EXAMTOPICS

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Question #1 *Topic 1*

Security company ARLA has recently won a new contract for guarding a school. Another company, ENA, has previously been providing the contract and employed the current guard who has worked at the school for 5 years, working Monday to Friday, 9am until 5pm, for 40 weeks of the year. What key legal issue needs to be considered when the current relationship is terminated and the new company takes over?

A. Intellectual property rights

B. Sustainability policies

C. Employment rights

D. Quality policies

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #2 *Topic 1*

Significant differences in corporate cultures can lead to the failure of a partnership relationship between two organizations. Is this statement correct?

A. Yes, the compatibility of cultures should be considered at the outset

B. No, the organizations can continue to operate separately so this is not an issue

C. No, it is easy to change corporate culture so the two organizations will align quickly

D. Yes, in a partnership the organizations merge, so the cultures must be the same

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #3 *Topic 1*

Which of the following are typical drivers for a partnership between the buyer and the supplier? (Choose three that apply.)

A. The buyer has a high spend with the supplier

B. There are many suppliers in the market

C. The product is critical for the buyer

D. The product is a commodity

E. The product is technically complex

F. The supplier provides the product to a buyer's competitor

Suggested Answer: *A, C, E*

Currently there are no comments in this discussion, be the first to comment!

Question #4 *Topic 1*

Which of the following relationship types are listed on the relationship spectrum?

1. Partnership

2. Contractual

3. Transactional

4. Conspiratorial

A. 2 and 3 only

B. 1 and 3 only

C. 1 and 2 only

D. 2 and 4 only

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #5 *Topic 1*

Joseph works as a category manager for a large electricity supply company. His company is one of six electricity companies in the country. All have a high annual spend on the same specifications of cable. There are only five cable manufacturers capable of supplying the cables. Joseph has established all the suppliers use the same raw materials using the same types of manufacturing lines. Prices tendered by all suppliers are very similar. After paying for the cable, Joseph's company spends an additional 25% on moving and installing the cable. In order to enable Joseph to gain advantage over the other electricity companies, which type of supplier relationship should he adopt?

A. Closer tactical

B. Partnership

C. Transactional

D. Single-sourced

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #6 *Topic 1*

A large construction group has a critical contract with a brick supplier. This represents high-value spend and the contract has a five-year duration. What type of commercial relationship would be the most appropriate?

A. Partnership

B. Transactional

C. Closer Tactical

D. Outsourcing

Suggested Answer: *A*
High-value, long-term critical supply best fits a partnership relationship.

Currently there are no comments in this discussion, be the first to comment!

Question #7 *Topic 1*

Which of the following are advantages for the buyer, of early supplier involvement with the buyer's product development team?

1. It ensures that the supplier takes leadership of the entire process

2. It ensures that the supplier understands the process timescales

3. It ensures that the buyer's team gains dependency on the supplier

4. It ensures that the buyer's team is aware of the supplier's capabilities

A. 1 and 2 only

B. 1 and 3 only

C. 2 and 3 only

D. 2 and 4 only

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #8 *Topic 1*

A software developer is seeking to develop a new fitness trends app. They are looking to create a contract with a fitness expert to give advice on the type of changing fitness trends. What agreement should the app developer aim to achieve?

A. Traditional contracting relationship

B. Partnering relationship

C. Quality-based relationship

D. Cost-based relationship

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #9 *Topic 1*

In the STEEPLED framework which of the following is an economic factor?

A. Unemployment rates

B. Demographics

C. Supply chain labour standards

D. Election results

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #10 *Topic 1*

Which of the following are correct statements with regards to a joint venture and with regards to a strategic alliance? (Choose two that apply.)

A. A strategic alliance creates a new company formed between the partners

B. A strategic alliance is managed by both partners

C. In a joint venture, a new company is formed between the partners

D. A joint venture is also known as vertical integration

E. A strategic alliance is a permanent arrangement

Suggested Answer: *B, C*

Currently there are no comments in this discussion, be the first to comment!

Question #11 *Topic 1*

A procurement manager has established a project steering committee to undertake regular reviews and audits, and to ensure a successful buyer/supplier long-term partnership. The committee membership will comprise the procurement manager (chairperson), three of their cross-functional colleagues, the supplier's partnership project manager, and an independent member. Which of the following is a potential disadvantage of the proposed committee structure?

