



APICS

Exam Questions CSCP

Certified Supply Chain Professional

NEW QUESTION 1

- (Topic 1)

Which of the following organizational design choices is an example of vertical integration?

- A. Contracting with a third-party logistics provider
- B. Producing components used internally
- C. Externally staffing a customer service center
- D. Awarding a one-time trade show contract

Answer: B

NEW QUESTION 2

- (Topic 1)

Which of the following attributes typically makes reverse logistics processes more complicated than outbound logistics processes?

- A. Lead times for shipments are more variable.
- B. Individual packages and cartons are less uniform.
- C. There are more regulations mandated by local governments.
- D. There is more competition for scarce transportation lanes.

Answer: B

NEW QUESTION 3

- (Topic 1)

A firm wants to lose customers that don't value the unique products and services the firm offers and to attract and retain customers that want what the firm offers. Engaging in this activity should allow the firm to:

- A. create a more loyal customer base.
- B. improve customer satisfaction rates.
- C. increase market share.
- D. target higher-profit customers.

Answer: A

NEW QUESTION 4

- (Topic 1)

Using an independent service provider for logistics would be most appropriate in which of the following situations?

- A. A shoe company that wants to penetrate a foreign market
- B. A business that owns plants and warehouses globally
- C. A financial services company that wants to expand its services
- D. A cable television company that wants to add services

Answer: A

NEW QUESTION 5

- (Topic 1)

In addition to sales history, current customer orders, and forecasted demand, which of the following data sources should be used as part of a demand management process?

- A. Inventory levels
- B. Contractual obligations
- C. Customer profitability
- D. Scheduled marketing activities

Answer: D

NEW QUESTION 6

- (Topic 1)

Which of the following actions typically would be considered part of a reverse logistics strategy?

- A. Offering a discount on new purchases when used products are returned
- B. Reducing the amount of packaging material used in shipping
- C. Manufacturing products in batches consistent with full-truckload shipments
- D. Batching returns of defective components to the suppliers

Answer: A

NEW QUESTION 7

- (Topic 1)

A firm has identified groups of customers based on specific characteristics the customers desire from products and services the firm can provide. Characteristics include lead times, pricing tiers, and service levels. The firm is engaged in which of the following activities?

- A. Customer differentiation
- B. Order winner segregation

- C. Market segmentation
- D. Channel definition

Answer: C

NEW QUESTION 8

- (Topic 1)

The probability of customer dissatisfaction is highest when which of the following conditions exists?

- A. Customer expectations are clearly defined.
- B. Supplier execution is too low.
- C. There is a gap between expected performance and perceived performance.
- D. There is a gap between what was indicated and what was accomplished.

Answer: C

NEW QUESTION 9

- (Topic 1)

A media company offers a majority of its movies through a specific distributor. The media company is beginning to produce content for a new foreign market to which the distributor has exclusive access. To maximize savings and gain entry to this new market, the media company should:

- A. create a contract for the new market.
- B. enter into a partnership.
- C. form a strategic alliance.
- D. acquire the distributor.

Answer: C

NEW QUESTION 10

- (Topic 1)

A return material authorization (RMA) policy is used in reverse logistics to:

- A. physically transport returned items by using an efficient transportation mode.
- B. minimize the number of returned items by involving product design and demand forecasting.
- C. reduce the cost of returned items by refusing to accept items that should not be returned.
- D. reclaim substantial value from returned items by recycling.

Answer: C

NEW QUESTION 10

- (Topic 1)

Which of the following benefits of supplier relationship management typically results from collaboration with a few critical suppliers?

- A. Automation of supplier sales activities
- B. Elimination of formal contracts
- C. Reduction in customer and supplier inventories
- D. Standardization of communications

Answer: C

NEW QUESTION 12

- (Topic 1)

A company's annual cost of goods sold is \$350 million, and inventory carrying cost is 18%. The company averages four inventory turns. The cost savings resulting from increasing inventory turns from four to six would be:

- A. \$29,000,000.
- B. \$15,750,000.
- C. \$10,500,000.
- D. \$ 5,250,000.

Answer: D

NEW QUESTION 16

- (Topic 1)

Which of the following types of information would be an appropriate basis for a qualitative forecast?

- A. Leading indicators
- B. Market research data
- C. Order history
- D. Shipment history

Answer: B

NEW QUESTION 21

- (Topic 1)

Compared to a blanket purchase order, a supplier alliance agreement is best differentiated by:

- A. efficient material replenishment processes.
- B. clearly identified roles for the buyer and seller.
- C. a shared vision of added value.
- D. a sole-source agreement.

Answer: C

NEW QUESTION 22

- (Topic 1)

Which of the following forecasting methods relies on the opinions of a panel of experts?

