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Question 1

Question Type: MultipleChoice

Intellectual Property Rights (IPR) include items such as copywrite and trademarks. A buyer is considering entering into a partnership with their supplier to create a new product which will be released in two years' time. Should IPR be included into a contract between partners?

Options:

- A- Yes- IPR should always remain with the buyer- this will protect those rights
- B- Yes- IPR is a valid concern for both parties but will survive the termination of the agreement
- C- No- a separate legal agreement should be created to cover IPR
- D- No- a contract is not necessary if it is a partnership.

Answer:

B

Explanation:

The correct answer is 'Yes- IPR is a valid concern for both parties but will survive the termination of the agreement' (p.112). See the section on 'Legal considerations' in chapter 2.4

Question 2

Question Type: MultipleChoice

In a partnership who is responsible for decision making?

Options:

- A- The project steering committee
- B- Both the supplier and the buyer
- C- The buyer
- D- The supplier

Answer:

B

Explanation:

The correct answer is both the supplier and the buyer- joint decision making is a key aspect of partnership relationships. A project steering committee decides on priorities, suggests improvements, conducts audits etc. See p.152

Question 3

Question Type: MultipleChoice

Which of the following behaviours are you likely to see in a Partnership relationship?

Options:

- A-** Opportunistic behaviour and strong levels of trust
- B-** Strong levels of trust and honest communication
- C-** Honest communication and opportunistic behaviour
- D-** Secrecy and honest communication

Answer:

B

Explanation:

The correct answer is 'Strong levels of trust and honest communication'. The questions on Partnership in the exam tend to be quite straightforward, but if you're struggling with this see p. 148 for further details of behaviour in Partnerships.

Question 4

Question Type: MultipleChoice

Harry has just entered into a partnership with a key supplier. Although he is excited about the prospect, he thinks it's a good idea to set some goals and KPIs. Which of the following criteria should Harry use to decide if a KPI is appropriate?

Options:

- A-** Measurable, achievable and relevant
- B-** Relatable, precise, and measurable
- C-** Time bound, difficult and relevant

D- Significant, measurable and achievable

Answer:

A

Explanation:

The correct answer is Measurable, achievable and relevant. This is from SMART KPIs on p. 151. Smart stands for specific, measurable, achievable, relevant, time-bound. In the exam they come up in different orders so be careful.

Question 5

Question Type: MultipleChoice

A restricted market is a market where there are only a small number of capable and competent suppliers. Which of the following is not a reason for a marketplace to be restricted?

Options:

- A- Low levels of profitability
- B- High barriers to entry
- C- Strong governmental regulation
- D- The product is easy to source elsewhere

Answer:

D

Explanation:

The correct answer is 'The product is easy to source elsewhere'. The other three are given as reasons a marketplace might be restricted on p.138. Other reasons also include; brand loyalty, difficult access to distribution channels, and companies colluding.

Question 6

Question Type: MultipleChoice

The Queen Victoria is a traditional British pub which serves a range of alcoholic beverages. It has a partnership relationship with a local brewery which supplies several types of beer and cider. Logistics is a key concern for the Queen Victoria as deliveries must be made when there is room in the cellar to store the barrels of beer and cider. In what ways could the logistics risk be reduced?

Options:

- A-** Using several suppliers instead of one
- B-** Batch ordering
- C-** Sharing up-to-date information
- D-** Issuing POs electronically.

Answer:

C

Explanation:

The logistics risk can be reduced by 'Sharing up-to-date information'. If the Pub tells the supplier when it's running low, they can then time the deliveries more accurately. P. 136. A lot of the questions on the 'Partnerships' chapters of the book are common-sense questions like this. It involves reading the question and using logic, rather than relying on your knowledge of procurement. If you found this question easy -- that's a good sign for the exam.

Question 7

Question Type: MultipleChoice

Partnership sourcing is often considered a 'high-risk' strategy for a buyer. Which of the following is not a risk generally associated with partnership sourcing?

Options:

- A- Sharing commercially sensitive data with another party
- B- Single-sourcing may leave the buyer without a supply if the supplier goes into liquidation
- C- Reduced waste in the supply chain
- D- Supplier may become complacent

Answer:

C

Explanation:

The correct answer is 'Reduced waste in the supply chain' -- this is not a risk, this is a benefit P.134

Question 8

Question Type: MultipleChoice

Kinky Boots Ltd provides high heeled shoes in large sizes. Their target market are Drag Queens. There are a couple of rival shoe manufacturers in this market and Kinky Boots Ltd offer the cheapest high heels. What strategy is Kinky Boots Ltd employing in terms of competitive advantage?

Options:

- A- cost leadership
- B- differentiation
- C- cost focus
- D- differentiation focus

Answer:

C

Explanation:

This is 'cost focus' - Kinky Boots is both focusing on being a cost leader (by providing the cheapest products) and focusing on a niche market (drag queens). When these two strategies are combined it is called 'cost focus'. There's a couple of questions on Porter's

Generic Strategies in the exam- there's a useful diagram of this on P.13

Question 9

Question Type: MultipleChoice

Janet runs a factory which produces 1 million bread rolls every day. It requires a large amount of flour, and for this to be delivered regularly- in time with manufacturing operations. There are very few suppliers in the market place that can deliver the quality of flour Janet requires in the quantities required. Janet has just established a contract with Friendly Flour Limited - what type of supplier is Friendly Flour Limited to Janet?

Options:

- A- bottleneck
- B- strategic
- C- routine
- D- leverage

Answer:

B

Explanation:

Friendly Flour Ltd is a strategic supplier; this is a critical supplier, responsible for core products. They represent a high risk impact and a high cost impact. This is the top-right hand corner of the Kraljic matrix. There are lots of questions on Kraljic in the exam - do revise this topic and ensure you understand each of the four quadrants of the matrix (see p.20)

Question 10

Question Type: MultipleChoice

Togo Bongos is a manufacturer of percussion instruments, in particular of bongo drums. It requires electricity to run its factories and this is a major factor of cost impact. There are lots of suppliers of electricity in the market and there is no switching costs if Togo Bongos wanted to switch suppliers. What type of supplier is Togo Bongo's electricity supplier?

Options:

A- strategic

B- leverage

C- routine

D- bottleneck

Answer:

B

Explanation:

This is a leverage supplier on the Kraljic Matrix; high cost impact and low risk impact. The diagram on p.20 gives the example of utility services such as electricity as a common leverage supplier. There are lots of questions on Kraljic in the exam - do revise this topic and ensure you understand each of the four quadrants of the matrix

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