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# CIPS L6M8

## Innovation in Procurement and Supply

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## Question: 1

Groupthink and Cultural Silos can be avoided by the successful implementation of which of the following processes?

- A. concurrent engineering
- B. product and process design
- C. supplier forums
- D. cross-functional teams

**Answer: D**

Explanation:

Cross-Functional teams is the correct answer. Both of these are mentioned on p.9. It stops cultural silos by allowing people from different departments to come together and work towards one common goal. Groupthink is common when people work in their own departments without interacting with others in the wider organisation. Cross-functional working therefore helps avoid groupthink. However, groupthink is a danger of assembling any group, including a cross-functional one. The question does state the SUCCESSFUL implementation of a process, so successfully implementing a cross-functional team, by ensuring that personalities within the group are well managed, can avoid groupthink.

## Question: 2

The engineering process in which each function completes the task they are specialised in then passes it to the next team is commonly known as what process?

- A. Lean engineering
- B. Simultaneous Engineering
- C. Over-the-Wall Engineering
- D. Business Process Re-Engineering

**Answer: C**

Explanation:

This is over-the-wall engineering and is the opposite of simultaneous engineering- both are explained on p.10. You should also be familiar with Lean Engineering (the removal of waste from the engineering process) and Business Process Re-Engineering (the radical redesign of the engineering process), both of which come up in Chapter 2.2

## Question: 3

Julie is the CEO of a small manufacturing company which is struggling to compete in the marketplace. Julie is considering implementing Simultaneous Engineering processes, what would be the benefit of this to her organisation? Select all that apply

- A. reduction in development time
- B. fewer design changes
- C. less staff are required
- D. increased sales

**Answer: A,B**

Explanation:

1 and 2 are correct. This is from p11- Lichtman (2016) names reduction in development time and fewer design changes as benefits of simultaneous engineering compared to over-the-wall engineering. It won't reduce the number of people involved, it just means everyone is working at the same time, and it can't guarantee increased sales, which are affected by the wider marketplace conditions and competitor actions.

#### Question: 4

A supplier who provides a low value item to a supplier, but holds the monopoly in the marketplace is a provider of which type of good?

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

**Answer: D**

Explanation:

This is bottleneck, and comes from the Kraljic Matrix which is on p. 22, but you'll have seen this hundreds of times before already. I didn't personally get any questions on Kraljic on my exam, but that's not to say you won't as there's a large bank of questions.

#### Question: 5

What are the benefits of early supplier involvement? Select all that apply.

- A. information sharing
- B. higher levels of innovation
- C. better environmental protection
- D. smaller supply chains

**Answer: A,B**

Explanation:

The correct answers are 1 and 2. This question doesn't specifically come from the study guide- there isn't a section called 'benefits of early supplier involvement' - but this is a question which comes up in the real exam. If you read p.24-26 you'll get the idea that early supplier involvement increases information sharing and leads to innovation. It can't guarantee better environmental protection as there's no guarantee that any of the parties involved would care about the environment, and it doesn't change the number of people in the supply chain, so these two options are clearly incorrect.

## Question: 6

Below are details of 5 companies who are all embarking on the launch of a new product. For each company, you must decide which innovation tactic they are using and the priority for the new contract.

Company 1: The company aims to design the specification around customers' requirements. They are keen to ensure a balance between costs and the service provided.

Company 2: This company attends regular conferences held by a professional body and will use the information discussed to inform upon the specification. They are keen to ensure sufficient interest from the marketplace so are placing a priority on networking at the conferences.

Company 3: There is a small group of internal stakeholders who meet regularly at Company 3 who discuss supply chain and organisational integration. The priority for the group is to ensure that the supplier of the new product's raw materials meets the company's standards for environmental protection.

Company 4: This company has regular phone calls with suppliers discussing ideas for the new product. Once the product is launched, the focus will be on ensuring that the supplier is held to account.

Company 5: Equipment has been loaned to a supplier to produce a prototype of the new product. The aim of the project is to ensure the supplier is capable of producing the components required for the product before the contract is signed.

Complete the table below by listing the innovation tactic and contract priority for each company; focus group, innovation council, technology transfer, collaboration, supplier forum, early supplier involvement, supplier development, balanced scorecard, contract management, selection, value for money, bidding.

	Innovation Tactic	Contract Priority
Company 1	1	6
Company 2	2	7
Company 3	3	8
Company 4	4	9
Company 5	5	10

Which of the following will you put into box 1?

