CIPS Level 6 – Professional Diploma in Procurement and Supply

Strategic Ethical Leadership
[L6M1]

Sample questions
(Q1)

Question 1

Analyse the roles of a manager and of a leader giving an explanation of the importance of this differentiation in organisations.

[25 marks]

LO: 1  
AC: 1.1

(Q2) – E-Energy

There have been significant changes in the energy sector in recent years, and the chief executive at E-Energy believes that only those organisations who adapt and transform will survive. He is keen to capitalise on the opportunities these changes present. Matthew Sanchez has taken over as the new supply director for E-Energy and replaces Ross Trapani. Ross was also renowned for managing the supply chain function in a very autocratic way and had built up a reputation as a hard negotiator with a focus on profitability and the bottom line. Suppliers would often say that their association with E-Energy created opportunities to work with other utility companies, as there was ‘no profit in working for E-Energy’. While Ross’s ‘no nonsense’ approach was to the liking of his colleagues in the finance department and the previous chief executive, a new approach to leading the function has been recognised as being long overdue by some other stakeholders.

Matthew Sanchez is keen to create a different culture, not only in his department, but also throughout the organisation and with E-Energy’s suppliers. He wants his department to develop expertise in adding value for internal and external customers. This would be achieved by not simply concentrating on low prices. New measures of performance are to be aligned with stakeholders’ needs. These would concentrate on aspects of quality, delivery and safety, as well as other measures required in order to achieve sustainable and responsible procurement from a diverse supply chain. Matthew recognises that he will need to be capable of convincing all stakeholders of the change in the approach and direction of the supply chain function.

In addition, Matthew wants the supply chain function to utilise new technology to provide services to its stakeholders. The supply chain function needs to be promoted internally through an intranet site and to be linked to key suppliers using extranets. Matthew also believes that it will be critical to introduce formal procurement processes, objectives and measures.

Question Two

Suggest and justify appropriate influencing styles or tactics that could be used to achieve the desired results.

[25 marks]

LO: 2  
AC: 2.1
(Q3) – Hillmans

Richard Baker is the CPO (Chief Procurement Officer) at Hillmans, a leading soft drinks company based in the UK. Over the last three years he has transformed the procurement function from a tactical team into a leading business-integrated function. This required a number of leadership skills, behaviours and techniques to be utilised. Richard also attributes his success to recognising the importance of managing stakeholders.

To develop the expertise of his procurement team, Richard has also reorganised the procurement activities into categories of spend which meant some buyers had to change the procurement contracts they worked on. In the early stages this had an impact on negotiations as buyers developed new relationships with the suppliers they are now responsible for.

<table>
<thead>
<tr>
<th>Category</th>
<th>Spend</th>
<th>Negotiation considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flavouring ingredients</td>
<td>Annual spend $250,000</td>
<td>Purchased from flavour house specialists, low spend compared to their other customers</td>
</tr>
<tr>
<td>Commodity ingredients</td>
<td>Annual spend $200,000</td>
<td>Only 2 suppliers of sugar in UK, expensive to import</td>
</tr>
<tr>
<td>Preservative ingredients</td>
<td>Annual spend $150,000</td>
<td>Includes chemicals, usually procured through UK agents</td>
</tr>
<tr>
<td>Packaging</td>
<td>Annual spend $350,000</td>
<td>Wide range of local suppliers, easy to switch supply.</td>
</tr>
</tbody>
</table>

**Question Three**

The changes in roles and responsibilities and organisational processes at Hillmans may lead to increased conflict, particularly with negotiations.

Discuss strategies and approaches for resolving conflict that Hillmans may apply.

[25 marks]

LO: 3  
AC: 3.4

(Q4)

**Question 4**

Appraise the advantages for organisations of developing and implementing an Ethical Practices and Standards policy throughout its global supply chain.

[25 marks]

LO: 4  
AC: 4.1