- A. Delphi technique
- B. Survey method
- C. Causal method
- D. Time series analysis

Answer: A

NEW QUESTION 23

- (Topic 1)

The primary reason for a firm to pursue strategic supply chain activities is to:

- A. gain competitive advantage.
- B. reduce costs.
- C. increase productivity.
- D. decrease product lead time.

Answer: A

NEW QUESTION 27

- (Topic 1)

What is the primary role of marketing in supporting supply chain management?

- A. Selecting favored supplier partners
- B. Developing efficient customer channels
- C. Focusing on short-term forecasting accuracy
- D. Working with research and development on slow-moving products

Answer: B

NEW QUESTION 28

- (Topic 1)

A firm supplies products and services to a wide variety of industries with varying requirements for responsiveness and reliability. Many customers across these industries are not satisfied with the firm's ability to meet the lead time and on time delivery requirements. Which of the following tools is most appropriate for the firm to use to improve customer service?

- A. Customer service ratio metrics
- B. Market segmentation
- C. Customer relationship management (CRM)
- D. Supply Chain Operations Reference (SCOR®)

Answer: B

NEW QUESTION 31

- (Topic 1)

Which of the following customer relationship management activities most appropriately is used for revenue generation?

- A. Generating customer leads
- B. Generating graphic sales models
- C. Measuring customer preferences
- D. Identifying customer margins

Answer: A

NEW QUESTION 32

- (Topic 1)

When designing a supply chain for strategic advantage, a company first should consider:

- A. the impact on customers using Just-in-Time manufacturing.
- B. the financial stability of suppliers.
- C. matching the supply chain to product type.
- D. whether to use custom or standard parts.

Answer: C

NEW QUESTION 33

- (Topic 1)

Risk pooling enables a lower total inventory level without affecting service levels based on which of the following assumptions?

- A. Inventory turnover ratio can be reduced.
- B. Aggregate demand is more accurate than disaggregate demand.
- C. The planning time fence can be adjusted as needed.
- D. The supplier shares some risk for holding inventory.

Answer: B

NEW QUESTION 35

- (Topic 1)

A company's decision to charge different prices for the same service sold in different market segments is most likely based on which of the following metrics?

- A. Internal rate of return (IRR)
- B. Lifetime customer value (LCV)
- C. Net present value (NPV)
- D. Return on investment (ROI)

Answer: B

NEW QUESTION 37

- (Topic 2)

When a company undertakes a win-back strategy without considering the profitability of customer accounts, it is neglecting which of the following key elements?

- A. Loyalty
- B. Scoring
- C. Segmentation
- D. Prospecting

Answer: C

NEW QUESTION 42

- (Topic 2)

What is the primary benefit of using modular rather than integral designs?

- A. Lower cost of manufacturing
- B. Increased product performance
- C. Greater responsiveness in marketing and production
- D. Reduced complexity of bills of material

Answer: C

NEW QUESTION 47

- (Topic 2)

A company ships from its manufacturing facilities directly to its warehouses. If the number of warehouses increases, transportation costs between manufacturing facilities and warehouses most likely will:

- A. increase.
- B. decrease.
- C. not change.
- D. become less predictable.

Answer: A

NEW QUESTION 48

- (Topic 2)

The social dimension of sustainability typically would be addressed when developing and implementing policies regarding:

- A. accounting practices.
- B. biodiversity protection.
- C. conflicts of interest.
- D. waste reduction.

Answer: C

NEW QUESTION 49

- (Topic 2)

Which of the following actions would be most appropriate for an enterprise that has successfully integrated internal supply chain management systems and functions?

- A. Focusing on reducing setup times
- B. Implementing a firewall to limit access to supply and demand data
- C. Working with key suppliers to reduce costs and lead times
- D. Working with trading partners to reduce channel redundancies

Answer: C

NEW QUESTION 52

- (Topic 2)

Which of the following warehousing tools enables wireless scanning of products?

- A. Magnetic stripes
- B. Universal product codes
- C. Radio frequency devices
- D. Local area network

Answer: C

NEW QUESTION 57

- (Topic 2)

A company closely monitors supplier performance and notices recent late deliveries from one supplier. The supplier discloses flood damage at the plant. The company quickly shifts sourcing to a new supplier and has minimal loss of sales. Which of the following risk strategies reflects the company's actions?

- A. Achieving low cost through reaction
- B. Creating an adaptive supply chain community
- C. Reducing supply chain vulnerability
- D. Investing in redundancy

Answer: B

NEW QUESTION 62

- (Topic 2)

The United Nations Global Compact uses 10 guiding principles to:

- A. reduce uncertainty for multinational firms regarding legal, import/export, labor, and environmental standards across countries.
- B. set minimum levels of compliance across a broad range of transactional areas for businesses operating in multiple geographic regions.
- C. align the needs of businesses to increase profitability and the needs of individual countries to ensure their specific legal requirements are met.
- D. help ensure that markets, commerce, technology, and finance promote advancement of economies and societies everywhere.