- A. focus group
- B. innovation council
- C. technology transfer
- D. collaboration
- E. supplier forum
- F. early supplier involvement

## Answer: A

Explanation:

The correct answers are as follows:

	Innovation Tactic	Contract Priority
Company 1	<b>1 Focus Group</b> They're using customer requirements- the only option given that refers to customers is focus groups, all the others are about suppliers	<b>6 Value for Money</b> They're looking for a balance between cost and service
Company 2	<b>2 Supplier Forum</b> A formal conference is held by an external organisation	<b>7 Bidding</b> The priority is to attract as many suppliers to bid as possible by networking
Company 3	<b>3 Innovation Council</b> There is an internal group within the company	<b>8 Selection</b> The focus is on getting the right supplier, one with the required environmental standards
Company 4	<b>4 Early Supplier Involvement</b> There are phone-calls to suppliers, therefore this can't be a supplier forum	<b>9 Contract Management</b> The aim is to hold the supplier to account. As it doesn't mention how, this can't be balanced scorecard. For example, they could be held to account by using a specific payment mechanism or damage clause.
Company 5	<b>5 Technology Transfer</b> Equipment has been loaned	<b>10 Supplier Development</b> The focus is on ensuring the supplier is capable of making components

Wrong answers: collaboration, balanced scorecard

The question is taken predominantly from LO 1.2 but some of the contract priorities are taken from other parts of the study guide e.g., balanced scorecards and supplier development come up in LO 1.4

## Question: 7

Below are details of 5 companies who are all embarking on the launch of a new product. For each company, you must decide which innovation tactic they are using and the priority for the new contract.  
Company 1: The company aims to design the specification around customers' requirements. They are keen to ensure a balance between costs and the service provided.

Company 2: This company attends regular conferences held by a professional body and will use the information discussed to inform upon the specification. They are keen to ensure sufficient interest from the marketplace so are placing a priority on networking at the conferences.

Company 3: There is a small group of internal stakeholders who meet regularly at Company 3 who discuss supply chain and organisational integration. The priority for the group is to ensure that the supplier of the new product's raw materials meets the company's standards for environmental protection.

Company 4: This company has regular phone calls with suppliers discussing ideas for the new product. Once the product is launched, the focus will be on ensuring that the supplier is held to account.

Company 5: Equipment has been loaned to a supplier to produce a prototype of the new product. The aim of the project is to ensure the supplier is capable of producing the components required for the product before the contract is signed.

Complete the table below by listing the innovation tactic and contract priority for each company; focus group, innovation council, technology transfer, collaboration, supplier forum, early supplier involvement, supplier development, balanced scorecard, contract management, selection, value for money, bidding.

	Innovation Tactic	Contract Priority
Company 1	1	6
Company 2	2	7
Company 3	3	8
Company 4	4	9
Company 5	5	10

Which of the following will you put into box 4?

- A. focus group
- B. innovation council
- C. technology transfer
- D. collaboration
- E. supplier forum
- F. early supplier involvement

**Answer: F**

Explanation:

The correct answers are as follows:

	<b>Innovation Tactic</b>	<b>Contract Priority</b>
<b>Company 1</b>	<b>1 Focus Group</b> They're using customer requirements- the only option given that refers to customers is focus groups, all the others are about suppliers	<b>6 Value for Money</b> They're looking for a balance between cost and service
<b>Company 2</b>	<b>2 Supplier Forum</b> A formal conference is held by an external organisation	<b>7 Bidding</b> The priority is to attract as many suppliers to bid as possible by networking
<b>Company 3</b>	<b>3 Innovation Council</b> There is an internal group within the company	<b>8 Selection</b> The focus is on getting the right supplier, one with the required environmental standards
<b>Company 4</b>	<b>4 Early Supplier Involvement</b> There are phone-calls to suppliers, therefore this can't be a supplier forum	<b>9 Contract Management</b> The aim is to hold the supplier to account. As it doesn't mention how, this can't be balanced scorecard. For example, they could be held to account by using a specific payment mechanism or damage clause.
<b>Company 5</b>	<b>5 Technology Transfer</b> Equipment has been loaned	<b>10 Supplier Development</b> The focus is on ensuring the supplier is capable of making components

Wrong answers: collaboration, balanced scorecard

The question is taken predominantly from LO 1.2 but some of the contract priorities are taken from other parts of the study guide e.g., balanced scorecards and supplier development come up in LO 1.4

## Question: 8

Below are details of 5 companies who are all embarking on the launch of a new product. For each company, you must decide which innovation tactic they are using and the priority for the new contract.  
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Company 4: This company has regular phone calls with suppliers discussing ideas for the new product. Once the product is launched, the focus will be on ensuring that the supplier is held to account.

Company 5: Equipment has been loaned to a supplier to produce a prototype of the new product. The aim of the project is to ensure the supplier is capable of producing the components required for the product before the contract is signed.

Complete the table below by listing the innovation tactic and contract priority for each company; focus group, innovation council, technology transfer, collaboration, supplier forum, early supplier

involvement, supplier development, balanced scorecard, contract management, selection, value for money, bidding.

	Innovation Tactic	Contract Priority
Company 1	1	6
Company 2	2	7
Company 3	3	8
Company 4	4	9
Company 5	5	10

Which of the following will you put into box 5?

