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Question 1

Question Type: MultipleChoice

Daytona Ltd is developing a new product which is more environmental friendly. Though the objectives are set, the project team has no idea on which functions will be customers' favourites. Which of the following will help them decide the 'should-have' functions of the new product?

Options:

- A- Kano model
- B- Taguchi method
- C- Thomas-Kilmann model
- D- Six Sigma

Answer:

A

Explanation:

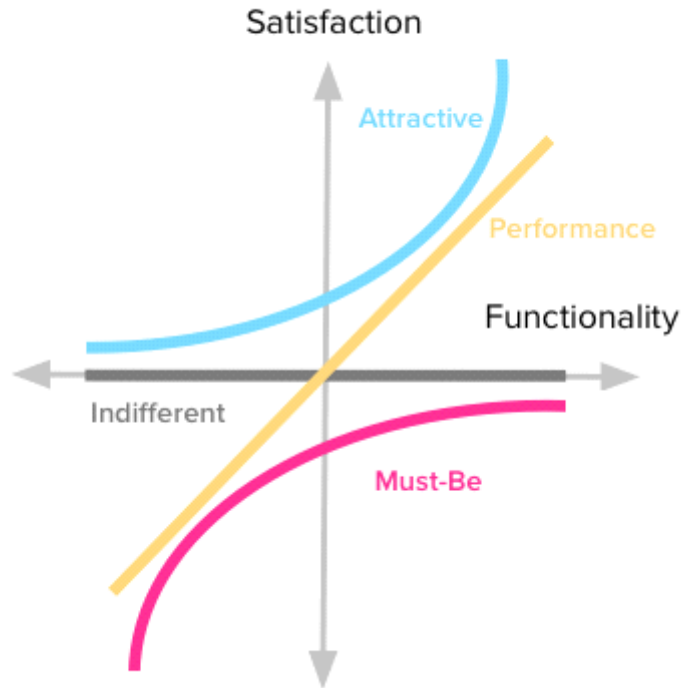
The Kano model is useful in gaining a thorough understanding of a customer's needs. You can translate and transform the resulting verbatims using the voice of the customer table that, subsequently, becomes an excellent input as the whatsin a quality function deployment (QFD) House of Quality.

The model involves two dimensions:

Achievement (the horizontal axis), which goes from the supplier didn't do it at all to the supplier did it very well.

Satisfaction (the vertical axis), which goes from total dissatisfaction with the product or service to total satisfaction with the product or service.

Dr. Noriaki Kano isolated and identified three levels of customer expectations: that is, what it takes to positively impact customer satisfaction. The figure below portrays the three levels of need: expected, normal, and exciting.



The Thomas--Kilmann Conflict Mode Instrument (TKI) is a conflict style inventory, which is a tool developed to measure an individual's response to conflict situations.

Genichi Taguchi, a Japanese engineer, proposed several approaches to experimental designs that are sometimes called 'Taguchi Methods.' These methods utilize two-, three-, and mixed-level fractional factorial designs. Large screening designs seem to be particularly favored by Taguchi adherents.

Six Sigma is a method that provides organizations tools to improve the capability of their business processes. This increase in performance and decrease in process variation helps lead to defect re-duction and improvement in profits, employee morale, and quality of products or services.

Source:

- CIPS study guide page 171-172

- WHAT IS THE KANO MODEL?

LO 3, AC 3.4

Question 2

Question Type: MultipleChoice

Which of the following specific markets is most likely to have product shortage by nature?

Options:

A- Retail

B- Financial

C- Construction

D- Services

E- Agriculture

Answer:

E

Explanation:

Products used in agriculture can be subject to shortage due to natural disasters.

LO 2, AC 2.1

Question 3

Question Type: MultipleChoice

When preparing through-life specification, which of the following requirements should procure-ment team define besides the physical asset? Select TWO that apply.

