

Exam Code: A7

Exam Name: An Introduction to Purchasing Strategy

Vendor: CIPs

Version: DEMO

Part: A

1: International Advanced Certificate in Purchasing and Supply

An Introduction to Purchasing Strategy

A7

Instructions for Candidates:

This examination is in **THREE** sections.

Section A

Has **TEN** compulsory multiple-choice questions, worth 2 marks each.

Section B

Has **SIX** compulsory short-answer questions, worth 5 marks each.

Section C

Has **THREE** compulsory longer-answer questions. Questions 17 and 18 are worth 15 marks each.

Question 19 is worth 20 marks.

1. Do not open this question paper until instructed by the invigilator.
2. All answers must be written in the answer booklet provided.
3. All rough work and notes should also be written in the answer booklet.

Correct Answers:

2: SECTION A

Questions 1-10 are multiple choice questions. For each question, select **ONE** correct answer from A to D and write it in your answer booklet. You are advised to spend approximately 30 minutes on this section.

Correct Answers:

3: Q1. Which of the following is the main objective of vendor rating?

- A.To provide a measurement of performance of a contract
- B.To make sure that the lowest possible cost is achieved
- C.To reduce risk to both parties
- D.To achieve the highest possible quality.

Correct Answers: A

4: Q2. The main purpose of a PEST analysis is to identify which of the following?

- A.The strengths and capabilities of an organisation
- B.The weaknesses of an organisation
- C.The core competences of an organisation
- D.The opportunities and threats presented by the external environment.

Correct Answers: D

5: Q3. Which of the following, according to Porter, is an area for concern in identifying the competitive position of an organisation?

- A.Economic environment
- B.Product life cycle analysis
- C.The extent of rivalry in a market

D.Comparative earned value analysis.

Correct Answers: C

6: Q4. 'Bottleneck' items in the supply positioning model are best described by which of the following?

A.Important purchases that are made in a market where there are many suppliers but where the value is high

B.Important purchases made in a market where there are few suppliers and the value is low

C.Important purchases made in a market where there are few suppliers but the value is high

D.Important purchases made in a market where there are many suppliers and the value is low.

Correct Answers: B

7: Q5. Which of the following would be most likely to support a successful strategy of narrow differentiation for an organisation?

A.Offering a standardised product produced at a very low cost

B.Offering a standardised product where the brand name had been heavily promoted

C.Offering a non-standardised product to satisfy the particular needs of a small market segment

D.Offering a non-standardised product to cater for the needs of a wide market segment.

Correct Answers: C

8: Q6. Which of the following best describes a strategy of 'related diversification'?

A.Marketing an existing product in an existing market

B.Marketing a new product in an existing market

C.Marketing a new product in a new market

D.Marketing an existing product in a new market.

Correct Answers: C

9: Q7. Which of the following tools of analysis is most suited to establishing the targets for an internal cost reduction programme?

A.Pareto analysis

B.Value chain analysis

C.Porter's 'five forces' analysis

D.Ansoff's analysis.

Correct Answers: A

10: Q8. Which of the following best categorises the following definition: 'A way of managing an organisation so that every job, every process, is carried out right, first time, every time???

A.BS 5750

B.ISO 9000

C.TQM

D.FMEA.

Correct Answers: C