

**CIPS Level 6 – Professional Diploma in
Procurement and Supply**

**Module 8 – Innovation in Procurement and
Supply**

SAMPLE EXAM QUESTIONS

OBJECTIVE RESPONSE QUESTIONS AND ANSWERS

The correct answer will be identified as [key]

Q1. The procurement and supply professional must ensure that their organisation's supply chains are sufficiently respectful of the need for and importance of biodiversity. Future generations are dependent on this. Which of the following is an example of behaviour in the supply chain that might adversely impact this goal?

- a. Deforestation
- b. Water efficiency
- c. Multimodal logistics
- d. Slavery

LO: 3

AC: 3.2

Q2. How might the buyer encourage more innovative bids from the supply market?

1. Use output focused specifications
2. Apply international standards
3. Allow variant bids more often
4. Focus on the local supply market

a. 1 and 2

b. 1 and 3

c. 2 and 4

d. 3 and 4

LO: 2

AC: 2.3

Q3. Automotive Group (AG) is under pressure to reduce its reliance on external finance. The CPO has suggested introducing JIT. Is this likely to help AG achieve its goal?

- a. No, JIT is more focused on cost reduction
- b. No, JIT will have no impact on financing requirements

c. Yes, JIT will reduce working capital requirements

d. Yes, JIT will reduce AG's need for long-term debt

LO: 2

AC: 2.2

Q4. Taxation and Revenues (T&R) is a large public sector body. It is a central government department and is responsible for the management and collection of the country's taxes. It has a large property estate and as a result its procurement team has a significant portfolio of contracts to manage.

As a contract manager, which of the following would be useful tools to incentivise supplier innovation over the duration of the contract?

1. Gainshare arrangement
2. Liquidated damages
3. Service credits
4. Bonus payments

a. 1 and 2

b. 2 and 3

c. 3 and 4

d. 1 and 4

LO: 2

AC: 2.3

15. Q5. Artificial Intelligence (AI) has which of the following uses? Select **ALL** that apply

a. Visual perception

b. Volume forecasting

c. Speech recognition

d. Experiential learning

e. Language translation

f. Fraud detection and prevention

g. Building organisational culture

LO: 2

AC: 2.1

Q6. A major organisation adopts a category management approach. Each category head is currently undertaking a detailed review. The aim and priority area, for each category, are set out below:

Category 1 – the aim is to build long-term and mutually beneficial relationships with supply chain partners. The priority is to focus on incentives to drive performance over the agreed term.

Category 2 – the aim is to obtain views from the market prior to developing the specification and making other procurement related decisions. The priority is to identify bidders which should be shortlisted for more detailed evaluation.

Category 3 – the aim is to form a small cross-functional group of internal stakeholders to generate ideas. The priority is to ensure that all final bids are from suppliers that meet the procurement organisation’s minimum standards for financial and technical competence.

Category 4 – the aim is to leverage input from a small number of selected vendors. The priority is to help develop the process under which the procurement organisation will have sufficient interest from the market to ensure there is adequate competition for contracts.

Category 5 – the aim is to increase customer input. The priority is to identify factors that will enable the procurement organisation to choose the best supplier within a competitive process.

You are required, for each category, to recommend an appropriate tactic to achieve the category manager's aim and suggest what the priority area of focus should be.

Choose from these options and drag and drop your answers into the table below. [10]

You will need to use some options more than once

Tactic	Priority area
Collaboration	Award
Early supplier involvement	Bidding
Focus group	Contract management
Innovation council	Selection
Supplier forum	

Team	Tactic	Priority area
1		
2		
3		
4		
5		

[KEY]

Team	Tactic	Priority area
1	Collaboration	Contract management
2	Early supplier involvement	Selection
3	Innovation council	Selection
4	Supplier forum	Bidding
5	Focus group	Award

LO: 1

AC: 1.2

Q7. Power Production Group (PPG) is an energy company. It is accepted that many of PPG's suppliers are far more advanced than PPG in terms of sustainability. The CPO is keen to leverage this knowledge and expertise from the market and knows PPG will need to adopt a different approach to specification development. The CPO has already recommended a new approach in this respect to ensure supplier innovation is maximised. The CPO also wants PPG to adopt a different way of working with its top 5% of suppliers. PPG accepts that it needs to operate on a truly win/win basis with these suppliers. These suppliers have all agreed to sign up to a new method of performance management under which there is an equal focus on a number of important elements – financial, innovation, sustainability and risk management. Within the sustainability measure the CPO is keen on ensuring there is focus throughout the supply chain and within PPG on the entire end-to-end process, stating that 'we need to ensure the highest standards of sustainable practice at every stage from raw materials to end of use'. The CPO is also keen on improving efficiencies at PPG and to this end wants lower transaction processing costs relating to the company's low value/low risk spend, which is around 50% by volume. The specifications are clear and there are several suppliers for these contracts.

i) The CPOs recommended approach to specification writing is likely to focus on which of the following?

- a. Input specifications
- b. Conformance specifications
- c. Output specifications
- d. Technical specifications

ii) Which of the following describes the new way of working with PPG's top suppliers?

- a. Collaboration
- b. Outsourcing

c. Networking

d. Joint venture

iii) The performance management approach is based on which of the following?

a. Key performance indicators

b. Target prioritisation

c. Relationship management

d. Balanced scorecard

iv) The quote from the CPO is referring to which of the following?

a. Supply chain analysis

b. Life cycle analysis

c. Market analysis

d. Stakeholder analysis

v) Which of the following would be a solution in respect of the 50% of PPG's spend items?

a. Multi-sourcing

b. E-tendering

c. E-auction.

d. Partnership sourcing

LO 1:- i, ii, iii, v

LO3:- iv

AC 1.1:- i

AC 1.2:- ii

AC 1.4:- iii

AC 3.1:- iv

AC 1.3:- v