Objective Response
Exams guidance

Level 4 Diploma in Procurement and Supply
Level 5 Advanced Diploma in Procurement and Supply
Level 6 Professional Diploma in Procurement and Supply

cips.org/student-zone
Objective Response exam questions (OR)

Studying for Objective Response (OR) questions requires a special method of preparation distinctly different from an essay question. OR questions ask you to recognise and select correct answers amongst a set of options, rather than asking you to produce a correct answer entirely. This guide provides you with useful techniques when answering OR questions and guidance on the different types of OR questions you will find at Level 4, 5 and 6 exams.

### Level 4 Diploma in Procurement and Supply

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<thead>
<tr>
<th>Module</th>
<th>Credits</th>
<th>Hours</th>
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<tbody>
<tr>
<td>CORE Defining Business Need (L4M2)</td>
<td>6</td>
<td>1.5</td>
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<tr>
<td>CORE Commercial Contracting (L4M3)</td>
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<td>CORE Whole Life Asset Management (L4M7)</td>
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### Level 5 Advanced Diploma in Procurement and Supply

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<tr>
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<tr>
<td>CORE Managing Supply Chain Risk (L5M2)</td>
<td>6</td>
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<td>CORE Managing Contractual Risk (L5M3)</td>
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<td>CORE Managing Ethical Procurement and Supply (L5M5)</td>
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<td>ELECTIVE Category Management (L5M6)</td>
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<td>ELECTIVE Operations Management (L5M9)</td>
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<td>ELECTIVE Logistics Management (L5M10)</td>
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<tr>
<th>Module</th>
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<td>ELECTIVE Strategic Programme Leadership (L6M5)</td>
<td>6</td>
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<td>ELECTIVE Commercial Data Management (L6M7)</td>
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<td>ELECTIVE Innovation in Procurement and Supply (L6M8)</td>
<td>6</td>
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<tr>
<td>ELECTIVE Supply Network Design (L6M9)</td>
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<tr>
<td>ELECTIVE Global Logistics Strategy (L6M10)</td>
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Structure of Objective Response (OR) exams

Across all of our diploma level qualifications there are a variety of different types of OR question formats to expect. The following example questions will guide you through the types of questions you can expect.

These are standard multiple choice questions where you will choose 1 correct answer.

A supplier’s terms and conditions include provision in respect of tsunami, earthquakes and volcanic eruption. This type of provision is known as ...

- a liquidated damages clause
- an exclusion clause
- an indemnity clause
- an insurance provision clause

CLT Technology Solutions (CLTTS) is a rapidly growing business with worldwide operations. In recent years its data storage capacity requirements have increased dramatically, but despite this it has found a relatively straightforward and flexible solution for most of its requirements. How has CLTTS solved this requirement?

- Cloud Storage
- Additional hard drive storage
- Network attached storage
- Optical drive storage

Informs you which qualification levels you can expect to find this type of exam question.
Another type of question you will be asked is also multiple choice, which may or may not include a short **scenario**. It will include four possible options and you will be expected to select one answer with the correct combination.

**Question 2**

Which of the following are common barriers to entry that could affect competition in a market?

1. Set-up costs
2. Direct labour costs
3. Customer switching costs
4. Inventory holding costs

- [ ] 1 and 2 only
- [ ] 3 and 4 only
- [ ] 2 and 3 only
- [ ] 1 and 3 only

**Flagged question**

**Question 1**

Software Development Inc (SDI) develops and markets a range of business applications and products. It has its own product development resource but also uses external contractors where expertise is not available in house. SDI is just about to start working with a small organisation called XNX Developers (XNX) on a highly secret new development currently known as Project Y. SDI and XNX have worked together successfully in the past. Ultimately, when the development is completed, SDI will pay XNX a one-off fee for exclusive and full ownership of Project Y. XNX is happy with this arrangement as it needs an injection of funds to support the development of its own product range and bank finance is not available. SDI and XNX have also reached agreement on XNX’s acceptance to compensate SDI for potential future liability on Project Y in respect of the development work it has undertaken.

Based on the information provided, which of the following clauses will be a priority for SDI to include in the contract to address its specific needs?

1. Intellectual property rights
2. Force majeure
3. Jurisdiction
4. Indemnity

- [ ] 1 and 2 only
- [ ] 2 and 3 only
- [ ] 3 and 4 only
- [ ] 1 and 4 only
In this type of question you will be expected to demonstrate your understanding for making your decision, by choosing the correct answer with the reason for your choice.

**Question 3**
A procurement manager is responsible for a high-risk and medium-value contract for which the procurement organisation is critically dependent on the supplier. The procurement manager has instructed the supplier to submit a disaster recovery plan. Is this action appropriate?

- Yes - disaster recovery plans should be a standard requirement for all suppliers on all contracts
- No - the procurement manager is responsible for creating the disaster recovery plan
- No - disaster recovery planning is only required on high-risk and high-value contracts
- Yes - the plan will show how the supplier will continue to operate and deliver the service in a disaster situation

To give you the opportunity to demonstrate your deep knowledge of a subject you will be asked questions with more than one correct answer. We **may or may not** tell you how many answers you will need to select.

