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Question 1

Question Type: MultipleChoice

A CPO is analyzing whole life cycle costing of a machinery. He realises that cost elements are not specific but come from a range of values. Which whole-life costing model should the CPO use to get the most accurate total cost of ownership?

Options:

- A- Simulation models
- B- Optimisation models
- C- Decision support models
- C- Kraljic's preferencing model

Answer:

A

Explanation:

There are three basic groups of WLC (whole life-cycle costing) models:

- Decision support models
- Simulation models: Life cycle cost is an essential approach to decide on alternative rehabilitation strategies for infrastructure systems. Monte Carlo simulation approach is used to develop a stochastic life cycle cost (SLCC) model and methodology in order to compare different rehabilitation scenarios/alternatives for infrastructures, such as water mains. This method assumes that some inputs are randomly variable in a range of values.
- Optimisation models

LO 1, AC 1.2

Question 2

Question Type: MultipleChoice

Which of the following is the purpose of benchmarking?

Options:

A- To identify and adapt the best practices to improve organisation's performance

- B-** To copy other organisation's intellectual properties, processes and practices
- C-** To coerce all suppliers to sacrifice their profit
- D-** To resist continuous improvement

Answer:

A

Explanation:

According to US Department of the Navy, Benchmarking is a strategic and analytic process of continuously measuring an organisation's products, services, and practices against a recognised leader in the studied area.

Successful benchmarking will help you:

- Find who does the process best and close the gap
- Recognise the leading organisations in a process or activity
- Create performance standards derived from an analysis of the best in business
- Ensure that comparisons are relevant
- Measure your performance, your processes, and your strategies against best in business
- Measure business processes

- Assess performance over time
- Accelerate continuous process improvement (CPI)
- Establish more credible goals for CPI
- Establish actionable objectives
- Discover and clarify new goals
- Establish customer expectations of business standards set by the best suppliers in industry
- Help your organisation achieve breakthrough improvements
- Create a sense of urgency for change
- Increase customer satisfaction
- Become direction setting
- Provide a positive, proactive structured process

Benchmarking does not:

- Copy the other's processes
- Steal other business confidentiality
- Stop. Benchmarking is a continuous process.

- CIPS study guide page 49-51
- The Department of the Navy Benchmarking Handbook

LO 1, AC 1.3

Question 3

Question Type: MultipleChoice

What is the purpose of sending value engineering analysis to external suppliers?

Options:

- A-** To improve early supplier involvement
- B-** To improve the existing products
- C-** To analyse the supply market
- D-** To standardise production processed

Answer:

A

Explanation:

Value engineering is often applied to new products or services. Early supplier involvement (ESI) is the involvement of a supplier in the product development process from a very stage in order to use the supplier's experience and expertise. ESI can bring cost reduction opportunities, process improvements, supply chain improvements and reduce supply risk. Both processes focus on development of new product or service. They tend to work the best if they are used together.

LO 3, AC 3.1 & AC 3.4

Question 4

Question Type: MultipleChoice

An automotive manufacturer is sourcing rubber components from Company

Options:

A- The specification given to the supplier state that the component should be 1 meter long, without mentioning the tolerance. Enthusiast with the opportunity, engineers at Company A work hard to cut the components with tolerance at only +/- 1mm. The head and tail of the component is then joined together to form a circular band. After that it is stretched over another component. To fit this purpose, the rubber component can be at any length from 80cm to 110cm. This is an example of...?

A- Defects

B- Waiting

C- Unnecessary motion

D- Over processing

Answer:

D

Explanation:

This questions is intended to ask students about types of waste in Lean principles.

Lean was born out of manufacturing practices but in recent time has transformed the world of knowledge work and management. It encourages the practice of continuous improvement and is based on the fundamental idea of respect for people. Womack and Jones defined the five principles of Lean manufacturing in their book "The Machine That Changed the World". The five principles are considered a recipe for improving workplace efficiency and include: 1) defining value, 2) mapping the value stream, 3) creating flow, 4) using a pull system, and 5) pursuing perfection.

Lean principles aim to eliminate waste in processes. The eight wastes of Lean principles are:

- Defects
- Over-production
- Waiting
- Not using talent
- Transport and handling
- Inventory
- Motion waste
- Excess processing

In the scenario, the component is processed more than necessary. The engineers try to make them as accurate as possible with very little tolerance. In fact, the component does not need to be that precise. This exceeds buyer's requirements and incurs costs for both buyer and supplier. The scenario is an example of over processing (or excess processing).

Overprocessing is one of the seven wastes of lean manufacturing (or 7 mudas); Overprocessing is adding more value to a product than the customer actually requires such as painting areas that will never be seen or be exposed to corrosion.

Overprocessing as one of the seven wastes is caused by having unclear standards and specifications, many operators will try to do the best job possible and will not always be aware of what truly adds value to the product or even the end use. They will therefore often expend time polishing and finishing components that do not require it.

- CIPS study guide page 153-156

- Waste of Overprocessing; causes, costs, examples solutions, symptoms (leanmanufactur-ingtools.org)

LO 3, AC 3.4

Question 5

Question Type: MultipleChoice

Which of the following are the focuses of ISO 14001:2015?

Options:

A- 1. Life cycle

2. Process

3. Capacity

4. Information security

2 and 4 only

B- 1 and 2 only

C- 2 and 3 only

D- 3 and 4 only

Answer:

B

Explanation:

ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

ISO 14001:2015 helps an organization achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties. Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include:

- * enhancement of environmental performance;
- * fulfilment of compliance obligations;
- * achievement of environmental objectives.

ISO 14001:2015 is applicable to any organization, regardless of size, type and nature, and applies to the environmental aspects of its activities, products and services that the organization determines it can either control or influence considering a life cycle perspective. ISO 14001:2015 does not state specific environmental performance criteria.

ISO 14001:2015 can be used in whole or in part to systematically improve environmental management. Claims of conformity to ISO 14001:2015, however, are not acceptable unless all its requirements are incorporated into an organization's environmental management system and fulfilled without exclusion.

In conclusion, ISO 14001:2015 focuses on: management system (including roles, leadership and processes) and the life cycle of product or service. Life cycle is defined as 'consecutive and inter-linked stages of a product (or service) system, from raw material acquisition or generation from natural resources to final disposal. [...] The life cycle stages include acquisition of raw materials, design, production, transportation/ delivery, use, end-of-life treatment and final disposal.'

The answer is process and life cycle.

- ISO 14001:2015 Environmental management systems --- Requirements with guidance for use

LO 3, AC 3.1

Question 6

Question Type: MultipleChoice

Which of the following problems may be identified as open-ended problems? Select TWO that apply:

Options:

- A-** Shortage of key medicines in healthcare industry
- B-** A cyber attack takes down whole company's IT system
- C-** Engine failures cause flight cancellations.
- D-** Logistics costs incur a large portion in wholesale prices
- E-** The suppliers don't comply with the company's policy on underage labour.

Answer:

D, E

Explanation:

Open-ended problem is something stopping the achievement of an objective or blocking progress. To solve this type of problems, procurement professional should find a way to unblock the block-age. In the above question, high logistics cost is an obstacle to cost cutting objective while supplier's in compliance prevents the company to achieve its sustainable objective.

LO 1, AC 1.1

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