

## [Q54-Q68 Use Real L4M8 - 100% Cover Real Exam Questions [Nov-2023]



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Dumps Brief Outline Of The L4M8 Exam - VCEPrep

The Chartered Institute of Procurement and Supply (CIPS) is the leading global professional body for supply chain management and procurement. Offering a range of internationally recognized qualifications, CIPS equips professionals with the skills and knowledge necessary to advance their careers and drive organizational performance. One such qualification is the CIPS L4M8 (Procurement and Supply in Practice) Exam, which has been designed to help supply chain practitioners develop a deeper understanding of the practical applications of procurement and supply management.

**Q54.** Describe a situation where amendment or an addendum would need to be created

After all the due diligence is carried out, before awarding contract to the best supplier, sometimes procurement professionals find themselves in some problem solving situation; this might have been emanated from supplier facing a financial challenge or problems from external environment. Responding to this might require an amendment or an addendum, depending on the case in hand.

An amendment is for a physical change in the existing contract for example; if a contract contains a negotiated and agreed fixed price for the period of the contract but unexpected market forces such as an economic down turn or force majeure occur, the supplier

may have to request an amendment order to continue to make a profit.

An addendum is when an additional document is added to the existing contract for example, If a contract have a schedule of rates and the market forces prices up, an addendum can be added to an existing contract with a revised schedule. Once accepted, the addendum becomes part of the contract. Addendum are physically used when the forecasted cost of a project rises and approval is needed to increase the contract spend.

**Q55.** What is commissioning?

Commissioning is bringing something new into working condition, e.g start running a gas plant after building it. Commissioning is one of the eight elements that form the cycle of whole life asset management. The commissioning of an asset has the following associated costs, installation, training insurance, testing, operational efficiencies/performance and quality.

**Q56.** Think of a supply chain with which you are familiar and distinguish between the primary, second-ary and tertiary sector organization within it.

Supply chain involves a network of individuals, organizations, technology activities and resources to make sure goods or services flow along the chain. If one point fails, every part further along the chain fails.

Fullpower projects (a flour manufacturer) supply chain begins with producers (raw materials, wheat farmers), suppliers, manufactures, distributors, retailers and end users (customer).

Fullpower projects supply chain falls within the primary sector (producers of wheat), the secondary sector include the manufacturing (those that converts the wheat the suppliers brings into flour) and tertiary sector (the distributor those that takes the wheat to the end users).

**Q57.** Explain how influencing, can relate to corruption within procurement.

Influencing is the capacity to be able to change behavior or opinions, either consciously or subconsciously.

As outlined by Yukl and falbets work from 1990 influencing can relate to corruption within pro-curement in these six ways.

- 1) A party can be assertive (forceful, directive, using deadlines),
- 2) Ingratiating i.e. using charm and flattery.
- 3) Exchange-Trading favors,
- 4) Upward appeal (requesting input for senior management not only that influencing can come as
- 5) Coalition; team members uniting for support.
- 5) Rational persuasion, i.e. bringing in logic and facts for clarification.

**Q58.** What advantages could there be to holding excessive inventory?

Holding excessive inventory can reduce the impact of extended lead time. i.e. by saving the buying organization from downtime, reputation loss, and also it can generate revenue for the organization if there is a sudden increase in demand.

**Q59.** Research the ethical standard or accreditation of an industry with which you are familiar.

If a supplier is accredited or is a member of an association that promotes good ethical conduct, a statement to this effect is likely to be featured on its company documentation. This could be in a form of letters after the organization name or the authorized use of logo.

Accreditation information should be verified by procurement professionals either asking organization for certification to prove membership or accreditation or checking on a professional register.

Below are associated bodies that form some industries.

1. ISO 14001 &#8211; for quality management
2. CIPS &#8211; for procurement and Supply
3. Red Tractor &#8211; NGO Registered in the UK, promoting human right
4. Amnesty International &#8211; human right
5. Carbon Trust &#8211; For Carbon neutral status.

\*

Refer to the question column for response

**Q60.** What are the four stages of decommissioning?

When a fixed asset reaches the end of its life, it requires decommissioning before reconditioning or disposal.

Decommissioning is to observe all the safety measures and technical procedures and stop active machinery or an asset from operation (example gas plan, generator, transformer etc.

Decommissioning process include the following aspect

- 1) Preparation: Plan the process
- 2) Dismantle: Take the asset apart and remove hazardous waste
- 3) Processing: make safe any hazardous waste
- 4) Disposal: Ensure paper work is received to confirm removal and disposal

**Q61.** Describe three benefits of working cross-functionally

Working cross-functionally is the involvement of all departments involved in an organization to contribute knowledge, skills and innovation towards adding value of achieving the organization's strategic goal. All functions may include; procurement, maintenance, marketing, finance, human resources working together in procurement activity to come up with the best strategy or selecting the supplier that best suit the organization.

When working cross functionally, members of the organization gives support by believing in the end goal, assist during difficult time, help troubleshoot any issue, providing the required resources and sharing information.

**Q62.** Using the case study about Toyata, which type of benchmarking Tada has used when comparing the Toyata with Porsche?

Benchmarking is the process of comparing a function, process or performance with another which is best-in-class. Benchmarking is either internal or external. External benchmarking has three types; 1) Competition benchmarking, 2) Functional 3) Generic Company Toyota with the Porsche a competition in the same industry and by suggesting that drives will find the cars performances comparable with that of Porsche Cayman sports car, suggest think it is an external competitive benchmark.