Options:

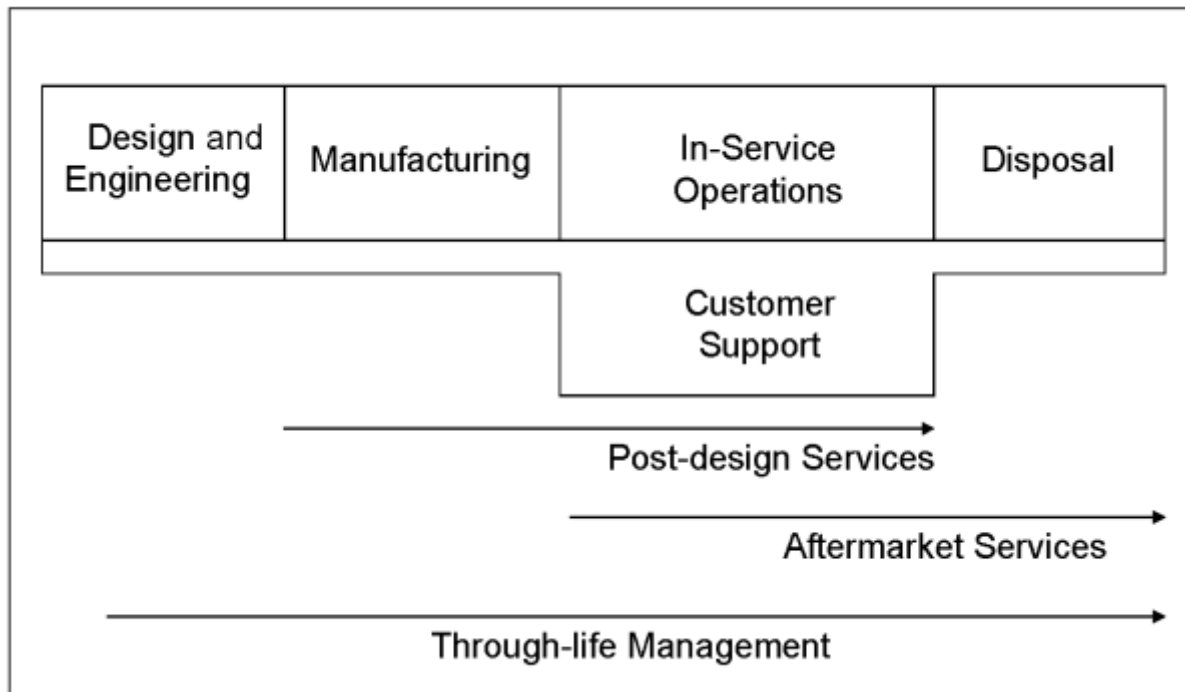
- A- Customer service
- B- Objectives
- C- Market analysis
- D- Logistics and installation
- E- Available substitute

Answer:

A, D

Explanation:

Through-life Management involves the life-cycle management of the products, services and activities required to deliver a fully integrated capability to the customer, while reducing the cost of ownership for the customer.



Source: Andrew Graves

With through-life management, buyer not only cares about the physical asset but also other factors like customer services and maintenance.

LO 3, AC 3.2

Question 4

Question Type: MultipleChoice

At which stage of product life cycle, price competition between sellers will be the most intense?

Options:

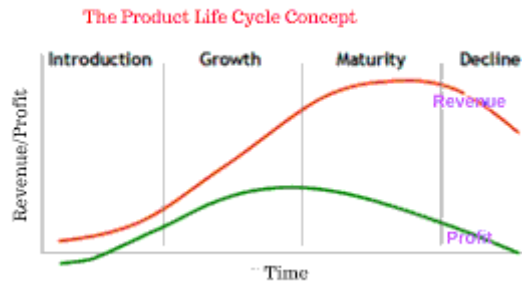
- A- Growth stage
- B- Introductory stage
- C- Maturity stage
- D- Decline stage

Answer:

D

Explanation:

The term product life cycle refers to the length of time a product is introduced to consumers into the market until it's removed from the shelves. The life cycle of a product is broken into four stages---introduction, growth, maturity, and decline.



Source: <https://blueoceanoutsource.co.ke/the-product-life-cycle-concept/>

At maturity stage, price competition sets in as more and more supply capacity has been added by new entrants, then the competition will be the most intense.

LO 2, AC 2.2

Question 5

Question Type: MultipleChoice

Why is the specification considered as the most important document in procurement?

Options:

- A- It provides a mean to appraise the performance of supplier
- B- It helps the buyer to gain at supplier's loss
- C- It eliminates all possible supply risks
- D- It always shifts the balance of bargaining power in favour of the buyer

Answer:

A

Explanation:

Specification is the most important document in procurement because it sets out the quality which supplier must provide. If there is no spec or the spec lacks clarity and details, supplier's performance may vary and possibly lower than actual requirements. This puts the buyer at risks. On the other hand, if the spec is clear and detailed, the supplier is liable to provide 'fit for purpose' products or perform the service at required level of quality. This will ensure that the buyer achieve 'Right Quality'.

