



CIPS

L5M4

**CORE Level 5 Advanced Contract & Financial
Management**

QUESTION & ANSWERS

Question: 1

Describe the principles of Simultaneous Engineering (25 points).

How confident do you feel answering this question? 1- Not confident at all 2- I don't know the topic well - I could write a couple of sentences 3- I'm okay with this topic - I could write a couple of paragraphs 4- I'd be happy with this question, but I'm not an expert 5- Extremely confident- I know a lot about this topic

- A. 3
- B. 5
- C. 4
- D. 1
- E. 2

Answer: A,B,C

Explanation/Reference:

A basic answer would include:

- Simultaneous Engineering is the opposite of 'over the fence engineering' - it's also known as concurrent engineering
- It means different teams are working on different bits of the same project at the same time, rather than waiting for one team to finish and pass it over to the next team - i.e. different stages run simultaneously, rather than consecutively.
- Saves time - leading to products being launched to market quicker
- May lead to improved quality and cost savings
- Is about 'parallelism'

A good response will also include mention of some of the following principles, with each principle given a separate paragraph and an explanation / example:

- Teamworking and communication
- Supplier and customer involvement
- Process - a well defined process is essential, use of agreed timescales and goals
- Technology - effective project management is required, could use a tool like Six-Sigma
- Requires senior management support and buy-in

An excellent response may also include:

- Real life examples of simultaneous engineering e.g. the development of the Covid Vaccine- usually a vaccine takes years to create, but the Covid vaccine was created using concurrent engineering meaning the different safety tests on the vaccine were all done at the same time, leading to the vaccine being signed off for use much quicker.
- It's a long-term business strategy and not always suitable for every organisation (give examples of when it's a good strategy and when it's not)
- Deeper explanations of the principles and an example of each one in a scenario.

Question: 2

Describe what is meant by 'Supply Chain Integration' (8 points). How would a buyer go about implementing this approach and what benefits could be gained from it? (17 points).

How confident do you feel answering this question? 1- Not confident at all 2- I don't know the topic well - I could write a couple of sentences 3- I'm okay with this topic - I could write a couple of paragraphs 4- I'd be happy with this question, but I'm not an expert 5- Extremely confident- I know a lot about this topic

- A. 2

- B. 4
- C. 1
- D. 3
- E. 5

Answer: B,D,E

Explanation/Reference:

A basic answer would include these three points:

- 1) A description of what supply chain integration is: The coordination of common processes throughout the supply chain
- 2) How it is implemented: Steps to follow:
 1. identify critical supply chain partners
 2. develop strategy and performance measures
 3. internal integration- remove internal barriers and integrate key business processes- use ERP system, remove multiple records of data, ensure compatibility between departments' systems
 4. develop internal performance measures
 5. assess external process integration and performance - develop trust with suppliers, use appropriate technology, establish mutual benefit
 6. extend process to 2nd tier suppliers
 7. re-evaluate model annually
- 3) Benefits of supply chain integration; better visibility over supply chain, better risk management, controlled costs / higher profits, better quality control, competitive advantage over others in the marketplace

A good response will also say:

- Integrated supply chain is a process where every phase from procurement through to distribution is streamlined and inseparable
- It's a holistic view
- It helps organisations remain competitive in today's global marketplace - supply chains usually span several countries/ continents
- Key processes that are integrated include: customer relationship management / customer service management, demand management, order fulfilment, manufacturing flow management, supplier relationship management, product development, returns management
- Benefits - the same as above but explained more fully and with examples.

An excellent response may also mention:

- It's a modern approach and is particularly important due to the fact supply chains have become much more complex over the years- average supply chains now involve more countries and companies than ever before
- Supply Chain Integration breaks down silos between the various functions
- It moves from reactive to proactive supply chains
- It allows for enhanced transparency - can use a single dashboard to monitor and automate processes, providing visibility to all stakeholders
- Allows for real-time intelligence- can use modelling and algorithms to help in decision making
- Relies on effective collaboration between supply partners
- Supply chain is more flexible and agile
- Not always easy to implement - can be expensive and you need to ensure good relationships with suppliers for it to work.