Answer: D

NEW QUESTION 63

- (Topic 2)

Which of the following statements about the use of bar code labels for product identification in the supply chain is true?

- A. They have been replaced by radio frequency identification tags.
- B. They can be read by devices 1 to 3 meters from the item.
- C. They facilitate the capture of information about the location of items.
- D. Each of the trading partners must apply a unique label.

Answer: C

NEW QUESTION 64

- (Topic 2)

A company that sells direct to industrial and commercial businesses has become successful by being responsive to the needs of its customers. The company currently produces in each country all of the products it sells in that country. Several countries in which the company operates have negotiated an agreement to establish a trading bloc. Which of the following actions by the company would be most appropriate if the agreement is implemented?

- A. Consolidate production outside the trading bloc to reduce total costs.
- B. Consolidate production within the trading bloc to reduce tariffs paid.
- C. Outsource the production of products with low sales volumes to reallocate capacity.
- D. Reassign products so that each is produced in a single facility within the trading bloc to get economies of scale.

Answer: D

NEW QUESTION 65

- (Topic 2)

A product design that can be produced to requirements even when conditions in the production process are unfavorable typically is known as what type of design?

- A. Universal
- B. Computer-aided
- C. Modular
- D. Robust

Answer: D

NEW QUESTION 67

- (Topic 2)

A company is formally adhering to the principles of the UN Global Compact. After a review of their supply chain, they have found that a key supplier is in violation of the compact. The

best action for the company to do first is:

- A. do nothin
- B. The company is not responsible for compliance of suppliers.
- C. replace the supplier as soon as possible with a compliant supplier.
- D. notify the supplier of non-compliance.
- E. require the supplier to become compliant.

Answer: C

NEW QUESTION 68

- (Topic 2)

Customizing can be an effective warehousing strategy because it allows a company to:

- A. allocate available storage space to optimize handling costs.
- B. address trade-offs between space and material handling needs.
- C. effectively design its inbound and outbound dock areas.
- D. add value to the product through modification, labeling, and packaging.

Answer: D

NEW QUESTION 69

- (Topic 2)

Direct shipment distribution typically offers which of the following advantages?

- A. Risk pooling is facilitated.
- B. Demand variability is reduced.
- C. Service levels are increased.
- D. Lead times are reduced.

Answer: D

NEW QUESTION 73

- (Topic 2)

In an advanced planning system, which of the following modules feeds the master planning module?

- A. Purchasing planning
- B. Demand planning
- C. Distribution planning
- D. Fulfillment planning

Answer: B

NEW QUESTION 76

- (Topic 2)

Which of the following ISO standards is used to assist organizations with sustainable development?

- A. ISO 31000
- B. ISO 14001
- C. ISO 26000
- D. ISO 9001

Answer: C

NEW QUESTION 80

- (Topic 2)

Implementation of supply chain applications based on which of the following technologies is most likely to have the lowest fixed costs?

- A. Best of breed packages
- B. One integrated package
- C. Service-oriented architecture
- D. Software-as-a-service

Answer: D

NEW QUESTION 85

- (Topic 2)

The demand side of a traditional warehouse management system primarily is concerned with:

- A. receiving incoming goods.
- B. assigning storage locations.
- C. assembling outbound orders.
- D. forecasting product demand.

Answer: C

NEW QUESTION 88

- (Topic 2)

A toy company decides to buy more products from an overseas company to reduce costs. To make sure that goods clear customs more quickly, the company most likely would engage a:

- A. consolidator.
- B. overseas carrier.
- C. shipping association.
- D. freight forwarder.

Answer: D

NEW QUESTION 92

- (Topic 2)

A company originally based in Germany sets up companies in India, China, Vietnam, Mexico, and Brazil. It sources most of the raw materials locally and employs the local workforce to manage and produce finished goods. Most of the goods produced are consumed in the same country. The company can be classified as what type of enterprise?

- A. Globally integrated
- B. Domestic
- C. Multinational
- D. Virtual

Answer: C

NEW QUESTION 96

- (Topic 2)

Which of the following outcomes occurs when direct shipping is used instead of a distribution network?

- A. Outbound transportation cost is reduced.
- B. Inventory velocity is reduced.
- C. Order-fill rates are reduced.
- D. Inventory obsolescence is reduced.

Answer: D

NEW QUESTION 100

- (Topic 2)

What is the primary benefit of using a central storage warehouse for all components rather than using point-of-use storage?

- A. Reduced need for bar codes and radio frequency identification technology
- B. Reduced material handling costs
- C. Ease of control and count accuracy
- D. Maintain a cleaner shop floor

Answer: C

NEW QUESTION 101

- (Topic 3)

The recovery element of a reverse logistics supply chain strategy is best illustrated by:

- A. the use of refillable containers by a water supply company.
- B. the use of rechargeable batteries by an individual.
- C. a grower selling fresh-produce scrap to other farmers.
- D. the reduction of energy consumption by a manufacturer.

