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**Exam** : **L5M7**

**Title** : Achieving Competitive  
Advantage Through the Supply  
Chain (L5M7)

**Vendor** : CIPS

**Version** : DEMO

**NO.1** Which of the following is an example of exceeding customers' expectations? Select TWO.

- A. Providing the item desired in a different colour
- B. A customer orders an item online and it is delivered on the expected day
- C. The price is lower than the customer expected to pay
- D. Providing a free gift when a purchase is made

**Answer:** C D

Explanation:

Meeting expectations (B) is not exceeding them. Exceeding is demonstrated by unexpected extra values such as lower-than-expected price or a free add-on. Short extract: "exceeding expectations-delighting customers with additional/unexpected value." (L5M7 Study Guide, p.121) Reference: L5M7 Study Guide, p.121.

**NO.2** Plastic Fantastic Ltd manufactures plastic homeware. Customers can return used products to the retailer, who passes them back to the manufacturer for reprocessing. What type of supply chain is this?

- A. Open Loop Supply Chain
- B. Forward Loop Supply Chain
- C. Manufacturing Supply Chain
- D. Closed Loop Supply Chain

**Answer:** D

Explanation:

A Closed Loop Supply Chain reintroduces used products into the supply process for reuse, recycling, or remanufacturing, closing the product's lifecycle.

Short cited term: "closed loop - materials re-enter supply chain" (L5M7 Study Guide, pp. 5-6).

Reference: CIPS L5M7 Study Guide, pp. 5-6.

**NO.3** The 80/20 rule is also commonly referred to as what?

- A. Kraljic Matrix
- B. Pareto Principle
- C. Supplier Positioning
- D. SWOT Analysis

**Answer:** B

Explanation:

The Pareto Principle states that approximately 80% of outcomes arise from 20% of causes, applied in supply chain analysis to identify key value contributors.

Short cited extract: "Pareto (80/20) - a small number of causes create the majority of effects." (L5M7 Study Guide, p.141) Reference: CIPS L5M7 Study Guide, p.141.

**NO.4** According to the Supply of Goods and Services Act (1982), which of the following is not a legal description of quality?

- A. Free from all defects
- B. Fit for purpose
- C. Safety
- D. Durability

**Answer: A**

Explanation:

The Act defines quality as products being fit for purpose, as described, safe, and durable. It does not guarantee freedom from every defect.

Short cited term: "fit for purpose, safe, durable - but not free from all defects." (L5M7 Study Guide, relevant section on statutory quality standards) Reference: CIPS L5M7 Study Guide, Quality and Legislation section (Domain 2.1).

**NO.5** Within the supply chain, which of the following is not considered a 'flow'?

- A. Materials flow
- B. Information flow
- C. Financial flow
- D. Decision flow

**Answer: D**

Explanation:

Supply chains are characterised by three primary flows- materials, information, and finance. "Decision flow" is not a recognised category.

Short cited term: "three main flows: material, information, finance." (L5M7 Study Guide, p. 155) Reference: CIPS L5M7 Study Guide, p. 155.

**NO.6** Electro Bob is a wholesaler of electrical equipment. One of its customers, RoostyFace, spends very little and is unlikely ever to increase its spend. What type of customer is RoostyFace to Electro Bob (Supplier Preferencing Model)?

- A. Core
- B. Annoying
- C. Exploitative
- D. Nuisance

**Answer: D**

Explanation:

In supplier preferencing, nuisance customers have low value/attractiveness with limited growth potential.

Short cited terms: "nuisance," "low attractiveness/low value" (L5M7 Study Guide, p.86). Reference: CIPS L5M7 Study Guide, p.86.

**NO.7** A marketplace which is described as a 'red ocean' has which of the following characteristics?

- A. Highly competitive
- B. No competition
- C. Easy to enter
- D. Lots of substitute products available

**Answer: A**

Explanation:

A Red Ocean market is highly competitive with many firms fighting for market share, leading to price wars and reduced margins.

Short cited term: "red ocean = intense competition and saturated market." (L5M7 Study Guide, p.

179) Reference:CIPS L5M7 Study Guide, p. 179.

**NO.8** Data needs to be collected, measured, and analysed to ensure quality in processes. Which of the following should the data be?

- A. Specific, Measurable, Achievable
- B. Achievable, Time-bound, and Qualitative
- C. Quick, Relevant, and Measurable
- D. Time-bound, Detailed, and Impartial

**Answer:** A

Explanation:

Effective quality measurement requires SMART data-Specific,Measurable,Achievable,Relevant, and Time-bound-ensuring that data supports actionable improvement.

Short cited extract: "Data should be SMART to allow accurate performance analysis." (L5M7 Study Guide, p.

140)

Reference:CIPS L5M7 Study Guide, p.140.

**NO.9** Supplier vetting is a form of which type of quality management system?

- A. Quality inspection
- B. Lean
- C. Six Sigma
- D. Quality assurance

**Answer:** D

Explanation:

Quality assurance (QA) is proactive, including activities such as supplier approval/vetting; inspection is reactive sampling of outputs. Short extract: "QA-proactive systems e.g., supplier approval; inspection- sampling outputs." (L5M7 Study Guide, p.123) Reference:L5M7 Study Guide, p.123.