



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

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.

4

Level 4 Diploma in Procurement and Supply

CORE Defining Business Need (L4M2)	60 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Commercial Contracting (L4M3)	60 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Ethical and Responsible Sourcing (L4M4)	60 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Commercial Negotiation (L4M5)	60 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Supplier Relationships (L4M6)	60 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Whole Life Asset Management (L4M7)	60 QUESTIONS	6 CREDITS	1.5 HOURS

All Diploma OR questions are worth 1 mark each • All Diploma CR questions are worth 25 marks each and may include a scenario

5

Level 5 Advanced Diploma in Procurement and Supply

CORE Managing Supply Chain Risk (L5M2)	46 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Managing Contractual Risk (L5M3)	46 QUESTIONS	6 CREDITS	1.5 HOURS
CORE Managing Ethical Procurement and Supply (L5M5)	46 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Category Management (L5M6)	46 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Advanced Negotiation (L5M15)	46 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Achieving Competitive Advantage Through the Supply Chain (L5M7)	46 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Project and Change Management (L5M8)	46 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Operations Management (L5M9)	46 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Logistics Management (L5M10)	46 QUESTIONS	6 CREDITS	1.5 HOURS

All Advanced Diploma OR exams include:
44 questions worth 1 mark each • 2 questions worth 8 marks each
L5M1 CR questions are all worth 20 marks each and may include a scenario
L5M4 CR questions are all worth 25 marks each and may include a scenario

6

Level 6 Professional Diploma in Procurement and Supply

ELECTIVE Strategic Programme Leadership (L6M5)	42 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Commercial Data Management (L6M7)	42 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Innovation in Procurement and Supply (L6M8)	42 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Supply Network Design (L6M9)	42 QUESTIONS	6 CREDITS	1.5 HOURS
ELECTIVE Global Logistics Strategy (L6M10)	42 QUESTIONS	6 CREDITS	1.5 HOURS

All Professional Diploma OR exams include:
40 questions worth 1 mark each • 2 questions worth 10 marks each
All Professional Diploma CR questions are worth 25 marks each and may include a scenario

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.

Standard Multiple choice questions

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

Question 1

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

an exclusion clause

a liquidated damages clause

an indemnity clause

an insurance provision clause

4 5

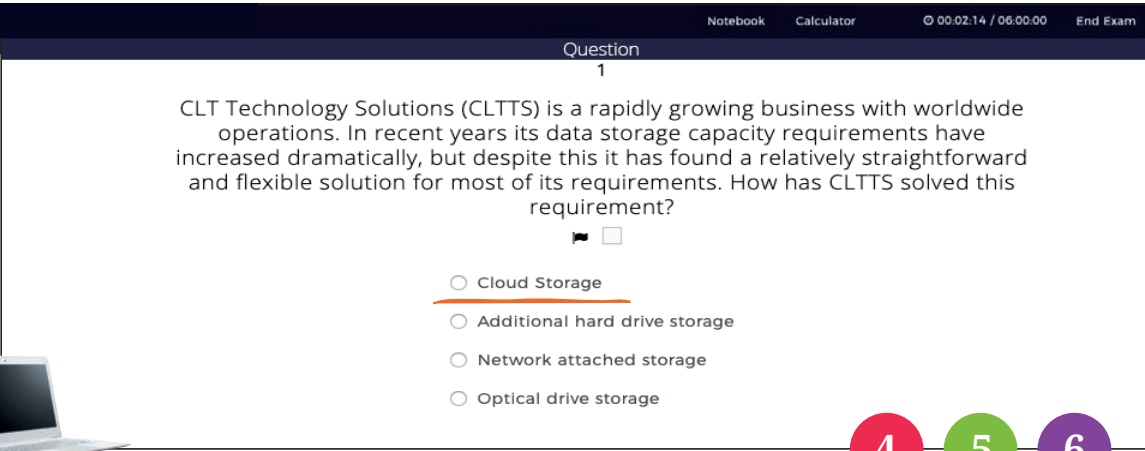
First read through the question and the four options. Identify the focus of the question and any particularly important words. Here the question is focused on contractual terms and conditions and the important words provided are different types of provisions that are frequently found within a contract.

Through your study you will know that tsunamis, earthquakes and volcanic eruption are commonly featured in contractual documentation and are referred to collectively as 'force majeure' events. Force majeure is a type of exclusion clause, excluding liability should any of these events occur. The other options are types of clauses and are commonly found in contracts but they relate to liability and protection.

Informs you which qualification levels you can expect to find this type of exam question.