**Question 4**
Which of the following are typical environmental considerations throughout the contract life cycle? Select the **TWO** that apply.

- Energy usage in manufacturing
- Recyclable packaging
- Customer demand
- Employee welfare
- Standards of ethical behaviour

**Question 3**
Ensuring data integrity is a key goal for organisations. To meet this goal systems development must ensure that all data is maintained in such a way as to ensure which of the following? That the data held is always: Select **ALL** that apply.

- Reliable
- Recent
- Accurate
- Brief
- Relevant
- Timebound
- Un corrupted
Based on a scenario you will be asked to demonstrate your theoretical knowledge of the models or concepts that can be applied to the scenario. You will be required to match the correct options to the corresponding concept. You will also find this type of question at Level 6 where you will be given either more answer options than are required or you may need to choose some of the options more than once.

Scenario 1: A global group has several different individual businesses. Each business has a managing director who has a make-versus-buy decision to make, with input from the CFO. There is often consideration of influence for each business and an important performance driver. These are set out below.

Business 1 - the key consideration is whether or not the requirement is core to the future long-term success of the business and consistent with the overall chosen direction. The performance driver is on meeting the very high standards of customers. To ensure the organization's brand values are reflected and its positioning supported.

Business 2 - the key consideration is whether it is better to leverage the knowledge and experience of the supply market as there are currently clear gaps in this area within the business. The performance driver is very much on ensuring customer's delivery expectations are met. Immediate issues are common in the market and the ability to meet these is a source of competitive advantage.

Business 3 - the key consideration is around the potential benefits of reducing fixed costs and some overheads which could help the business. The performance driver is availability and reliability of the products.

Business 4 - the key consideration is the availability of suitable suppliers, their relative financial standing and how the business might handle business continuity. The performance driver is that forecasting is very difficult in the market as demand can be variable and unpredictable.

Concepts:
- Make/buy consideration
- Performance driver
- Strategy
- Resources
- Finances
- Risks

Options:
- Options 1
- Options 2
- Options 3
- Options 4
- Options 5

Based on one scenario you will be expected to answer 5 standard multiple choice questions. It's important to try and answer each question to get the maximum number of marks for correct answers.

Scenario 2: Power Production Group (PPG) is an energy company. It is accepted that many of PPG's suppliers are far more advanced than PPG in terms of sustainability. The CFO is keen to leverage this knowledge and expertise from the market and knows PPG will need to adopt a different approach to specification development. The CFO has already recommended a new approach in this respect to ensure supplier innovation is maximised. The CFO also wants PPG to adopt a different way of working with its top 5% of suppliers. PPG accepts that it needs to operate on a truly win-win basis with these suppliers. These suppliers have all agreed to sign up to a new method of performance management under which there is an equal focus on a number of important elements - financial, innovation, sustainability and risk management. Within the sustainability measure the CFO is keen on ensuring there is focus throughout the supply chain and within PPG on the entire end-to-end process, stating that we need to ensure the highest standards of sustainable practice at every stage from raw materials to end of user. The CFO is also keen on improving efficiencies at this end as this end wants lower transaction processing costs related to the company's low value/low risk spend, which is around 50% by value. The specifications are clear and there are several suppliers for these contracts.

Concepts:
- Input specifications
- Conformance specifications
- Output specifications
- Technical specifications

Options:
- Option 1
- Option 2
- Option 3
- Option 4
- Option 5
Preparing for an exam using Objective Response (OR) questions...

at levels 4, 5 and 6

Do not assume that OR questions are easier than other formats. Whilst it is true that the correct answer is guaranteed to be among the options (so it is possible to gain marks from a lucky guess), nevertheless, OR exams can be very difficult.

- OR exams contain many questions, so they require you to be familiar with a very broad range of material.

- OR exams expect you to be familiar with facts, definitions and details: it is not easy to "bluff" in an OR exam.

- You will be tested on the Learning outcomes, assessment criteria and indicative content found in the syllabus for each module.

To prepare for an OR exam try the following:

- Pay particular attention to fundamental terms and concepts. These are the items that more commonly appear in OR questions

- If the CIPS syllabus highlights specific vocabulary or key definitions, be sure that you understand them. CIPS assessors will want to ensure you understand a definition, model or theory and its purpose not just what it is.

- If you can, brainstorm possible questions with several other candidates who are also taking the course

Confidently prepare for exam success using all of the study resources available in the Student Zone.

cips.org/student-zone
Objective Response (OR) questions

Tips and hints for answering:

- Navigate through the exam, answering the questions you know first.
- Go over the exam a second time and answer any questions you may have "flagged first time round.
- Watch your timing. If you feel you are spending too long on a question, "flag the question and come back to it later. Spending too long on a few questions could throw you off track in terms of time.
- Do not try to find a pattern of answers throughout the exam – this will not help, and you can be sure that our examiners will not have set an exam where (for example) 'b' is the correct answer all the way through.

Top Tip
Get as much practice as you can: once you have entered for an exam you should try to get used to answering exams in time constrained conditions. Also if you practice using our computer-based exams (CBEs) in advance you can focus on your exam answers on exam day not how to use the system. All of our CBEs are run on a computer-based platform called TestReach.

Good luck in all of your exams.
CIPS Assessment Team