

Quiz Fantastic CIPS - L4M2 Test Lab Questions

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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CIPS Defining Business Needs Sample Questions (Q256-Q261):

NEW QUESTION # 256

Interserve is a construction contractor in UK. When receiving a huge and complex project, Inter-serve's procurement manager assesses the risks by quantifying them and recommends other stake-holders to plan mitigating actions. Is the procurement manager's action justified?

- A. No, because embedding the risk into pricing will decrease the company's competitiveness
- B. No, because no risks can be quantified, therefore the procurement manager's action is impossible.
- **C. Yes, because procurement manager needs to assess the risks to prioritise and mitigate any potential risks**
- D. Yes, because all the risks should be quantified and eliminated completely before they happen

Answer: C

Explanation:

Assessing the risks by quantifying them should be done. Even with qualitative risk assessment, quantifying is still important since risks need to be prioritised.

Risk assessment can be qualitative or quantitative. Perform qualitative and perform quantitative risk analysis are two processes within the project risk management knowledge area, in the planning process group. While qualitative risk analysis should generally be performed on all risks, for all projects, quantitative risk analysis has a more limited use, based on the type of project, the project risks, and the availability of data to use to conduct the quantitative analysis.

Qualitative Risk Analysis

A qualitative risk analysis prioritises the identified project risks using a pre-defined rating scale. Risks will be scored based on their probability or likelihood of occurring and the impact on project objectives should they occur.

Probability/likelihood is commonly ranked on a zero to one scale (for example, .3 equating to a 30% probability of the risk event occurring).

The impact scale is organizationally defined (for example, a one to five scale, with five being the highest impact on project objectives - such as budget, schedule, or quality).

A qualitative risk analysis will also include the appropriate categorization of the risks, either source-based or effect-based.

Quantitative Risk Analysis

A quantitative risk analysis is a further analysis of the highest priority risks during a which a numerical or quantitative rating is assigned in order to develop a probabilistic analysis of the project.

A quantitative analysis:

- Quantifies the possible outcomes for the project and assesses the probability of achieving specific project objectives
- Provides a quantitative approach to making decisions when there is uncertainty
- Creates realistic and achievable cost, schedule or scope targets

In order to conduct a quantitative risk analysis, you will need high-quality data, a well-developed project model, and a prioritized lists of project risks (usually from performing a qualitative risk analysis).

Reference:

LO 3, AC 3.3

NEW QUESTION # 257

In 2016, ANA Airlines had to cancel some of its flight. The airline said it had discovered the cracks to the jet engine turbine blades. What should ANA procurement team do next to solve this problem?

- A. Analyse the situation and draw conclusion
- B. Generate options addressing the issue
- C. Define the ideal solution
- **D. Collect data to identify the root cause**
- E. Assess the risks

Answer: D

Explanation:

Cracks on the jet engine is a closed-end problem. A typical problem solving process has 8 steps:

Step 1: Define the Problem

- What is the problem?
- How did you discover the problem?
- When did the problem start and how long has this problem been going on?
- Is there enough data available to contain the problem and prevent it from getting passed to the next process step? If yes, contain the problem

Step 2: Clarify the Problem

- What data is available or needed to help clarify, or fully understand the problem?
- Is it a top priority to resolve the problem at this point in time?
- Are additional resources required to clarify the problem? If yes, elevate the problem to your leader to help locate the right resources and form a team
- Consider a Lean Event (Do-it, Burst, RPI, Project).
- Ensure the problem is contained and does not get passed to the next process step.

Step 3: Define the Goals

- What is your end goal or desired future state?
- What will you accomplish if you fix this problem?
- What is the desired timeline for solving this problem?

Step 4: Identify Root Cause of the Problem

- Identify possible causes of the problem.
- Prioritize possible root causes of the problem.
- What information or data is there to validate the root cause?

Step 5: Develop Action Plan

- Generate a list of actions required to address the root cause and prevent problem from getting to others.
- Assign an owner and timeline to each action.
- Status actions to ensure completion.