Answer: A

NEW QUESTION 106

- (Topic 3)

Electronic data interchange reduces costs primarily through:

- A. standardization of trading document formats.
- B. adaptability across hardware platforms.
- C. simplified software development.
- D. replacement of proprietary systems.

Answer: A

NEW QUESTION 109

- (Topic 3)

Which of the following actions best exemplifies an appropriate demand management strategy?

- A. Reducing costs in the procurement of goods
- B. Prioritizing demand when supply is constrained
- C. Maximizing sales orders from customers

D. Updating the sales and operations planning (S&OP) to changes in production capacity

Answer: B

NEW QUESTION 114

- (Topic 3)

The most significant reason for altering supply chain management practices in an organization would be a change in its:

- A. executive management.
- B. corporate strategy.
- C. profitability of operations.
- D. financial position.

Answer: B

NEW QUESTION 117

- (Topic 3)

Which of the following outcomes most likely is the primary reason for outsourcing production of a new product?

- A. Increase control of the supply chain
- B. Increase flexibility of the supply chain
- C. Reduce required capital investment
- D. Reduce the need for skilled workers

Answer: C

NEW QUESTION 121

- (Topic 3)

A supplier disputes a low rating generated by a company's enterprise resources planning (ERP) system. Which of the following actions by the purchasing agent is most appropriate?

- A. Advise the ERP information technology manager that there is a flaw in the rating system.
- B. Scrap the vendor rating system until the company can figure out what is wrong.
- C. Compare the vendor and company detail records, and interview company employees who handled the data.
- D. Tell the supplier that, regardless of the disputed claims, the supplier must improve performance.

Answer: C

NEW QUESTION 123

- (Topic 3)

The benefit most likely to result from a collaborative forecasting process is:

- A. improvement in forecast accuracy.
- B. improvement in forecast responsiveness.
- C. reduction of the coefficient of variation.
- D. reduction of forecasting effort.

Answer: A

NEW QUESTION 125

- (Topic 3)

Qualitative forecasting methods are most appropriate for projecting demand for:

- A. commodity products.
- B. families of products.
- C. breakthrough products.
- D. raw materials.

Answer: C

NEW QUESTION 128

- (Topic 3)

Measurement of service to the customer should consider which of the following strategic priorities?

- A. Cash flow
- B. Responsiveness
- C. Order cycle time
- D. Forecast accuracy

Answer: B

NEW QUESTION 130

- (Topic 3)

A supply chain visibility application helps an organization by:

- A. planning raw material requirements.
- B. removing outliers from independent demand forecasts.
- C. providing flexibility in customer delivery locations.
- D. providing comprehensive information from any point of contact.

Answer: D

NEW QUESTION 132

- (Topic 3)

Which of the following approaches reduces lead times from supplier to customer using point of sale data?

- A. Advanced shipping notice (ASN)
- B. Continuous quality improvement (CQI)
- C. Vendor-managed inventory (VMI)
- D. Efficient consumer response (ECR)

Answer: D

NEW QUESTION 136

- (Topic 3)

Which of the following export documents is used as the basis for the valuation of goods for insurance purposes and for assessment of duties?

- A. Export license
- B. Export declaration
- C. Bill of lading
- D. Commercial invoice

Answer: D

NEW QUESTION 140

- (Topic 3)

Use of consistent performance measures among trading partners is a best practice to:

- A. share data among information systems faster.
- B. manage collaboration and continuous improvement.
- C. reduce the time to introduce new products.
- D. increase the flexibility to collaborate with customers.

Answer: B

NEW QUESTION 141

- (Topic 3)

When establishing third-party and fourth-party logistics relationships, a firm should avoid providers who:

- A. use a proprietary information system.
- B. constantly update their information technology and equipment.
- C. provide extensive reporting on each customer interaction.
- D. meet customer requirements through regional warehousing.

Answer: A

NEW QUESTION 144

- (Topic 3)

Market segmentation is important within the logistics function because it:

- A. leads to profitable exchanges with the customer and creates intrinsic customer value
- B. supports transactional marketing priorities for successful commodity exchanges to customers globally
- C. enables companies to position their products throughout the distributor network based on customer need
- D. creates perception in the mind of the customer as available products and services are exchanged

Answer: C

NEW QUESTION 148

- (Topic 3)

The purchasing manager of a company wants to minimize stock-outs as well as obsolete inventory. Which of the following tools needs to be implemented?

- A. Blanket purchase order
- B. Advanced planning and scheduling (APS)
- C. Buy-back contracts
- D. Business-to-business integration software

Answer: C

NEW QUESTION 149

- (Topic 3)

A firm has increased finished-goods inventories for several products to compensate for increased variability in demand. The firm analyzed shipment data and determined that the variability was due to a few customers placing large orders for single shipments to obtain discounts. Which of the following actions is the firm most likely to take to maintain sales and reduce variability in demand?