Structure of Objective Response (OR) exams



Question 1

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

4 5 6

This is a more complex question that requires greater consideration. The question context set by the short scenario is on technology and the focus of the question is on data storage capacity. It is important, and relevant, to note the fact that CLTTS is growing rapidly and has a worldwide requirement. So, the organisation has a need for more capacity.

The important part of the question and therefore the link to the most appropriate solution is that CLTTS requires a straightforward and flexible solution. Whilst the other options relate to data storage they will not offer an organisation like CLTTS a straightforward and flexible solution, assuming it continues to grow and extend its worldwide footprint. Using cloud storage will be ideal for such a rapidly growing and global organisation.

Structure of Objective Response (OR) exams

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 3 only

1 and 2 only

3 and 4 only

2 and 3 only

1 and 3 only

Flagged question[†]

4 5 6

Whilst this is a short question it is important to note the additional information provided. The question focus is on barriers to entry, ie factors that might affect competition in a market. Through your study, you will have gained an understanding of what things might restrict an organisation's ability to enter a market. Looking at the list of options and working through in sequence. The costs of setting up a business in readiness for market entry is often a barrier, because existing businesses are already established and so no longer have such set-up costs.

The costs of setting up a business in readiness for market entry is often a barrier, because existing businesses are already established and so no longer have such set-up costs. Direct labour costs are almost certainly the same (or at least broadly similar) for all local companies. Customer switching costs can impact competition in a market, for example if it will cost a customer a significant amount to reconfigure its production to move to a new supplier it might decide to keep with its existing supplier rather than switch. Whilst inventory holding costs might vary, these are unlikely to act as a significant barrier to entry for a new business. So, 1 and 3 are correct.

Structure of Objective Response (OR) exams

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

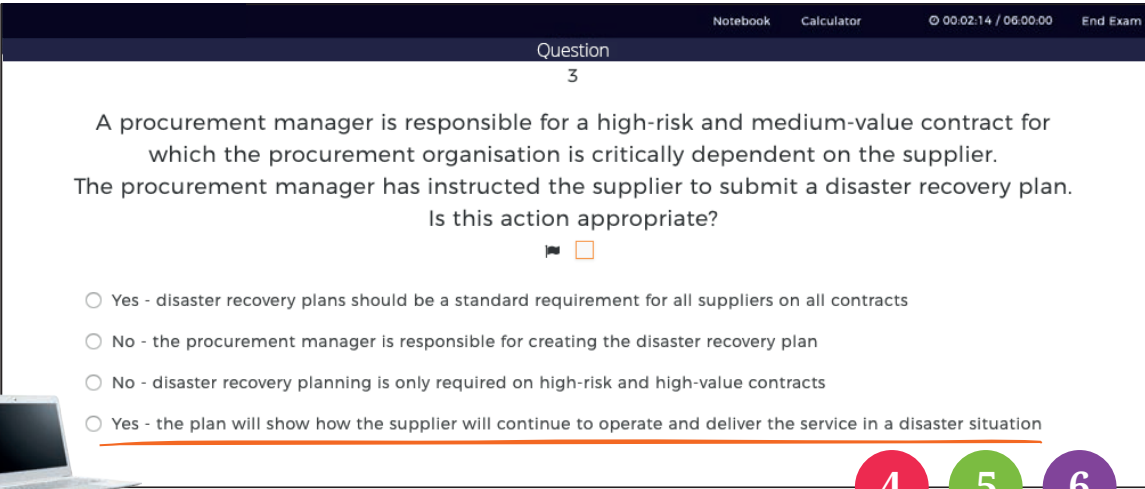
5 6

This is a much longer question so you should ensure you identify all the relevant elements. Broadly, the scenario provided is about new product development and compensation for future liability, between two contracting parties. Try to focus on the four contractual clauses. While reading through the scenario for a second time to see if any seem relevant. So, armed with the content and the focus of the question it is now a straightforward process.

'Force majeure' relates to liability exclusion due to genuinely unforeseen and uncontrollable events (such as a tsunami) and 'jurisdiction' relates to governing law. 'Intellectual property rights' (IPR) relates to confidentiality and rights to use/ownership of ideas, inventions etc. 'Indemnity' relates to making a promise to pay compensation to another party for specific events. So, given the information in the scenario 1 and 4 are applicable, so is the correct answer.

Structure of Objective Response (OR) exams

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.



The screenshot shows an exam question interface. At the top, it says "Question 3". The question text is: "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?". Below the question are four radio button options. The fourth option, "Yes - the plan will show how the supplier will continue to operate and deliver the service in a disaster situation", is underlined in red. To the left of the screenshot is a small laptop icon. To the right of the screenshot are three colored circles containing the numbers 4, 5, and 6.

