reverse is also true, brands associated with child or forced labour where this is found to be in their supply chains can suffer from loss of customers, revenue and reputation as well as potentially even legal consequences.

Internal Branding and Employee Engagement in Procurement:

Internal branding, the way an organization's values and culture are perceived by its employees, plays a crucial role in procurement. Employees who are proud of their organization's brand are more likely to engage deeply with their work, leading to better performance in procurement roles. This engagement can result in more innovative procurement strategies, improved vendor management, and a greater focus on aligning procurement practices with the organization's overall strategic goals.

Conclusion:

The role of an organization's branding in procurement and supply operations is deeply impactful. A strong brand can create competitive advantages, foster better supplier relationships, influence quality and sustainability standards, enhance consumer perception, and drive employee engagement. In the modern business world, where supply chains are complex and consumer expectations are high, branding is not just a marketing tool but a strategic asset in procurement and supply operations. Organizations that recognize and leverage the power of their brand within these operations are poised to achieve greater efficiency, sustainability, and overall success.

Tutor Notes

- This is a really random section of the study guide and doesn't really relate to the rest of the content. Branding comes up on p.226 - 228. It therefore can come up as a question, but because it's such a small part of the syllabus, don't focus too much effort on this subject.
- If you remember one line from this topic it's this: "branding is not just a marketing tool but a strategic asset in procurement and supply operations"
- This type of question could come up as a scenario / case study. E.g. How does the branding of X Company impact upon their supply chain.

NEW QUESTION # 30

Discuss the importance and role of an organisation's branding in procurement and supply operations (25 marks)

Answer:

Explanation:

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Explanation:

How to approach the question

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NEW QUESTION # 31

What is the purpose of a CSR policy? What elements should it contain and how can a buyer evaluate a potential suppliers CSR policy? (25 points)

Answer:

Explanation:

See the solution in Explanation part below.

Explanation:

How to approach this question

- There are three questions within this question. The purpose could be your introduction, and then take two big sections in the main body of your essay for the elements and how to evaluate it.

Example Essay

A Corporate Social Responsibility (CSR) policy serves as a formal commitment by a company to conduct its business in a socially responsible and sustainable manner. The purpose of a CSR policy is to outline the organization's dedication to ethical practices, environmental stewardship, and social contributions. It reflects a company's commitment to going beyond mere profit generation and actively engaging in initiatives that benefit society and the environment.

Elements of a CSR Policy:

1. Ethical Business Practices:

Clearly articulated principles on fair business dealings, anti-corruption measures, and adherence to ethical standards in all operations.

2. Environmental Sustainability:

Commitments to minimize environmental impact through sustainable practices, energy efficiency, waste reduction, and responsible sourcing of materials.

3. Social Responsibility:

Efforts to contribute positively to the community, which may include support for education, healthcare, poverty alleviation, or other social initiatives.

4. Labor Practices:

Fair and ethical treatment of employees, including non-discrimination, fair wages, safe working conditions, and respect for workers' rights.

5. Supply Chain Responsibility:

A commitment to ensuring that suppliers and partners adhere to similar ethical and CSR standards, promoting responsible practices throughout the entire supply chain.

6. Transparency and Accountability:

Open disclosure of CSR initiatives, performance, and impacts, demonstrating a commitment to transparency and being accountable for CSR goals.

7. Stakeholder Engagement:

A pledge to engage with and consider the interests of various stakeholders, including employees, customers, communities, and shareholders, in decision-making processes.

Evaluating a Supplier's CSR Policy:

Assessing a potential supplier's CSR policy involves a comprehensive examination of key factors to ensure alignment with ethical and responsible business practices:

1. Policy Content:

Review the content of the CSR policy to ensure it covers a broad spectrum of social, environmental, and ethical aspects. A comprehensive policy reflects a commitment to holistic CSR practices.

2. Alignment with Industry Standards:

Check if the CSR policy aligns with industry-specific standards and best practices. Adherence to recognized standards, such as the Global Reporting Initiative (GRI) or ISO 26000, indicates a commitment to global CSR norms.

3. Performance Metrics:

Evaluate whether the supplier includes measurable performance metrics in their CSR policy. Clear objectives and key performance indicators (KPIs) demonstrate a commitment to continual improvement and accountability.

4. Stakeholder Engagement:

Assess how the supplier engages with stakeholders. A robust CSR policy should involve stakeholders in decision-making processes and demonstrate an understanding of their concerns.

5. Supply Chain Responsibility:

Check if the supplier extends CSR principles to its supply chain. This involves ensuring that suppliers and partners adhere to ethical, environmental, and social standards, contributing to a responsible and sustainable supply chain.

6. Transparency and Reporting:

Look for transparency in reporting. A supplier that openly communicates about its CSR initiatives, achievements, and challenges indicates a commitment to accountability and transparency.

7. Continuous Improvement:

Evaluate if the supplier emphasizes a commitment to continuous improvement in its CSR policy. This indicates a dynamic approach