- A. Reducing discounts for large orders
- B. Encouraging high-volume customers to place blanket orders
- C. Implementing extrinsic forecasting methods
- D. Increasing the level of safety stock on high-volume products

Answer: B

NEW QUESTION 154

- (Topic 3)

When profit impact is high and supply risk is low for an item, which of the following procurement strategies is most likely to be effective and successful?

- A. Leveraging purchasing power
- B. Forming a long-term partnership
- C. Automating the procurement process
- D. Ensuring continuous supply

Answer: A

NEW QUESTION 156

- (Topic 3)

Which of the following characteristics is typical of a highly complex product when compared with a simple commodity product?

- A. Lower product cost
- B. Longer cycle time
- C. Increased ability to change
- D. Lower profitability

Answer: B

NEW QUESTION 157

- (Topic 3)

A company has an asset turnover ratio of 1.8, inventory of \$3,000, a 20% profit margin, and \$5,000 in total assets. What is the total sales volume for the company?

- A. \$ 5,400
- B. \$ 9,000
- C. \$15,000
- D. \$25,000

Answer: B

NEW QUESTION 161

- (Topic 3)

A company has outsourced a high volume of assembly work to top-tier suppliers, thereby reducing the overall number of suppliers they directly manage. Which of the following actions must the company perform to mitigate risk?

- A. Monitor lead times at sub-tier suppliers
- B. Maintain direct relationships with sub-tier suppliers
- C. Execute all terms of contracts at sub-tier suppliers
- D. Purchase all critical components for assembly at the company

Answer: B

NEW QUESTION 163

- (Topic 3)

Which of the following factors is the most appropriate measure of delivery performance for finished goods?

- A. Perfect order fulfillment
- B. On-time delivery
- C. Load efficiency
- D. Available-to-promise

Answer: A

NEW QUESTION 164

- (Topic 3)

Which of the following conditions are most indicative of a company that is effectively managing its cash?

- A. Low accounts receivable, low inventory, high accounts payable
- B. High accounts receivable, low inventory, high accounts payable
- C. Low accounts receivable , high inventory, low accounts payable
- D. High accounts receivable, high inventory, low accounts payable

Answer: A

NEW QUESTION 165

- (Topic 3)

A company has recently implemented a vendor-managed inventory (VMI) program with several key suppliers but quality issues are disrupting production. Which of the following actions would be more effective in dealing with these issues?

- A. Tighten the quality tolerances
- B. Implement a supplier certification program
- C. Implement quality inspection at the receiving dock
- D. Charge back to the supplier the rework and scrap costs

Answer: B

NEW QUESTION 167

- (Topic 3)

In an assemble-to-order manufacturing environment, the master production schedule is typically the schedule of:

- A. resources.
- B. customer orders.
- C. components and subassemblies.
- D. the final assembly.

Answer: C

NEW QUESTION 168

- (Topic 3)

Which of the following costs is an example of ordering cost?

- A. Inspection labor
- B. Obsolescence
- C. Cost of capital invested
- D. Insurance

Answer: A

NEW QUESTION 171

- (Topic 3)

A manufacturer of fast-moving consumer goods wants to implement a process improvement method to increase flexibility and decrease the risk of obsolete inventory. Which of the following approaches is most likely to help reach these goals?

- A. Lean manufacturing
- B. Advanced planning and scheduling
- C. Six sigma
- D. Total quality management

Answer: A

NEW QUESTION 172

- (Topic 3)

Which of the following metrics would be most appropriate for a group of trading partners that is trying to gain competitive advantage through supply chain reliability?

- A. Cash-to-cash cycle time
- B. Supply chain response time
- C. Order-fill rate performance
- D. Value-added productivity per employee

Answer: C

NEW QUESTION 177

- (Topic 3)

Which of the following manufacturing strategies typically generates the lowest supply chain inventory?

- A. Make to Stock
- B. Assemble to Order
- C. Make to Order
- D. Engineer to Order

Answer: D

NEW QUESTION 179

- (Topic 3)

A company has revenues of \$100,000, which includes 10% supply chain expense and 80% other expenses. Which of the following actions will result in the largest

increase in gross profit?

- A. Increase sales by 25%.
- B. Increase sales by 10% and reduce supply chain expense to 8%.
- C. Increase sales by 15% and reduce supply chain expense to 9%.
- D. Reduce supply chain expense to 5%.

Answer: :D

NEW QUESTION 184

- (Topic 3)

A large, global third party logistics provider (3PL) is contemplating the switch to the use of ethanol-based fuel in its truck fleet and wants to identify the impact of this change on food prices. Which of the following attributes of the triple bottom line (TBL) are part of this trade off decision?

