



**DEMO VERSION**

**CIPS**

L5M7 Exam

Achieving Competitive Advantage Through the Supply Chain



Exam Latest Version: 6.0



### Question 1. (Single Select)

In a typical supply chain, in which direction does value-add travel?

- A: From the customer to the distributor
- B: From the first supplier to the customer
- C: From the OEM to the retailer
- D: From the retailer to the supplier

**Correct Answer: B**

#### **Explanation:**

Value flows downstream, originating with suppliers and moving toward the end customer. A typical chain is tiered suppliers ! OEM/producer ! distributors/re term: "value moves downstream" (L5M7 Study Guide, p.4).

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### Question 2. (Multi Select)

Which of the following can have a detrimental effect on supply-chain relationships? Select TWO.

- A: Mistrust
- B: Low spend
- C: Lack of feedback
- D: Market segment

**Correct Answer: A, C**

#### **Explanation:**

Relationship effectiveness is damaged by mistrust and poor feedback/communication. Spend level alone is not inherently harmful if expectations are aligned. Short cited terms: "trust," "communication/feedback" (L5M7 Study Guide, p.93).

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### Question 3. (Multi Select)

Which of the following can have a detrimental effect on supply-chain relationships? Select TWO.

- A: Mistrust
- B: Low spend
- C: Lack of feedback
- D: Market segment

**Correct Answer: A, C**

#### **Explanation:**

Relationship effectiveness is damaged by mistrust and poor feedback/communication. Spend level alone is not inherently harmful if expectations are aligned. Short cited terms: “trust,” “communication/feedback” (L5M7 Study Guide, p.93).

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### Question 4. (Single Select)

Where two organisations at different levels of the supply chain share responsibilities, resources, and performance information to serve similar end customers, what is this known as?

- A: Vertical collaboration
- B: Horizontal collaboration
- C: Tight supply chain collaboration
- D: Loose supply chain collaboration

**Correct Answer: A**

#### **Explanation:**

Vertical collaboration occurs between different tiers (e.g., buyer–supplier) to coordinate capabilities for customer value. Short cited term: “vertical collaboration ... different levels/tiers”

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**Question 5. (Single Select)**

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

**Correct 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).

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