

**CIPS Level 4 – Diploma in Procurement and  
Supply**  
**Module 6 – Supplier Relationships**

**SAMPLE EXAM QUESTIONS**

**OBJECTIVE RESPONSE QUESTIONS AND ANSWERS**

The correct answer will be identified as [key]

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Q1. Which of the following would limit the buyer's potential to take advantage from brand new entrants to a market? If the buyer sets minimum requirements relating to ...

- a. employee qualifications
- b. insurance provision
- c. profit history
- d. technical capability

LO: 1

AC: 1.3

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Q2. In a recently created team, people start to push against the established boundaries and there is a conflict between team members' working styles causing some people to feel frustrated. This team is at which stage of its development?

- a. Forming
- b. Norming
- c. Performing
- d. Storming

LO: 2

AC: 2.2

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Q3. Which of the following are most typically used between stakeholders in respect of IPR?

- a. Non-disclosure agreements
- b. Exclusion clauses
- c. Patent terms
- d. Secrecy Act conditions

LO: 2

AC: 2.4

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Q4. An engineering company (EngCo) is becoming concerned by the reducing number of its potential suppliers of components of X2ZZ, which is vital to the manufacture of its leading products. Over the years a number of suppliers have merged and some have exited the market. Which of the following actions might open up new suppliers to EngCo through substitute products?

- a. Change the specification
- b. Ease the commercial terms
- c. Shorten the supply chain
- d. Relax quality assurance

LO: 1

AC: 1.3

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Q5. A leading pharmaceutical company (PharmCo) is concerned about the impact of market changes on its product portfolio. Following a recent review it has highlighted both the tightening regulatory regime around consumer protection and exchange rate volatility as two key threats. The factors of most concern to PharmCo are ...

- a. legislative and economic
- b. political and environmental
- c. economic and political
- d. environmental and legislative

LO: 1

AC: 1.3

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Q6. Auto Group (AG) is an automotive manufacturer. It is an established business with a strong market share in its chosen markets, providing vehicles in the mid-range quality segment. AG has decided to launch a new low-spec vehicle range in the economy vehicle segment. Its strategy is to price low, which it can do because it can produce the vehicles relatively cheaply due to its previous investments in technology. Its source of competitive advantage is based on which recognised approach?

- a. Product differentiation
- b. Cost leadership
- c. Brand differentiation

d. Cost reduction

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LO: 1

AC: 1.3

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Q7. Risk management in procurement and supply fundamentally focuses on understanding which of the following?

1. Security
  2. Reward
  3. Probability
  4. Impact
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- a. 1 and 3 only
  - b. 2 and 4 only
  - c. 3 and 4 only
  - d. 1 and 2 only

LO: 2

AC: 2.3

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Q8. A procurement officer is creating award criteria for a competitive tender and has decided to evaluate suppliers based on price and the suppliers' method statement for delivering the specification. Is this appropriate?

- a. Yes, because a method statement is a requirement in all tenders
- b. No, because there must be more than two evaluation criteria
- c. No, because method statements are not easy to evaluate
- d. Yes, because these both relate directly to the execution of the contract

LO: 2

AC: 2.1

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Q9. Effective cost modelling involves which of the following? Select the **THREE** that apply

- a. Supplier negotiation
- b. Continuity planning
- c. Differential pricing
- d. Data gathering
- e. Data analysis
- f. Identify drivers

LO: 2

AC: 2.3

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Q10. Which of the following are recognised conflict resolution approaches when dealing with key internal stakeholders, where a resolution must be agreed? Select **TWO** that apply

- a. Avoiding
- b. Compromising
- c. Accommodating
- d. Maintaining
- e. Defending

LO: 2

AC: 2.2

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