- A. Organizational, financial and social
- B. Social, financial and environmental
- C. Social, environmental and organizational
- D. Organizational, financial and environmental

Answer: B

NEW QUESTION 188

- (Topic 3)

Before discontinuing a product based on activity-based cost calculations, one should primarily consider the effects upon:

- A. activity-based cost calculations of other products.
- B. value stream mapping of complementary products.
- C. research and development (R&D) costs of new products.
- D. overhead absorption rates across product lines.

Answer: A

NEW QUESTION 189

- (Topic 3)

A company has limited visibility of global customer sales. Which of the following methods is the most appropriate way to sense and respond to customer demand?

- A. Point of sale
- B. Sales and operations planning
- C. Demand-driven supply network
- D. Customer relationship management

Answer: C

NEW QUESTION 191

- (Topic 3)

In determining warehouse velocity, the average inventory level is calculated by dividing the annual sales through the warehouse by the:

- A. total square footage of the warehouse.
- B. inventory turnover rates for the warehouse.
- C. annual weight through the warehouse.
- D. annual cube through the warehouse.

Answer: B

NEW QUESTION 195

- (Topic 3)

Which of the following tradeoffs should be considered when selecting logistics options?

- A. Safety stock levels and customer service levels
- B. Inventory levels and scheduling operations
- C. Transportation cost and speed of delivery
- D. Centralized and decentralized distribution network

Answer: C

NEW QUESTION 197

- (Topic 3)

Which of the following actions is most likely to improve the cash-to-cash cycle time?

- A. Find suppliers with lower total cost of ownership (TCO)
- B. Implement vendor-managed inventory (VMI) with key suppliers
- C. Implement vendor-managed inventory (VMI) with key customers
- D. Establish targeted promotions for the most profitable market segments

Answer: B

NEW QUESTION 201

- (Topic 3)

Which of the following elements is critical to successfully using a sales and operations planning process?

- A. Focusing on performance of the past 12 to 18 months
- B. Implementing a unified cross-functional plan and process
- C. Implementing bottom-up decision making
- D. Aligning the forecast to the annual budget

Answer: B

NEW QUESTION 205

- (Topic 3)

Which of the following manufacturing strategies would run the greatest risk of increasing obsolete inventory costs?

- A. Make-to-stock
- B. Assemble-to-order
- C. Make-to-order
- D. Engineer-to-order

Answer: A

NEW QUESTION 209

- (Topic 3)

Which of the following activities occurs as part of the sales and operations planning process?

- A. Time fences are matched to master production schedule horizons.
- B. The next quarter's forecasts are presented by sales staff to finance and operations personnel at the final meeting.
- C. Strategic plans are adjusted based on changing operating situations.
- D. Plans are converted to financial projections and capacity requirements.

Answer: D

NEW QUESTION 213

- (Topic 3)

ABC Corporation is implementing a website that connects clothing distributors and retailers with many different garment manufacturers from whom they can buy finished goods. This website would be an example of:

- A. virtual auction site.
- B. intranet commerce.
- C. a vertical exchange.
- D. an Internet storefront.

Answer: C

NEW QUESTION 216

- (Topic 3)

A pattern of increased shipments from manufacturing plants to a central warehouse at month-end and quarter-end typically would cause which of the following situations in a central warehouse?

- A. Fluctuation in required labor resources
- B. Decreased use of storage capacity
- C. Decreased transportation costs
- D. Increased outbound shipments

Answer: :A

NEW QUESTION 219

- (Topic 3)

A manufacturer is the sole supplier of a product family. It sells to regional distributors that sell to retailers. The manufacturer uses batch production processes that have long setup times. All nodes in the supply chain have agreed to pursue a quick response to changes in the level of demand as a competitive priority. Which of the following factors is most likely to hinder their pursuit of this competitive priority?

- A. Information technology standards
- B. Information sharing practices
- C. Contractual terms and conditions
- D. Manufacturing lot sizes

Answer: D

NEW QUESTION 224

- (Topic 3)

A firm has captured the following information for a product family:

Product Data	Days
Supply of inventory	53
Payables outstanding	25
Receivables outstanding	34
Time to fill an order	14
Production lead time	7

The cash-to-cash cycle time is how many days?

- A. 41
- B. 44
- C. 62
- D. 74

Answer: C

NEW QUESTION 228

- (Topic 3)

The practice of purchasing items in large quantities and requesting that shipments be delivered directly to customers is referred to as:

- A. drop shipping.
- B. cross-docking.
- C. breaking bulk.
- D. freight equalization.

Answer: A

NEW QUESTION 233

- (Topic 3)

A firm experiences a supply chain interruption from a second-tier supplier. Which of the following actions is the firm likely to take to minimize future interruptions?

- A. Require the supplier to submit weekly cycle count reports.
- B. Require the supplier to implement a sales and operations planning process.
- C. Map the supplier's supply chain to identify risks and opportunities.
- D. Conduct an ISO 14001 audit of the supplier.