- CIPS study guide page 116-130

- How fitness for purpose works - Evocurement

LO 3, AC 3.1

Question 6

Question Type: MultipleChoice

Ymira is asked to develop the specification for water purifier which will be used at the company headquarter. She believes that the specification can be drafted based on the information available on the Internet, such as blog posts, comparison websites, how-to websites, life hacks, etc. Which of the following traits will make the information more useful?

Options:

- A- Trustworthy sources
- B- Objectivity
- C- Subjectivity
- D- Written by inexperienced author
- E- Promotional information

Answer:

A, B

Explanation:

Internet is a great source of information, however, information from the Internet needs to be tested for accuracy and reliability. To check the information from the Internet, a buyer can use the criteria with acronym SAMOA:

Source (of the information)

Audience (intended as the recipient of the information)

Methodology (used to collect and analyse the data)

Objectivity (of the information - there should be no bias)

Accuracy

LO 3, AC 3.1

Question 7

Question Type: MultipleChoice

Halfords is a major bicycle and car parts retailer with long history in the market. Its suppliers are plentiful and there is no threat of forward integration. Some other smaller retailers are applying 3D-printing technology to make personalized bicycle parts but their market share is relatively low. 3D-printing technology is an example of which competitive force?

Options:

- A- Bargaining power of buyer
- B- Threat of substitute
- C- Rivalry within the industry
- D- New entrants may enter the market

Answer:

B

Explanation:

3D-printed parts can replace traditional metal parts. They are also more easily customised to fit customer's needs. This technology is an example of threat of substitute in Porter's Five Forces model.

Substitute goods or services that can be used in place of a company's products or services pose a threat. Companies that produce goods or services for which there are no close substitutes will have more power to increase prices and lock in favorable terms. When close substitutes are available, customers will have the option to forgo buying a company's product, and a company's power can be weakened.

- CIPS study guide page 85-96

- Porter's 5 Forces Definition: Analyzing Businesses (investopedia.com)

LO 2, AC 2.2

Question 8

Question Type: MultipleChoice

When procuring a machinery, at which stage buyer must check whether it is working to the standards set out in the design specification?

Options:

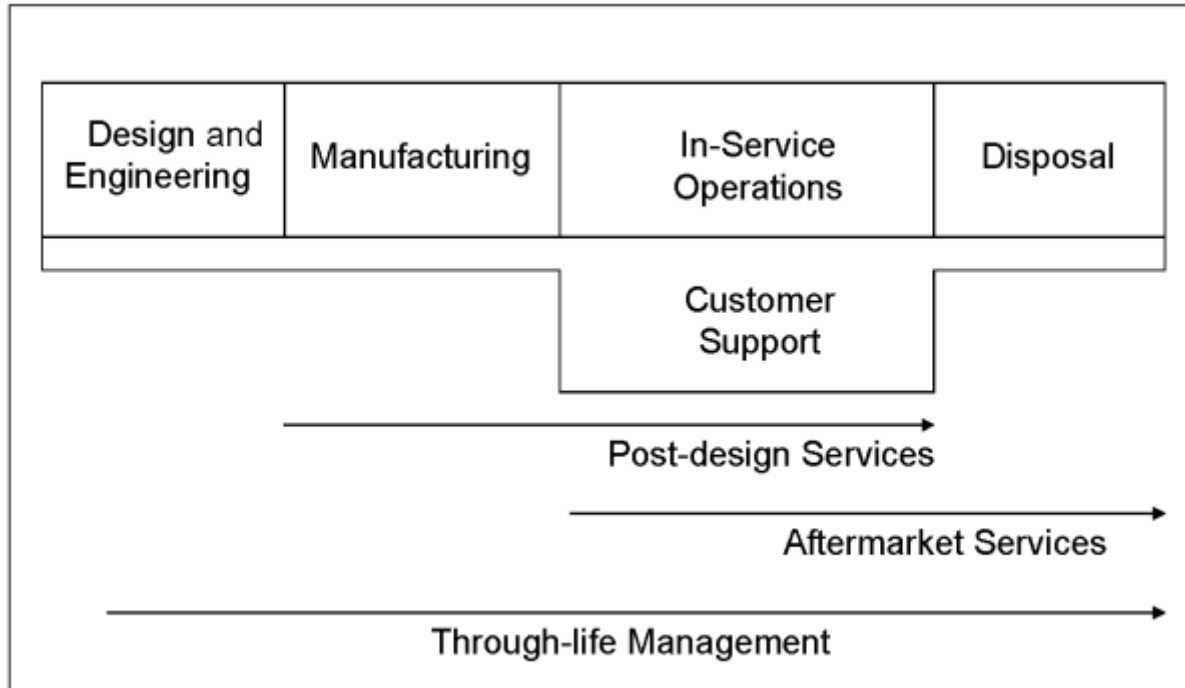
- A- Installation
- B- Maintenance and repair activities
- C- Customer support
- D- Manufacture