Step 6: Execute Action Plan

- Implement action plan to address the root cause.
- Verify actions are completed.

Step 7: Evaluate the Results

- Monitor and Collect Data.
- Did you meet your goals defined in step 3? If not, repeat the 8-Step Process.
- Were there any unforeseen consequences?
- If problem is resolved, remove activities that were added previously to contain the problem.

Step 8: Continuously Improve

- Look for additional opportunities to implement solution.
- Ensure problem will not come back and communicate lessons learned.
- If needed, repeat the 8-Step Problem Solving Process to drive further improvements.

ANA has already known what is going on, the next step they should adopt is collecting more information on the problem. If the airline is hurry to the solution, it may choose 'Generate options addressing the issue'. The crack on turbine blade can be welded, or the airline replaces a new blade. However, jumping to solution without knowing the root cause does not completely solve the problem. The root cause is unaddressed, then it may occur in the future. Therefore, the airline should still collect information to find the root cause, then remove it.

Reference:

LO 1, AC 1.1

NEW QUESTION # 258

Warwickshire Ambulance Service (WAS) is an NHS Trust. It operates throughout Warwickshire and the neighbouring areas. It has three core areas of activity, namely the provision of Emergency Ambulance Services, routine Patient Transport Services, and Logistic Medical Services. The agency is working towards higher service level through benchmarking. Which of the following is the benefit of benchmarking to WAS?

- A. It helps WAS identify better ways to deliver service through a cookbook process
- B. Benchmarking is a panacea for all WAS's problems
- C. It will help WAS analyse the competitors in the industry
- **D. It will help WAS create performance standards derived from an analysis of the best in business**

Answer: D

Explanation:

Benchmarking is 'the pursuit by organisations of enhanced performance by learning from the successful practices of others.

Benchmarking is a continuous activity; key internal processes are adjusted, performance is monitored, new comparisons are made with the current best performers and further changes are explored.

Where information about these key processes is obtained through a co-operative partnership with specific organisations (rather than via a third party such as an independently-maintained database), there is an expectation of mutual benefit over a period of time.

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Successful benchmarking will help you . . .

- find who does the process best and close the gap.
- recognize the leading organizations in a process or activity.
- create performance standards derived from an analysis of the best in business.
- ensure that comparisons are relevant.
- measure your performance, your processes, and your strategies against best in business.
- measure business processes.
- assess performance over time.
- accelerate continuous process improvements (CPI).
- establish more credible goals for CPI.
- establish actionable objectives.

Graphical user interface, text, application, email Description automatically generated

- establish customer expectations of business standards set by the best suppliers in industry.
- help your organization achieve breakthrough improvements.
- create a sense of urgency for change.
- increase customer satisfaction.
- become direction setting.
- provide a positive, proactive, structured process.



The Department of the Navy Benchmarking Handbook: A Systems View

NEW QUESTION # 259

Company A sells a product for \$100. The total unit variable costs are \$60. Fixed costs as in its account are \$20,000. How many products does the company have to sell to achieve break-even point?

- A. 0

- B. 1
- C. 2
- D. 3

Answer: D

Explanation:

Break even point = Fixed costs/(Price-variable cost). In this case, break even point = 20,000/(100-60) = 500 Reference: CIPS study guide page 28-29 LO 1, AC 1.2

NEW QUESTION # 260

Category buyer Raheem has been tasked with receiving innovative bids from coaching and development service providers. How can he achieve this? Select TWO that apply.

- A. Apply early supplier involvement
- B. Use a conformance-based specification
- C. Invite a small group of suppliers
- D. Use an outcome-based specification
- E. Apply standards within the specification

Answer: A,D

Explanation:

Detailed Explanation:

* A (Early supplier involvement): Engaging suppliers early fosters innovation by leveraging their expertise in developing solutions.

* D (Outcome-based specification): Focusing on outcomes rather than rigid inputs encourages creative and flexible proposals. Conformance specifications (C) restrict innovation, and standards (E) limit supplier flexibility. Reference: CIPS Level 4, Innovation in Procurement Specifications.

NEW QUESTION # 261

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