

D2/July 2018

Diploma in procurement and supply

Business needs in procurement and supply

Date Tuesday 17 July 2018

Time Start 14:00 End 17:00 Duration 3 hours

QUESTION PAPER

INSTRUCTIONS FOR CANDIDATES

This examination has **FOUR** compulsory questions worth 25 marks each.

1. Do not open this question paper until instructed by the invigilator.
2. All answers must be written in the answer booklet provided.
3. All rough work and notes should be written in the answer booklet.

QUESTIONS

You are advised to spend 45 minutes on each question.

- Q1** A car manufacturing company is preparing a business case for the purchase of a new machine, to be used in the assembly of vehicles.
- (a) Describe **FOUR** commercial benefits that might be used as criteria to justify the business case. **(16 marks)**
- (b) Describe **ONE** cost and **ONE** risk that could be included in the business case. **(9 marks)**
- Q2** (a) The standards used in specifications may come from a wide range of sources.
Describe **THREE** examples of the sources of recognised standards that might be used in a specification. **(15 marks)**
- (b) Explain the role of 'information assurance' in developing specifications. **(10 marks)**
- Q3** (a) Explain **TWO** reasons why a 'fixed price' contractual arrangement might not be acceptable to a supplier. **(10 marks)**
- (b) Explain **THREE** advantages of using bespoke (contract-specific) terms in a contract, rather than using standard terms and conditions or model form contracts. **(15 marks)**
- Q4** (a) Explain the meaning of the term 'make/do or buy decision' for goods or services. **(5 marks)**
- (b) Describe **FIVE** factors that an organisation may take into account when making a 'make/do or buy decision' for goods or services. **(20 marks)**

END OF QUESTION PAPER



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