Answer:

A

Explanation:

Through-life Management involves the life-cycle management of the products, services and activities required to deliver a fully integrated capability to the customer, while reducing the cost of ownership for the customer.



Source: Andrew Graves

The installation stage occurs in In-Service Operations. At this stage, the machinery is shipped and installed on the buyer's premises and checked to ensure that it is working to the standards set out in the design specification.

Question 9

Question Type: MultipleChoice

Which kind of these following costs belong to fixed costs? Select TWO that apply.

Options:

- A- Energy consumption in manufacturing
- B- The annual income tax charged by local authorities
- C- The packaging and distribution costs
- D- The depreciation of capital inputs
- E- The costs of leasing or purchasing capital equipment

Answer:

D, E

Explanation:

Based on variability, the costs has been classified into three categories, they are fixed, variable and semi variable. Fixed costs, as its name suggests, is fixed in total i.e. irrespective of the number of output produced. Variable costs vary with the number of output produced. Semi-variable is the type of costs, which have the characteristics of both fixed costs and variable costs (Source: Key Differences).

Among above costs, leasing and depreciation are relatively static and do not change if volume of business activities increase or reduce.

Packaging, utilities and annual business rate (tax) are variable costs.

LO 1, AC 1.2

Question 10

Question Type: MultipleChoice

OMK is a Russian steel firm that is expanding market abroad. It plans to build a steel plant in a foreign country. Due to intricate technical requirements, the plant design will be very complex. Procurement department or technical department alone cannot draft the specification. OMK senior management decides that this task must be treated as a project. Which of the following should be done before writing the specification for new steel plant?

Options:

- A- Develop the performance framework for the supplier
- B- Draft the terms and conditions for plant construction contract
- C- Invite suppliers to the tendering process
- D- Develop project initial document

Answer:

D

Explanation:

The writing of a complex specification should be treated as a project because it requires the brain power from different stakeholders. Many tools and processes of project management can be applied to complex specification development. Before engaging with the stakeholders and implementing the project, the project initial document should developed.

A Project Initiation Document (PID) is one of the most important components of project management, which forms the foundation for a company project. It is a reference point during the entire project, for the client as well as for the project team.

A PID bundles documentation into a logical reference work that collects all important information needed to start and run a project from a good foundation. After that, Project Initiation Document must be transferred to all stakeholders, including business sponsors.

This forms the basis for the project management. The documentation from which the PID is composed include the business case in which the project's justification can be found, the communication plan and the project plan.

The PID is composed out of collected information and includes, among others, the following components:

- Project goal(s); what do you want to achieve with the project?
- Project size; how large is the project, how long does it take and how many people are involved?
- Project organisation; who are involved in the project, what are their tasks, responsibilities and authority?
- Limits and risks; what can cause a project to stagnate and are there risks related to the project?
- Stakeholders; who has a stake in the success of the project?
- Project checks and frame reporting; by carefully taking into account evaluation moments, it is clear to everyone what sample tests can be carried out during the process.

In addition, it is important that the Project Initiation Document also contains the following information:

- The background and occasion of the project, which together provide information about the context.
- The project organisational structure, which describes who has which management responsibility in the project.
- The project quality plan, describing who controls the quality of the products to be delivered and how it will take place.
- The total project planning, including the duration of all activities.
- The exception process, which describes how exceptions are dealt with and the steps of the escalation procedure.

- The risk log, including the measures that will be taken when there are unforeseen risks.
- The documentation structure of the project, in which the encoding and storage of all documents and products to be provided by the project has been recorded in advance.
- CIPS study guide page 148
- Project Initiation Document (PID), a project management tool | ToolsHero

LO 3, AC 3.3

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