A. The procurement manager should not be the chairperson of the committee

B. The size of the committee is too large as there should be a limit of three members

C. The supplier does not have equal membership in the committee

D. The committee includes an independent member

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #12 *Topic 1*

An amicable style approach to ending a buyer-supplier relationship would be most appropriate in which of the following circumstances?

1. Where the potential pool of alternative supplier is small

2. Where the buyer has to continue working with the supplier during the termination period

3. Where the buyer has adopted an arm's-length relationship throughout the contract

4. Where a material breach of the contract has been committed leading to the termination

A. 1 and 2

B. 1 and 3

C. 3 and 4

D. 2 and 3

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #13 *Topic 1*

In the relationship spectrum, which of the following describes the most competitive relationship?

A. Single sourced

B. Outsourcing

C. Adversarial

D. Transactional

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #14 *Topic 1*

Matt Blanche is the manager of a procurement team. Two high performing individuals in the team have regular conflicts between them. Which of the following resolutions would be appropriate to resolve the conflict? (Choose two that apply.)

A. Set up a meeting with the individuals and set mutual targets for both of them

B. Ask one of the staff members to leave or find a reason to fire them

C. Avoid the issues and let the staff members resolve their differences themselves

D. Move one of the staff members to another team

E. Set up individual meetings with the staff members to see if the issues are personal or work-related

Suggested Answer: *A, E*

Currently there are no comments in this discussion, be the first to comment!

Question #15 *Topic 1*

Which of the following are considered value-adding primary activities?

1. Inbound logistics

2. Firm infrastructure

3. Technology development

4. Marketing and sales

A. 2 and 4 only

B. 3 and 4 only

C. 1 and 2 only

D. 1 and 4 only

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #16 *Topic 1*

Fashion buyer Kamal Sumai is working closely with a key overseas supplier and is monitoring and forecasting cost volatility within the fabric market. Kamal has decided it is the right time to raise a purchase order with his supplier, for a greater quantity of fabric than he currently needs. Kamal is attempting to avoid an imminent pricing increase. What is this tactic known as?

A. Forward buying

B. Hedging buying

C. Derivative buying

D. Spot buying

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #17 *Topic 1*

A local council requires facilities management services for ten schools based in their region. This service is a high spend, high risk, critical contract.

Which sourcing approach would be the most appropriate?

A. Request for quotation

B. Competitive tendering

C. Statement of source requirements

D. Direct negotiation

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #18 *Topic 1*

A company purchases products from a supplier that falls into the 'strategic' segment of the supply positioning grid. They are drawing up a formal partnership agreement with the supplier. The supplier views the company as core to their business. What would be an important clause to include in the agreement to help make sure the partnership worked in a fully collaborative way?

A. Continuous improvement

B. Force majeure

C. Time of the essence

D. Liquidated damages

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #19 *Topic 1*

A team within a manufacturing company have been tasked to develop a new product for production. Initially, the team had a lot of ideas but disagreed on the design. They have now agreed and finalized the design and have assigned roles within the team, but you are yet to complete the first production run.

What stage of development is the team?

A. Forming

B. Storming

C. Performing

D. Norming

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #20 *Topic 1*

A competitor develops an alternative type of vacuum cleaner to one produced by your organization. Is this an example of threat of substitutes, one of the five forces of competition described by the competitive forces theory?

A. Yes, customers may switch to alternative products

B. Yes, there are no barriers to entry, it is an oligopoly

C. No, it does not serve the same purpose

D. No, it is a threat from a new entrant to the market

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #21 *Topic 1*

Philip is working with a supplier where the annual spend is low but the market risk is high. What portfolio analysis category would be appropriate?

A. Strategic

B. Leverage

C. Non-critical

D. Bottleneck

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #22 *Topic 1*

The executive board of a manufacturing company is requesting support from the procurement team because the company needs to improve its levels of profitability. After segmenting the overall spend by value and risk of supply, the senior buyer for the company is planning to undertake a cost modeling activity. This will be undertaken with a cross-organizational team of internal stakeholders and key strategic supplier.

What would be the buyer's initial objective from the cost modeling activity?

A. To understand the supplier's competitive threats

B. To understand the supplier's pricing strategy

C. To understand the supplier's financial status

D. To understand the supplier's investment plans

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #23 *Topic 1*

Which of the following are value-added benefits? (Choose three that apply.)

A. Free training for all staff

B. Storage of raw materials

C. Customer service hotline

D. Expert consulting services

E. Paperwork between departments

F. Quality control team

Suggested Answer: *A, C, D*

Currently there are no comments in this discussion, be the first to comment!