MICRO EXERCISE

Key Procurement and Supply Terms

CIPS Level 2 Module 1 (L2M1): Introducing Procurement and Supply

20 multiple-choice questions | procurement · purchasing · buying · supply chain · materials management · distribution · logistics · contract management

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Instructions: Choose the one best answer for each question. Answers, with a brief reason for each, are given at the end of the paper.

Q1. Which term describes the whole process, from identifying a need through to managing and reviewing the contract?

- **A.** Buying
- **B.** Purchasing
- **C.** Procurement
- **D.** Distribution

Q2. *A clerk's only job is to place orders with suppliers.*

Which term describes this activity?

- **A.** Buying
- **B.** Procurement
- **C.** Logistics
- **D.** Contract management

Q3. Which term describes acquiring goods and services, including paying the invoices?

- **A.** Buying
- **B.** Purchasing
- **C.** Materials management
- **D.** Distribution

Q4. How does purchasing relate to procurement?

- **A.** Purchasing is wider than procurement
- **B.** They are completely separate
- **C.** Procurement is part of purchasing
- **D.** Purchasing is part of the procurement process

Q5. Which of these has the NARROWEST meaning?

- **A.** Purchasing
- **B.** Procurement
- **C.** Buying
- **D.** Supply chain

Q6. *A farmer, a flour mill, a bakery, a supermarket and the shopper all play a part in getting bread to the table.*

What are they all part of?

- **A.** Materials management
- **B.** The supply chain
- **C.** Contract management
- **D.** Buying

Q7. In a supply chain, who does the product finally reach?

- **A.** The end user
- **B.** The first supplier
- **C.** The distributor
- **D.** The buyer's finance team

Q8. *A factory team makes sure the production line always has the steel, paint and parts it needs.*

Which term describes this work?

- **A.** Distribution
- **B.** Contract management
- **C.** Buying
- **D.** Materials management

Q9. Materials management is part of which wider process?

- **A.** Distribution
- **B.** Logistics
- **C.** Procurement
- **D.** Marketing

Q10. *A lorry takes finished goods from a factory to a wholesaler's warehouse.*

Which term best describes this?

- **A.** Buying
- **B.** Distribution
- **C.** Materials management
- **D.** Contract management

Q11. Which term describes the control of the flow of goods or services between two points?

- **A.** Logistics
- **B.** Purchasing
- **C.** Buying
- **D.** Contract management

Q12. *A manager plans the routes, timing and transport for goods moving from a port to a warehouse.*

Which term describes her work?

- **A.** Purchasing
- **B.** Materials management
- **C.** Buying
- **D.** Logistics

Q13. *A buyer checks each month whether a cleaning supplier is meeting its quality standards and agreed prices.*

Which activity is this?

- **A.** Buying
- **B.** Distribution
- **C.** Contract management
- **D.** Materials management

Q14. Which of these is part of contract management?

- **A.** Placing the first order
- **B.** Monitoring supplier performance
- **C.** Loading delivery lorries
- **D.** Identifying the need

Q15. Where does the procurement process START?

- **A.** Identifying the need
- **B.** Paying the invoice
- **C.** Placing the order
- **D.** Delivering the goods

Q16. Where does the procurement process END?

- **A.** Placing the order
- **B.** Receiving the invoice
- **C.** Identifying the need
- **D.** Managing and reviewing the contract

Q17. *An accounts team checks and pays a supplier's invoice.*

Paying invoices is included in which term?

- **A.** Buying
- **B.** Logistics
- **C.** Purchasing
- **D.** Distribution

Q18. Which statement is correct?

- **A.** Distribution is the act of placing orders
- **B.** Distribution is the movement of products from one supply chain participant to another
- **C.** Distribution is monitoring supplier prices
- **D.** Distribution is identifying a need

Q19. Which term means obtaining something, such as a product or service?

- **A.** Procurement
- **B.** Logistics
- **C.** Distribution
- **D.** Contract management

Q20. Which of these is NOT included in the definitions you have studied?

- **A.** Placing orders
- **B.** Moving products between supply chain participants
- **C.** Monitoring supplier performance
- **D.** Advertising products to customers

Answer Key

Key Procurement and Supply Terms: correct answers with brief reasons

Q	Answer	Reason
1	C	Procurement starts with identifying the need and runs through to managing and reviewing the contract.
2	A	Buying is the act of placing orders to make a purchase.
3	B	Purchasing is the process of acquiring goods and services, including payment of invoices.
4	D	Purchasing sits inside the wider procurement process.
5	C	Buying is just placing orders. Purchasing adds paying invoices, and procurement covers the whole process from need to contract review.
6	B	The supply chain is all the organisations and activities involved in supplying a product or service to the end user.
7	A	The supply chain covers everything involved in getting the product or service to the end user.
8	D	Materials management makes sure the organisation has the materials it needs to operate.
9	C	Materials management is the part of the procurement process that makes sure materials are available.
10	B	Distribution moves materials or products from one supply chain participant to another.
11	A	Logistics is the control of the flow of goods or services between two points.
12	D	Planning and controlling how goods flow from one point to another is logistics.
13	C	Contract management includes monitoring supplier performance, quality and prices.
14	B	Contract management includes monitoring supplier performance, quality and prices after the contract is in place.
15	A	Procurement starts with identifying the need.
16	D	Procurement runs through to the management and review of the contract.
17	C	Purchasing includes paying invoices. Buying is only placing orders.
18	B	Distribution moves materials or products between participants in the supply chain.
19	A	Procurement is the act of obtaining something, such as a product or service.
20	D	Advertising is a marketing activity. Placing orders is buying, moving products is distribution, and monitoring suppliers is contract management.