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Question 1

Question Type: MultipleChoice

Innovation is a key consideration when entering into a partnership. Is this statement true?

Options:

- A-** Yes- joint innovation projects are often a strong motivation for entering into a partnership
- B-** Yes- innovation is the only reason to enter into a partnership
- C-** No- the key consideration when entering a partnership is cost reduction
- D-** No- innovation is best achieved in a contractual relationship where KPIs can be monitored closely.

Answer:

A

Explanation:

The correct answer is 'Yes- joint innovation projects are often a strong motivation for entering into a partnership'. The other options are simply not true statements. A lot of the questions on the 'Partnerships' chapters of the book are common-sense questions like this. It

involves reading the Question: and using

logic, rather than relying on your knowledge of procurement. If you found this Question: easy -- that's a good sign for the exam.

Question 2

Question Type: MultipleChoice

Grey Stone Memorial Hospital is a private medical facility which has an idea for a vaccine to a deadly disease, but does not have the capacity to make the vaccine itself. It is considering partnering with a well-known pharmaceutical company in order to bring the vaccine to market. What is the biggest risk to Grey Stone?

Options:

- A- Intellectual Property Rights
- B- Increased Costs
- C- Low quality product
- D- Uninformed stakeholders

Answer:

A

Explanation:

The correct answer is 'Intellectual Property Rights'. Grey Stone will need to share its idea for the vaccine with the pharmaceutical company and this is risky if there is no trust between the parties. See p.134 for more information on Risks of Partnerships.

Question 3

Question Type: MultipleChoice

'tail spend' is a common category used in procurement and describes a category of items. What characteristics do these items have?

Options:

A- High value, low volume

B- High value, high volume

C- Low value, high volume

D- Low value, low volume

Answer:

C

Explanation:

Tail spend items are low value, high volume. P. 132

Question 4

Question Type: MultipleChoice

Which of the following is an advantage for the supplier of entering into a partnership with a buyer?

Options:

- A- They may gain an increased volume of business
- B- There is more flexibility when selling the product
- C- The Intellectual Property Rights of the buyer become yours
- D- They no longer have to try as hard to win business.

Answer:

A

Explanation:

The correct answer is 'They may gain an increased volume of business'. The other options are just not true. See p.130 for advantages and disadvantages of partnerships from both the buyer and supplier's perspective. This is a hot topic for the exam.

Question 5

Question Type: MultipleChoice

Andrew runs a factory that makes cakes. Vanilla Extract is a vital ingredient in Andrew's cakes and this is a monopolistic market. Andrew has noticed recently that the quality of the supplier's product has reduced, and this has led to several complaints from customers. Andrew is considering entering into a Partnership with this supplier as he believes this will help increase the supplier's performance. Is

this the correct thing to do?

Options:

- A- Yes- partnership sourcing can improve performance which will ultimately satisfy the end customer
- B- Yes- partnership sourcing will improve sales figures
- C- No- Andrew should use an alternative supplier
- D- No- Andrew should outsource the vanilla extract.

Answer:

A

Explanation:

The correct answer is 'Yes- partnership sourcing can improve performance which will ultimately satisfy the end customer'. The important thing to note in this Question: is the

word 'monopolistic'. This means that there are no alternative suppliers- so the 'no' options are wrong- there are no alternative suppliers and no opportunity to outsource. The other answer is incorrect as sales figures isn't Andrew's concern -- it's the complaints and quality of the product. Improving performance to satisfy end customers is therefore his main driver for considering a Partnership. See p. 127 for more information on Drivers of Partnership Sourcing. This comes up a lot in the exam

Question 6

Question Type: MultipleChoice

Phone Maker Incorporated is a manufacturer of mobile phones. It is considering investing in a partnership with its supplier of batteries and circuit boards as it wishes to produce new models of its phone more regularly. What is the main driver for Phone Maker Incorporated?

Options:

- A- Cheaper costs
- B- Changes in the marketplace
- C- Better quality products
- D- Reduced product life-cycles

Answer:

D

Explanation:

The correct answer is 'reduced product life-cycles'. In this example the reason for entering a partnership is to be able to produce new models of phones more quickly- this is likely because consumers are wanting to change mobile phones more often than they did in the past, so in order to keep up with demand, Phone Maker Incorporated need to produce more phones, more quickly. Drivers of Partnership Sourcing is a key topic in the exam -- you can revise these by looking at p.127 in the Study Guide

Question 7

Question Type: MultipleChoice

Which of the following are characteristics that differentiate between a partnership relationship and traditional contracting relationships?
Select THREE.

Options:

- A- Lower costs
- B- No tender process
- C- Early supplier involvement
- D- Supplier KPIs

E- No defined end period

Answer:

B, C, E

Explanation:

The correct answers are; no tender process, early supplier involvement and no defined end-period. A partnership wouldn't automatically mean lower costs, and in a partnership the KPIs are usually a joint performance measurement rather than set to the supplier. For more information on the difference between partnerships and contractual relationships see p.124-5

Question 8

Question Type: MultipleChoice

Which of the following are Intellectual Property Rights that you would encounter in procurement and supply contracts? Select THREE.

Options:

A- Method Statements

B- Risk Assessments

C- Patents

D- Copywrite

E- Trademark

Answer:

C, D, E

Explanation:

Intellectual Property Rights include; Patents, Copywrite, Trademarks and Trade Secrets. P.114

Question 9

Question Type: MultipleChoice

What are service credits?

Options:

- A- A type of payment where goods are delivered before payment is made
- B- A mechanism for performance management where the buyer has the right to deduct money from payments owed for under performance
- C- When a buyer makes a purchase on credit
- D- A clause in a contract that allows for additional bonus payments for meeting KPIs

Answer:

B

Explanation:

The correct answer is "A mechanism for performance management where the buyer has the right to deduct money from payments owed for under performance". A definition is provided on p.113 and states "If a supplier fails to meet the standard set in the service credits, the buyer has the right to deduct set amounts of money from payments owed to the supplier"

Question 10

Question Type: MultipleChoice

Red Ltd and Blue Ltd have had a disagreement over a high value project they have been partnering on. They have been unable to resolve the issues inhouse and Red Ltd has suggested Mediation as an option. Is this a good option?

Options:

- A-** Yes- mediation involves a neutral third party and gets both parties to attempt to reach a compromise
- B-** Yes- mediation means the buyer and supplier agree to accept a third party's decision which will solve the disagreement issues
- C-** No- it would be better to solve the disagreement in-house
- D-** No- mediation could have a negative impact on the companies' reputation

Answer:

A

Explanation:

The correct answer is 'Yes- mediation involves a neutral third party and gets both parties to attempt to reach a compromise'. Be careful not to confuse mediation with arbitration -- arbitration is when the buyer and supplier agree to accept a third party's decision which will solve the disagreement issues. See p.112 for more information on solving disputes

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