Answer: C

NEW QUESTION 237

- (Topic 3)

An operations manager wants to measure variability in the delivery time of insurance policies to clients. Which of the following quality tools most appropriately would show the level of variability?

- A. Pareto chart
- B. Histogram
- C. Scatterplot
- D. Check sheet

Answer: B

NEW QUESTION 242

- (Topic 3)

The production scheduler for a bottleneck resource should:

- A. schedule additional preventive maintenance for the resource.
- B. ensure a constant queue of work waiting to be processed.
- C. increase production lot sizes to increase utilization of resources.

D. implement pull signals for production of the bottleneck resource.

Answer: B

NEW QUESTION 243

- (Topic 3)

A primary reason for enhancing supply chain security is to:

- A. meet government requirements.
- B. reduce insurance costs.
- C. improve lead time.
- D. protect brand image.

Answer: D

NEW QUESTION 244

- (Topic 3)

A company that manufactures complex mechanical assemblies to customer order and ships them directly to the customer is implementing manufacturing cells. The benefit most likely to result from this effort is a reduction in the:

- A. number of component shortages.
- B. production planning horizon.
- C. time to fill customer orders.
- D. response time to a request for quote.

Answer: C

NEW QUESTION 248

- (Topic 3)

A company discovers that several high-volume customers have very erratic ordering patterns. Which of the following actions is most likely to reduce variability?

- A. Checking the demand status multiple times daily
- B. Establishing Internet-enabled collaborative relationships
- C. Implementing electronic data interchange transactions
- D. Increasing safety-stock levels for items these customers order

Answer: B

NEW QUESTION 251

- (Topic 3)

A company produces to stock and sells its products to distributors. The factor that most likely will contribute to the risk of loss in inventory investment is the:

- A. accuracy of demand forecasts.
- B. replenishment lead time.
- C. level of product quality.
- D. variability in supply.

Answer: A

NEW QUESTION 255

- (Topic 3)

Which of the following types of strategies minimizes inventory throughout the supply chain to avoid obsolescence?

- A. Delayed differentiation
- B. Low costs
- C. Location
- D. Response

Answer: A

NEW QUESTION 258

- (Topic 3)

A company uses cash-to-cash cycle time to assess how long it takes from:

- A. receiving inventory from the supplier to paying the invoice from the supplier.
- B. receiving inventory from the supplier to invoicing the customer.
- C. paying the supplier for inventory received to receiving payment from the customer.
- D. invoicing a customer to receiving payment from the customer.

Answer: C

NEW QUESTION 263

- (Topic 3)

Companies interested in developing programs to pinpoint customer loyalty rely on customer relationship management tools that produce which of the following outputs?

- A. Transaction management
- B. Forecast, process, and information sharing
- C. Churn analysis and prediction
- D. Event and service management

Answer: C

NEW QUESTION 266

- (Topic 3)

Which of the following statements describes a continuous replenishment strategy in a retail environment?

- A. Retailers make replenishment decisions.
- B. Retailers prepare individual orders and share sales data with vendors to improve customer service.
- C. Vendors use sales data and prepare shipments to maintain the desired level of inventory.
- D. Vendors take full control of inventory policy.

Answer: C

NEW QUESTION 268

- (Topic 3)

Effective sales and operations planning (S&OP) can contribute most to which of the following objectives?

- A. Increasing product quality
- B. Increasing the number of new customers
- C. Reducing unexpected customer requests
- D. Reducing excess inventory

Answer: D

NEW QUESTION 269

- (Topic 3)

The primary reason to establish a customer-dedicated warehouse is to:

- A. integrate and consolidate an assortment of inventory.
- B. position inventory to improve response time.
- C. balance inventory with consumption.
- D. equalize inbound and outbound logistics costs.

Answer: B

NEW QUESTION 272

- (Topic 3)

The primary contribution from an enterprise resources planning system in building supply chain capability is:

- A. real-time manufacturing planning.
- B. improved decision making.
- C. ease of implementation.
- D. timely order tracking.

Answer: B

NEW QUESTION 275

- (Topic 3)

If a firm has 35 days of accounts payable outstanding and 55 days invested in inventory, and its cash-to-cash cycle time is 90 days, what is the number of days of accounts receivable?

- A. 70
- B. 90
- C. 110
- D. 180

Answer: A

NEW QUESTION 278

- (Topic 3)

Which of the following characteristics typically is a feature of supplier relationship management?

- A. Supplier employees are located at the firm's facilities.
- B. Inventory is verified before the supplier ships the goods.
- C. Performance of both firms is measured and reported regularly.
- D. The supplier is the sole source for the goods.

Answer: C

NEW QUESTION 280

- (Topic 3)

Point-of-sale information fails to measure actual demand most likely because:

- A. holidays interrupt typical sales patterns.
- B. inventory levels are inaccurate.
- C. there is lag time in the system.
- D. data about lost sales cannot be captured.

