CIPS L5M7 Practice Questions

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Question 1

Question Type: MultipleChoice

What is Six Sigma?

Options:

A- A methodology to eliminate defects in a business process
B- A form of outsourcing
C- A process of supplier rationalisation
D- A supply chain analysis tool

Answer:

A

Explanation:

Six Sigma is a data-driven methodology aimed at eliminating defects and reducing variation to improve quality and performance. Short cited terms: ''data-driven,'' ''eliminate defects'' (L5M7 Study Guide, p.110).

Question 2

Question Type: MultipleChoice

The 80/20 rule is also commonly referred to as what?

Options:

A- Kraljic Matrix
B- Pareto Principle
C- Supplier Positioning
D- SWOT Analysis

Answer:

B

Explanation:

The Pareto Principle states that approximately 80% of outcomes arise from 20% of causes, applied in supply chain analysis to identify key value contributors.

Short cited extract: ''Pareto (80/20) -- a small number of causes create the majority of effects.'' (L5M7 Study Guide, p.141)

Question 3

Question Type: MultipleChoice

Long runs, stable product design, and inventory buffers are objectives of which business function?

Options:

A- Sourcing
B- Manufacturing
C- Logistics
D- Sales

Answer:

B

Explanation:

Manufacturing objectives emphasise efficiency through long production runs, stable design, and inventory buffering to ensure continuity of output.

Short cited term: ''manufacturing -- long runs and inventory buffer.'' (L5M7 Study Guide, p. 36)

Question 4

Question Type: MultipleChoice

Which of the following attributes does not impact the type of buyer--supplier relationship?

Options:

A- Finance
B- Duration of relationship
C- Level of trust
D- Communication

Answer:

A

Explanation:

The main relationship drivers are trust, communication, duration, and problem-solving. Finance alone does not define the relationship type.

Short cited extract: ''Key relational attributes: trust, communication, duration, joint problem-solving.'' (L5M7 Study Guide, p. 80)

Question 5

Question Type: MultipleChoice

In what way has the increase in the use of technology affected buyer--supplier relationships?

Options:

A- It has reduced the bargaining power of suppliers as buyers now have access to a wider pool of suppliers and product information.
B- It has increased the bargaining power of suppliers as they can provide faster quotations.
C- It has reduced the bargaining power of buyers because there are fewer suppliers.
D- It has increased the bargaining power of buyers because technology has increased operational costs.

Answer:

A

Explanation:

Technology enhances buyer access to data, broadening supplier choice and transparency, which reduces supplier power.

Short cited term: ''technology has reduced suppliers' bargaining power'' (L5M7 Study Guide, p. 66).

Question 6

Question Type: MultipleChoice

According to the Supply of Goods and Services Act (1982), Which option best is not a legal description of quality?

Options:

A- Free from all defects
B- Fit for purpose
C- Safety
D- Durability

Answer:

A

Explanation:

The Act defines quality as products being fit for purpose, as described, safe, and durable. It does not guarantee freedom from every defect.

Short cited term: ''fit for purpose, safe, durable -- but not free from all defects.'' (L5M7 Study Guide, relevant section on statutory quality standards)

Question 7

Question Type: MultipleChoice

Deborah discovers her company uses a multi-sourcing strategy. Which could be a reason for this?

Options:

A- It shows loyalty to the supplier
B- It ensures prices are low
C- It maintains competition between suppliers
D- It provides flexibility to suppliers

Answer:

C

Explanation:

Multi-sourcing maintains competition and reduces dependency, promoting better pricing and performance from suppliers.

Short cited extract: ''Multi-sourcing maintains competitive tension between suppliers.'' (L5M7 Study Guide, p. 70)

Question 8

Question Type: MultipleChoice

What is the name of the phenomenon in which a small change in consumer demand can have an amplified effect throughout the supply chain?

Options:

A- Pareto Principle
B- Bullwhip Effect
C- Supply and Demand
D- Amplification Concept

Answer:

B

Explanation:

The study guide describes how demand variability amplifies upstream in the chain---commonly termed the ''bullwhip effect.'' This is introduced when explaining basic supply-chain dynamics and flows. Short extract: ''demand changes become amplified upstream (bullwhip effect).'' (L5M7 Study Guide, p.4)

Question 9

Question Type: MultipleChoice

Which approach to quality involves manufacturing only what is required, when it is required?

Options:

A- Zero Defects
B- Total Quality Control
C- Total Quality Management
D- Just-in-Time

Answer:

D

Explanation:

Just-in-Time (JIT) manufacturing produces goods only when required, eliminating excess inventory and waste, ensuring smooth, efficient flow.

Short cited term: ''make only what is needed, when needed'' (L5M7 Study Guide, p. 30).

Question 10

Question Type: MultipleChoice

RIDDOR statistics provide information on which of the following?

Options:

A- Financial standing
B- Speed of production
C- Health and safety
D- Conformance with specification

Answer:

C

Explanation:

RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) relates to health and safety performance measurement---tracking workplace incidents and compliance.

Short cited extract: ''RIDDOR statistics relate to health and safety reporting.'' (L5M7 Study Guide, p.141)

Question 11

Question Type: MultipleChoice

Tom, a Procurement Manager, is initiating a Supplier Rationalisation project. What should he complete first to direct the project?

Options:

A- Introduce Six Sigma
B- Implement Total Quality Management
C- Conduct SWOT Analysis
D- Perform Spend Analysis

Answer:

D

Explanation:

A Spend Analysis identifies where money is spent and with which suppliers---vital to determine consolidation opportunities before rationalising the base.

Short cited term: ''spend analysis precedes supplier rationalisation.'' (L5M7 Study Guide, p.

203)

Question 12

Question Type: MultipleChoice

Which is the correct order that ensures quality is achieved in a business process?

Options:

A- Plan, Check, Do, Act
B- Check, Act, Plan, Do
C- Check, Do, Act, Plan
D- Plan, Do, Check, Act

Answer:

D

Explanation:

The PDCA Cycle---Plan, Do, Check, Act---provides a structured approach to continuous quality improvement. It begins with planning, implementing, monitoring, and then acting to refine the process.

Short cited extract: ''The PDCA cycle -- Plan, Do, Check, Act -- underpins continuous improvement.'' (L5M7 Study Guide, p.129)

Question 13

Question Type: MultipleChoice

Which of the following is an example of Variable Pricing?

Options:

A- A wholesaler offers a discount when a customer buys more than 100 units.

B- A cleaning firm charges more when demand increases.
C- A retailer holds a January sale.
D- A restaurant offers student discounts.

Answer:

A

Explanation:

Variable Pricing changes the unit price based on quantity purchased; larger volumes trigger discounts.

Short cited term: ''price varies with quantity ordered.'' (L5M7 Study Guide, pp. 188--191)