- A. focus group
- B. innovation council
- C. technology transfer
- D. collaboration
- E. supplier forum
- F. early supplier involvement

**Answer: C**

Explanation:

The correct answers are as follows:

	Innovation Tactic	Contract Priority
<b>Company 1</b>	<b>1 Focus Group</b> They're using customer requirements- the only option given that refers to customers is focus groups, all the others are about suppliers	<b>6 Value for Money</b> They're looking for a balance between cost and service
<b>Company 2</b>	<b>2 Supplier Forum</b> A formal conference is held by an external organisation	<b>7 Bidding</b> The priority is to attract as many suppliers to bid as possible by networking
<b>Company 3</b>	<b>3 Innovation Council</b> There is an internal group within the company	<b>8 Selection</b> The focus is on getting the right supplier, one with the required environmental standards
<b>Company 4</b>	<b>4 Early Supplier Involvement</b> There are phone-calls to suppliers, therefore this can't be a supplier forum	<b>9 Contract Management</b> The aim is to hold the supplier to account. As it doesn't mention how, this can't be balanced scorecard. For example, they could be held to account by using a specific payment mechanism or damage clause.
<b>Company 5</b>	<b>5 Technology Transfer</b> Equipment has been loaned	<b>10 Supplier Development</b> The focus is on ensuring the supplier is capable of making components

Wrong answers: collaboration, balanced scorecard

The question is taken predominantly from LO 1.2 but some of the contract priorities are taken from other parts of the study guide e.g., balanced scorecards and supplier development come up in LO 1.4



## Question: 9

Below are details of 5 companies who are all embarking on the launch of a new product. For each company, you must decide which innovation tactic they are using and the priority for the new contract.

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	Innovation Tactic	Contract Priority
Company 1	1	6
Company 2	2	7
Company 3	3	8
Company 4	4	9
Company 5	5	10

Which of the following will you put into box 6?

- A. supplier development
- B. balanced scorecard
- C. contract management
- D. selection
- E. value for money
- F. bidding

**Answer: E**

Explanation:

The correct answers are as follows:

	Innovation Tactic	Contract Priority
Company 1	<b>1 Focus Group</b> They're using customer requirements- the only option given that refers to customers is focus groups, all the others are about suppliers	<b>6 Value for Money</b> They're looking for a balance between cost and service
Company 2	<b>2 Supplier Forum</b> A formal conference is held by an external organisation	<b>7 Bidding</b> The priority is to attract as many suppliers to bid as possible by networking
Company 3	<b>3 Innovation Council</b> There is an internal group within the company	<b>8 Selection</b> The focus is on getting the right supplier, one with the required environmental standards
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Company 5	<b>5 Technology Transfer</b> Equipment has been loaned	<b>10 Supplier Development</b> The focus is on ensuring the supplier is capable of making components

Wrong answers: collaboration, balanced scorecard

The question is taken predominantly from LO 1.2 but some of the contract priorities are taken from other parts of the study guide e.g., balanced scorecards and supplier development come up in LO 1.4

## Question: 10

TGY Ltd is a manufacturing organisation which produces five major components for use in the transport sector. Each component is produced by a different Project Team. Below are details of the five projects.

Project 1: The team are looking at where the material originates and how much of this natural resource is left in the ground.

Project 2: The team are focused on what happens when the product is no longer required by the customer and whether the product can be repurposed to save it going to landfill.

Project 3: The team are keen to ensure the customer is happy with the product and that it meets safety standards. The focus of the Life Cycle Analysis is on what happens inside the factory.

Project 4: The team are looking at the longevity of the item once purchased by the customer.

Project 5: The team are exploring the additional overhead costs associated with the production of the item and the way in which the item is produced.

Complete the table below by listing the area of life cycle analysis being looked at, and the area of the Balanced Scorecard this relates to (some options may be used twice); energy consumption, use, disassembly, extraction, manufacturing, transportation, sustainability x2, quality, environment, value for money, processes.

	Area of Life Cycle Analysis	Balanced Scorecard Criteria
Project 1	1	6
Project 2	2	7
Project 3	3	8
Project 4	4	9
Project 5	5	10

Which of the following will you put into box 6?

- A. sustainability
- B. quality
- C. environment
- D. value for money
- E. processes

**Answer: A**

Explanation:

The correct answers are as follows:

	Area of Life Cycle Analysis LO 3.1	Balanced Scorecard Criteria LO 1.4
<b>Project 1</b>	<b>1 extraction</b> Talks about where the material originates, and it's from the ground	<b>6 sustainability</b> The team is seeking to find out if the extraction process sustainable? Can they continue extracting it at the current rate?
<b>Project 2</b>	<b>2 disassembly</b> They're looking at what happens when the product has finished being used and whether it can be repurposed e.g. by taking it apart and reusing the materials	<b>7 environment</b> The concern is diverting from landfill
<b>Project 3</b>	<b>3 manufacturing</b> The clue is 'what happens inside the factory'. Most of the other answers would be outside the factory	<b>8 quality</b> The team is ensuring the product meets safety standards
<b>Project 4</b>	<b>4 use</b> This talks about when the product is used by the customer	<b>9 sustainability</b> Clue: longevity of the item (ie how long will it last? Is it a sustainable purchase for the customer?)
<b>Project 5</b>	<b>5 energy consumption</b> This is the only option which is an overhead.	<b>10 processes</b> Talks about production of the item

Not used: transportation, value for money



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