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

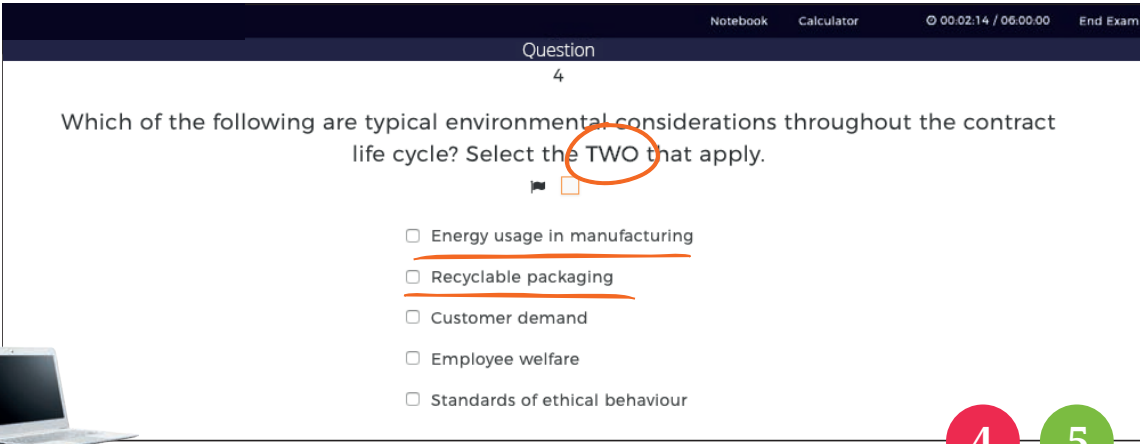
Yes - the plan will show how the supplier will continue to operate and deliver the service in a disaster situation

It's important that you understand the context which has been set in the short scenario as you will need to understand the rationale for your selection. The focus is on actions relating to a high risk/medium value contract where the procurement organisation is critically dependent on the supplier. So, you will know from your studies that this is a 'bottleneck' area of spend and therefore of high importance to the organisation. The question is specifically testing whether, or not, a disaster recovery plan is relevant in this situation. You are expected to know, what a disaster recovery plan is and when it should be used.

It is not necessary to have disaster recovery plans on all contracts. The second choice is incorrect because it should be the supplier's responsibility to prepare the disaster recovery plan in this type of situation. This is to provide reassurance to the buyer that supplier will be maintained. The third choice is incorrect because disaster recovery planning should also be considered wherever there is a critical dependency on the supplier (which could also be on leverage and bottleneck areas of spend). So the last choice, is the correct answer as this will provide reassurance to the buyer.

Structure of Objective Response (OR) exams

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

4 5

In this short question pay close attention to the information provided. This question requires you to select the TWO correct options that apply. It's about environmental considerations which have an impact throughout the contract life cycle. Through your studies you will have identified a range of environmental considerations including energy usage and use of recyclable materials.

So, the two required answers here are first and second choices. Third choice relates to customer behaviour. Fourth choice relates to social responsibility. Last choice relates to ethics. So, the other three are not relevant to the focus of the question and are therefore incorrect.

Structure of Objective Response (OR) exams

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.

Flagged question⁺

- reliable
- recent
- accurate
- brief
- relevant
- timebound
- uncorrupted

6

In this type of question there is an additional challenge, you have to determine how many of the options are correct, because you are not told how many to select. Here, the focus is on data integrity. To be able to answer the question correctly you must have studied the area of data integrity and understand its characteristics. In other words what are the requirements of data in order for its integrity to be assured? Note also that the question states 'always', in other words data that has integrity will always have these characteristics. Data integrity relates to the accuracy, consistency and general assurance of data.

Reliability and accuracy are key, first and third choices are correct answers. There is no assurance that corrupted data can be trusted, so uncorrupted is also correct as such data provides assurance to the user. Recent – might feel like it should be correct but data does not always have to be recent to have integrity, it could be quite dated. Data certainly does not have to be brief and even irrelevant data could have integrity. The fact that data is relevant does not provide assurance as to its integrity. Similarly, there may be an element of time to data, but this is not a characteristic of integrity. The 'timebound' characteristic does of course relate to objectives (part of SMART) but not to data integrity.

Structure of Objective Response (OR) exams

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.

The screenshot shows an exam interface with the following components:

- Question:** "You are required, for each business, to recommend the main make/buy consideration for detailed consideration and suggest which performance driver should be prioritised."
- Answer:** A table with columns "Make/buy consideration" and "Performance Driver" and rows for "Business 1" through "Business 4".
- Options:** A list of eight options: Strategy, Resources, Finances, Risks, Flexibility, Dependability, Speed, and Quality.
- Scenario:** A text block titled "video 2 type 2" describing a global group with four businesses and their specific considerations and performance drivers.