**Q63.** What are the four quadrants in the Mendelow stakeholder matrix?

Stakeholders are individuals or organizations that can be affected directly or indirectly by any project or decision. For successful procurement activities to take place, stakeholders must be identified, engaged and managed. Not all stakeholders require the same level of engagement and management. To appropriately manage identified stakeholders, the Mendelow management matrix has categorized stakeholders in four quadrants, according to how low or high their power and interest in the project could be. The four categories are:

- 1) Minimum effort (low power-Low interest)
- 2) Keep satisfied (high power-Low interest)
- 3) Keep informed (Low power &#8211; high interest)
- 4) Manage closely (High power- High interest)

**Q64.** Which products or services should not be considered for outsourcing, according to Carter's out-sourcing matrix? Carter's outsource matrix is a useful tool that procurement professionals use to decide which products or services have a high or low contribution to the organization's operation performance and its strategic importance. The matrix segments products/services into four quadrants. These are Eliminate, outsource, strategic alliance and retain.

According to Carter's outsource matrix, all products/services that have a high strategic importance should not be outsourced. They should rather be retained in-house or carefully choose suitable suppliers and go into strategic alliance.

**Q65.** Describe two negative factors associated with ordering excess inventory.

In the decision to not run out of supplies, organizations can anticipate a peak where their products will be in a high demand or a period of scarcity of raw materials and may want to increase the inventory. However, if this forecast is not accurate, it may lead the organization to holding excess inventory. This can expose the organization to some negative factors.

**Acquisition Cost:** The organization will incur an acquisition cost for the excess inventory which is inclusive of the cost of placing the order and the cost of purchasing the goods.

**Holding Cost:** The organization will spend more money holding the stock, trying to keep it in good condition by providing the required light, temperature, skilled handlers and so on.

**Working Capital not adding value:** This will offset the holding cost. Also, valuable working capital in excess stock which in the time not adding value, can affect the liquidity of the business. This is also an opportunity cost and increase solvency.

**Q66.** What are the four quadrants within the Kraljic portfolio matrix?

At the early stages in procurement and supply cycle, buyers begin segmenting current suppliers in the categories, depending on their level of integration into the organization. To help get this done, the buyer may use the Kraljic portfolio matrix. The Kraljic portfolio matrix segments suppliers into four categories, which are;

- 1) Routine
- 2) Bottleneck
- 3) Leverage
- 4) Strategic supplier

**Q67.** What are the reasons that a contract can legally be terminated?

A contract is a written or verbal agreement, made between two or more parties that are legally enforceable. For a contract to be legally binding it must include the intention of parties entering into the contract. All parties must have the capacity to contract or be contracted. They must be of a sound mind, there should be a promise (offer) for performance from the other party and an exchange (consideration) of one thing for another within an agreement for a contract to be binding, there must be an acceptance of the offeror's offer by the offeree.

There are many reasons contract can legally be terminated, including non-performance by one or both parties, a significant change in the requirement.

There are several reasons contract can legally be terminated, including non-performance by one or both parties; breach of material, failure to meet service level agreement, ethical breaches, a significant change in the requirement of either party caused by ethical change in the market, change in Demand, obsolescence, contract completion. The procurement professionals should get an exit strategy that should encourage a stress free disengagement should incase there are no profitable reason to continue with the contract.

**Q68.** Describe three types of fraud that could occur within the supply chain of an organization with which you are familiar. Fraud occurs when a person acts deliberately to secure monies from another party through dishonest method. Within the supply chain of an organization, fraud can represent itself in the following ways:

1. Kickbacks: e.g. (commission given to a bribe taker for service perform)
2. Corrupt influence (e.g ordering more than what is required)
3. Collusion: (group of suppliers working together to submit multiple bids and split profit.
4. Bid Rigging (a contract is informally agreed with a chosen supplier prior to the official process
5. invoicing fraud
6. Substitution (submitting products that are below the required quality
7. False claims (files false document)

#### Case Study

A series of news stories reporting events such as the collapse of the Rana Plaza building in 2013 have drawn attention to the poor conditions in garment factories across India and South East Asia. Human rights groups have long been critical of the excessive hours and poor wages workers are forced to endure, as well as the abuse they receive from supervisor. With consumers becoming increasingly aware of these conditions, more pressure is being put on global brands and retailers to ensure their supply chains are fair and ethical.

Certain areas have been notorious for the mistreatment of workers. In India's textile valley, young women are been bound into contracts where they work for two to three years, in exchange for a lump sum of money that they can then put towards a dowry. This is known as the 'Sumangali [a married woman] Thittam' scheme. These women are forced to live in hostels under restrictions that prevent them from moving, and are denied the opportunity to improve their living conditions. Retailers including Walmart and H&M are known to source garments from factories in the 'textile valley'.

Reports by organizations including the Asia Floor Wage Alliance (AFWA), Central Combodia, Global Labor Justice, Sedane Labour Resource Centre (LIPS) Indonesia, and Society for Labour and Development (SLD) India have exposed unethically run factories that supply garments to H&M, Gap and Walmart. However, retailers will continue to benefit from expensive labour until mounting customers pressure causes them to change.

The Chartered Institute of Procurement and Supply (CIPS) is a globally recognized professional body for procurement and supply chain management. The CIPS Level 4 Diploma in Procurement and Supply is designed for those who are new to the procurement and supply profession, as well as those who wish to further develop their knowledge and skills. The CIPS L4M8 (Procurement and Supply in Practice) certification exam is a key component of this diploma, providing individuals with the opportunity to demonstrate their understanding of procurement and supply chain management concepts and practices.

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