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Exam : L4M6

Title : Supplier Relationships

Version : DEMO

1.Which of the following are typical drivers for a partnership between the buyer and the supplier? Select the THREE that apply.

- A. The buyer has a high spend with the supplier
- B. There are many suppliers in the market
- C. The product is critical for the buyer
- D. The product is a commodity
- E. The product is technically complex
- F. The supplier provides the product to a buyer's competitor

Answer: A,C,E

Explanation:

Drivers for partnership include a high spend with the supplier, criticality of the product, and technical complexity. These factors encourage collaboration for cost efficiency, quality improvement, and risk management. Partnerships are less likely when there are many suppliers or the product is a commodity, as competition and standardization reduce the need for close collaboration.

2.Which of the following options are legitimate reasons for terminating a contract? Select TWO that apply.

- A. You ordered 10,000 items instead of 1,000
- B. One of the contracted parties has clearly failed to perform its duties
- C. There has been a serious breach of contract terms
- D. Your internal stakeholder requested the wrong items
- E. Your MRP system placed a replenishment order that you do not need

Answer: B,C

Explanation:

Legitimate reasons for contract termination under CIPS guidelines include failure to perform duties and serious breaches of contract terms. Ordering errors or changes in stakeholder needs are not valid termination grounds unless explicitly stated in the contract. This protects both parties from unjustified termination risks.

3.Products or services that are more suitable for partnership sourcing match which of the following criteria?

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 2 and 4 only

Answer: A

Explanation:

Partnership sourcing is suitable for products that contribute to the buying organization's unique selling point (USP) and for critical products on which key customers depend. This approach ensures strategic alignment and mutual benefits for both parties, focusing on collaboration rather than cost alone.

4.Stephen Jones is assessing the relationships he has with his supplier base.

Which of the following would be drivers for Stephen to adopt a partnership relationship with a supplier?

- A. 1 and 2 only

- B. 2 and 3 only
- C. 1 and 4 only
- D. 2 and 4 only

Answer: D

Explanation:

High expenditure levels and the complexity of requirements justify partnership sourcing, as it allows for collaborative problem-solving, innovation, and cost-efficiency. CIPS emphasizes that partnerships are ideal when requirements are complex and require expertise from the supplier.

5. Sugar Doughnut Ltd has a jam supplier that they have used successfully for over ten years. They have made investments in the supplier's factory to support them with capital equipment upgrades in return for cost reduction on jam. The two companies also collaborate on bids for large supermarkets when looking to supply doughnuts and work together on quality improvements. No contracts exist between the two companies.

Could this relationship be said to be a partnership relationship?

- A. No, because contracts do not exist between the two companies
- B. No, because they have only worked together for ten years
- C. Yes, because they have demonstrated close collaboration on various projects
- D. Yes, because they both operate in the food sector

Answer: C

Explanation:

The relationship qualifies as a partnership due to their collaboration, shared investments, and mutual efforts toward improvement, regardless of the absence of formal contracts. Partnerships focus on shared goals, trust, and strategic alignment rather than mere documentation.