

# Reliable Study L4M2 Questions - L4M2 Exam Experience

## 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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To be eligible for the CIPS L4M2 Certification Exam, candidates must have completed the L4M1 module or have equivalent work experience. They must also meet the requirements set out by CIPS, which includes a minimum of two years of work experience in a relevant field. Once the candidate has met these requirements, they can register for the exam and start preparing for the test.

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## Defining Business Needs updated study torrent & L4M2 valid test pdf & Defining Business Needs training guide dumps

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CIPS L4M2 (Defining Business Needs) Certification Exam covers a wide range of topics related to business analysis, including

requirements gathering, stakeholder analysis, problem identification, and solution assessment. L4M2 Exam is designed to test the candidate's ability to apply theoretical concepts to real-world scenarios, and to demonstrate their understanding of the best practices and methodologies used in business analysis.

## CIPS Defining Business Needs Sample Questions (Q28-Q33):

### NEW QUESTION # 28

Which of the following will help the bargaining strength of a buyer?

- \* The buyer has the option to make the product in-house
- \* There are a limited number of suppliers available to the buyer
- \* The buyer's switching costs are high
- \* The buyer's spend is a high proportion of the supplier's revenue

- **A. 1 and 4 only**
- B. 2 and 3 only
- C. 1 and 2 only
- D. 2 and 4 only

### Answer: A

Explanation:

Detailed Explanation:

- \* 1 (Make in-house): The ability to produce in-house reduces dependency on suppliers, strengthening buyer power.
- \* 4 (High spend proportion): A high proportion of spend gives buyers leverage over suppliers who are reliant on their revenue. Limited suppliers (2) and high switching costs (3) reduce buyer bargaining power. Reference: CIPS Level 4, Market Power Analysis.

### NEW QUESTION # 29

A procurement manager consolidates the company expense on printing and office supplies into broader range of spend category. Other senior managers are concerned that it may increase company's spend. Is that concern justified?

- A. Yes, because the suppliers can't provide a broader range of products and they will fail to deliver
- B. No, because the consolidation will help the supplier to shorten delivery time.
- C. Yes, because the consolidation may create a large contract that costs more than placing each purchase order
- **D. No, because the broader range of spend category can increase the value of the contract and the buyer may get volume discount**

### Answer: D

Explanation:

Printing and office supplies are often considered as low risk, low value items. Consolidating low value, low risk items into a broader range will dramatically increase the value of the contract and leverage of the buying organisation in the negotiation.

### NEW QUESTION # 30

A department is writing a business case for an expensive capital purchase. What should be included?

- \* Terms and conditions of contract
- \* Tender evaluation criteria
- \* Degree of added value
- \* Financial plan

- **A. 3 and 4 only**
- B. 2 and 3 only
- C. 1 and 4 only
- D. 1 and 2 only

### Answer: A

Explanation:

Comprehensive and Detailed Explanation (from CIPS L4M2 - Business Case Construction) A business case must outline:

\* Added value (benefits, performance, ROI).

\* Financial plan (costs, funding, payback).

Contract terms and tender criteria come after the business case is approved.

Thus, 3 and 4 only are correct.

Relevant L4M2 references:

\* "Essential elements of a business case"

\* "Cost-benefit and value assessment in procurement justification"

### NEW QUESTION # 31

A company has a list of items that make up 15% of total spend. These items also do not largely impact on quality of final product. The supply continuity is secured. Which of the following will be the most appropriate managing approach to purchase these items?

- A. Enhance supply continuity
- B. Drive down cost based on market competition
- C. Build partnership with suppliers
- D. Simplify procurement process

**Answer: D**

Explanation:



Those items make up small portion of spend and the supply risk is low. So it is tactical item according to Kraljic portfolio matrix. Procurement should bundle these items into larger contracts, simplify procurement process.

LO 2, AC 2.1

### NEW QUESTION # 32

A market has a considerable number of buyers and suppliers. Analysis of the market reveals that loyalty from buyers is relatively low and switching to alternative providers is commonplace. Which of the following market characteristics is supporting this type of buyer behaviour?

- A. Barriers to market entry
- B. Supplier bargaining strength
- C. Increasing use of technology
- D. The availability of substitute products

**Answer: D**

## NEW QUESTION # 33

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