Question: 3

Describe 5 ways in which you could track the performance of a services contract such as the provision of IT services to an

office (25 points)

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- A. 2
- B. 4
- C. 3
- D. 5
- E. 1

Answer: B,C,D

Explanation/Reference:

A basic answer would include

5 KPIs such as the below and a brief description and example of each

- Reliability – how reliable is the service they provide? e.g. having internet connection 100% of the time
- Assurance – is the supplier trusted by the company? You could measure this in an employee feedback survey
- Tangibles – these are the physical attributes- are the wires and cables installed neatly?
- Empathy – when there's an issue with the internet connection, how does the supplier respond? Are they nice and polite?
- Responsiveness – how quickly can a supplier respond when there is an issue e.g. call-wait time when you ring the supplier to log an issue

A good response will also:

- Be set out with an introduction paragraph explaining how service contracts are different to goods contracts and that you can measure performance of services using the RATER Framework
- A paragraph for each of the 5 KPIs – with more detail and examples of each- if this question is linked to a case study you would refer the examples back to the case study.
- A conclusion paragraph saying something like it can be harder to measure performance on service contracts because services are intangible and quality can be subjective

An excellent response would:

- Use the format explained above and include more details and examples. Some further information you could include are:
 - In the introduction paragraph, briefly mention the characteristics of services (intangible, no transfer of ownership etc) and how these impacts on how you measure the quality of a supplier
 - More detail on each of the 5 KPIs. You would write a full paragraph for each and if the question was worth 25 marks, make 5 points about each. For example, if you're talking about Assurance, you could mention;
 - o The level of assurance required may be different for different internal customers, depending on how much they rely on the IT system.
 - o One way of providing Assurance is by training the client in how to use the IT system when it's first introduced. It could be written into the contract that the supplier is to provide training to all staff, and this could be monitored by the company.
 - o Assurance could be about how 'well-known' the product/ service provider is- do they work with other clients? Can they provide references?
 - o Assurance is about trust- so could be monitored by looking at reviews of the company and recommendation rates
 - o After an issue is reported, the company could send out a feedback survey asking how happy you are with the service provider's response- this could be used to monitor how the levels of assurance change throughout the lifetime of the contract
 - Include a Conclusion paragraph linking back to the question- things you could put in your conclusion include; service contracts are measured via the RATER Framework. Measuring performance wouldn't be a one-off event, it would be continuously monitored throughout the contract and feedback given to the supplier in regular meetings.

Question: 4

XYZ Ltd is a manufacturing organisation who is looking to appoint a new supplier of raw materials. Describe 5 selection criteria they could use to find the best supplier. (25 points)

How confident do you feel answering this question? 1- Not confident at all 2- I don't know the topic well - I could write a couple of sentences 3- I'm okay with this topic - I could write a couple of paragraphs 4- I'd be happy with this question, but I'm not an expert 5- Extremely confident- I know a lot about this topic

- A. 3
- B. 5
- C. 1
- D. 2
- E. 4

Answer: A,B,E

Explanation/Reference:

There's so many different responses you could give to this question. For example you could list 5 out of the 10 of Carter's 10Cs. Or you could give five criteria such as; quality, price, location, speed of delivery and reputation. There's really no wrong answer you can give, providing you tie it back to the question, explain your selection criteria, and give an example. Note on a question like this if it asks you for 5- you will not get extra points if you name 6 or 7. The examiner will just ignore these, and you'll waste your time.

A basic answer would include;

5 criteria and how these would be used in a tender selection to find the best supplier. For example

- 1) Competency- how good is a supplier? Do they know what they're doing? The tender would ask for references and examples of similar contracts, or test the supplier's ability to deliver via questions the bidders must answer
- 2) Capacity- is the supplier able to deliver what is being asked? Do they have the number of staff required and the machinery/ technology? XYZ should address this by asking questions or interviewing the supplier
- 3) Cost - how much will the supplier charge? XYZ should ask the supplier to provide a quote
- 4) Culture - how compatible is the supplier's culture with XYZ's? For example, if XYZ wants to work collaboratively with a supplier then they need to ensure that the supplier wants this type of relationship, and that there isn't a clash of personalities.
- 5) Clean- this relates to a supplier's Corporate Responsibility. XYZ could check that suppliers don't have any historical legal issues such as being found guilty of fraud or bribery. Or they could ask to see a copy of their Sustainability Policy.

A good response would:

Include a quick introduction and conclusion paragraph and have each of the 5 criteria clearly separated into a separate paragraph. Each paragraph could have a sub-heading with the selection criteria written in CAPITAL LETTERS or numbered 1-5 to make it easy for an examiner to mark.

- A good response would also go into much more detail on each of the 5 criteria and ensure it relates back to XYZ. Where you have an exam question with a case study- any examples you give should refer to XYZ rather than your own personal experience.

An excellent response would:

- For each selection criteria clearly state what the criteria is, what this means, why XYZ would look at this criteria, how they could measure this to find the best supplier and provide an example. You could follow the same layout for each selection criteria. E.g.

COMPETENCY

XYZ should assess the competency of the suppliers. This means how well they would perform on the contract by looking at their ability and measuring this against the needs of XYZ. XYZ should measure the competency of suppliers against the specification and requirements and could do this in several ways. Firstly, XYZ could ask for references from each of the