Hand-drawn annotations include:

- An orange circle labeled "Concepts" pointing to the "Make/buy consideration" column.
- An orange circle labeled "Options" pointing to the list of options.
- An orange circle labeled "Scenario" pointing to the scenario text.
- Two colored circles at the bottom right, labeled "5" (green) and "6" (purple).

There is a lot of information to digest in this type of question so it's important that you read it through more than once. Identify the focus of the question on the first read through. Here the focus is on four different businesses. The focus is on understanding considerations relating to the make/buy decision and also on different performance drivers. The characteristics of these consideration and drivers are set out within the detail provided. So, whilst there is a large amount of information it is really just a case of not being overwhelmed by the volume to read through. In this particular question format you are provided with the options to choose from and each can only be used once. **Note** – there are other formats where different instructions will be provided, so read carefully. To be able to answer the question, you are required to have detailed knowledge and understanding and to be able to apply those in the context provided.

Business 1 – its consideration is focused on the long-term and on the direction of the business, which is strategic, ie 'strategy'. Its driver relates to the high standards of its customers and its own positioning, which is 'quality'.
Business 2 – its consideration relates to its own knowledge and expertise, which is 'resources'. Its driver relates to customer delivery expectations in the context of short timescales, which is 'speed'.
Business 3 – its consideration is one of 'finance' as it is seeking to remove fixed costs and overheads. Its driver is connected with availability and reliability which relates to 'dependability'.
Business 4 – its consideration relates to a range of 'risks' (availability of suitable suppliers, supplier financial standing and business continuity). Its driver is operating in a market with variable and unpredictable demand so it needs to be 'flexible'.

Structure of Objective Response (OR) exams

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.

The image shows a screenshot of an exam interface. At the top, there are navigation options: 'Notebook', 'Calculator', a timer '00:02:14 / 06:00:00', and 'End Exam'. The main content is divided into two sections: 'Question' and 'Resources'. The 'Question' section displays 'Question 2' with the text: 'The CPOs recommended approach to specification writing is likely to focus on which of the following?' and four radio button options: 'Input specifications', 'Conformance specifications', 'Output specifications', and 'Technical specifications'. The 'Resources' section displays a scenario titled 'Power Production Group (PPG)' with a detailed paragraph of text. Below the scenario, five overlapping question cards are shown, numbered 1 through 5, each with a red arrow pointing to a specific part of the scenario text. A purple circle with the number '6' is located at the bottom right. A red oval with the word 'scenario' is also present, pointing to the scenario text.

Question 2

The CPOs recommended approach to specification writing is likely to focus on which of the following?

- Input specifications
- Conformance specifications
- Output specifications
- Technical specifications

Resources

Power Production Group (PPG)

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 CPO 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 CPO has already recommended a new approach in this respect to ensure supplier innovation is maximised. The CPO 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 CPO 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 use'. The CPO is also keen on improving efficiencies at PPG and to this end wants lower transaction processing costs relating to the company's low value/low risk spend, which is around 50% by volume. The specifications are clear and there are several suppliers for these contracts.

Question 3

Question 4

Question 5

Question 6

Which of the following would be a solution in respect of the 50% of PPG's spend items?

- Multi-sourcing
- E-tendering
- E-auction
- Partnership sourcing

scenario

6

Structure of Objective Response (OR) exams

Scenario-based questions (previous page) require a high level of knowledge and understanding of the subject matter and the ability to apply these in the specific context provided. Read through the question several times. It is not possible to answer the questions correctly without understanding the scenario as each individual question relates to specific elements of the scenario. When you read the scenario try to understand its focus in broad terms – in this instance it is about maximising supplier relationships and contribution, sustainability and innovation. There is clearly a lot more detail that underpins this that you will need to understand.

We will explain how to approach the first linked question. After which, you should use the same approach for answering questions 2, 3, 4 and 5.

First linked question. You can see immediately how important reading the scenario is, as the question refers to the 'CPO's recommended approach'. So, you need to refer back to the scenario to find out what this approach is. The recommended approach is to 'ensure supplier innovation is maximised'. Now armed with this context you can answer the question. With First, second and fourth choices, the specifications are very precise and prescribe the solution. There is no (or certainly very little) scope for supplier innovation with these types of specification. The correct answer is the third button, as with an output specification the buyer describes their desired end results and the required performance, and the supplier is free to choose how they achieve these.

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](https://www.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