Answer: D

NEW QUESTION 284

- (Topic 3)

Lean supply chains strive to achieve their objectives by using which of the following approaches?

- A. Inventory optimization
- B. Cost reduction
- C. Waste reduction
- D. Quality function deployment (QFD)

Answer: C

NEW QUESTION 289

- (Topic 3)

The implementation of major enterprise-wide changes to eliminate or significantly reduce waste is related to which of the following concepts?

- A. Kaizen
- B. Kanban
- C. Six Sigma
- D. Lean

Answer: D

NEW QUESTION 290

- (Topic 3)

The relative speed at which all transactions within the supply chain process occur is known as:

- A. the cycle time.
- B. velocity.
- C. latency.
- D. throughput.

Answer: B

NEW QUESTION 295

- (Topic 3)

Which of the following supply chain attributes is most appropriate for products with wide variety and highly variable demand?

- A. Efficient
- B. Responsive
- C. Short
- D. Virtual

Answer: B

NEW QUESTION 298

- (Topic 3)

A manufacturer of consumer goods has purchased one of its distributors. The distributor's inventory system is archaic and will not integrate into the manufacturer's enterprise resources planning (ERP) system. Which of the following approaches is the most appropriate long-term solution for the manufacturer?

- A. Buy a complete ERP system that includes seamlessly integrated distribution.
- B. Buy a warehouse management system that integrates into the ERP system.
- C. Run the existing warehouse inventory system and update the ERP system manually.
- D. Hire a software contractor to write an interface with batch update to the ERP system.

Answer: B

NEW QUESTION 302

- (Topic 3)

Variability in product design can best be reduced by:

- A. initiating 100% product inspection.
- B. outsourcing the design process.
- C. broadening design specifications.
- D. applying Six Sigma principles.

Answer: D

NEW QUESTION 306

- (Topic 3)

Which of the following metrics is the most appropriate measure of supply chain responsiveness?

- A. Order fulfillment lead times
- B. Percentage of orders delivered on time
- C. Retail inventory days of supply
- D. Upside production flexibility

Answer: D

NEW QUESTION 310

- (Topic 3)

An office furniture manufacturer observed that customers preferred to configure desks based on their available office space. To keep product costs to a minimum, yet satisfy customer needs, the company should choose which of the following design strategies?

- A. Modularity
- B. Component commonality
- C. Mass customization
- D. Standardization

Answer: A

NEW QUESTION 311

- (Topic 3)

What is the appropriate supply chain strategy for a product with low demand uncertainty and high economies of scale?

- A. Pull
- B. Push
- C. Push-pull
- D. Postponement

Answer: B

NEW QUESTION 316

- (Topic 3)

The ABC classification system answers which two of the following inventory-related questions?

- A. How much inventory should be ordered at one time, and when will the order be placed?
- B. What is the importance of the inventory item, and how will the inventory items be controlled?
- C. How much inventory should be ordered at one time, and what is the importance of the inventory item?
- D. When will the order be placed, and how will the inventory items be controlled?

Answer: B

NEW QUESTION 318

- (Topic 3)

Some firms that have licensed other companies to manufacture their products run the risk of:

- A. losing market share.
- B. the other companies becoming competitors.
- C. the products becoming a commodity.
- D. the products being overpriced.

Answer: B

NEW QUESTION 321

- (Topic 3)

The primary focus of lean manufacturing is:

- A. eliminating activities that do not add value.
- B. reducing inventory levels.
- C. optimizing production activities.
- D. maximizing the output of constraints.

Answer: A

NEW QUESTION 325

- (Topic 3)

An advanced planning system differs primarily from enterprise resources planning by:

- A. optimizing operations scheduling.
- B. translating plans into action.
- C. concentrating on production.
- D. linking to the transportation management system.

Answer: A

NEW QUESTION 330

- (Topic 3)

Which of the following benefits should a supplier expect to receive by becoming a certified supplier?

- A. Reduction in redundant processes with buyer
- B. Increase in price of items sold
- C. Increase in access to competitive information
- D. Reduction in number of items utilizing vendor-managed inventory

Answer: A

NEW QUESTION 334

- (Topic 3)

Which of the following measures typically would be considered an aspect of the environmental impact of a supply chain?

- A. Amount of funds invested in infrastructure improvements
- B. Hours of employee education about environmental stewardship
- C. Weight and volume of packaging materials used
- D. Total number of people making a living wage

Answer: C

NEW QUESTION 338

- (Topic 3)

The profit margin for a product that is currently made in the company's facility has decreased during the past 2 years. Which of the following factors should be considered when deciding whether to make or buy the product?

- A. Production capabilities
- B. Transportation capabilities
- C. Distribution channels
- D. Landed cost

Answer: D

NEW QUESTION 339

- (Topic 3)

Which of the following strategies typically will require the lowest inventory investment and deliver the shortest lead time?

- A. Producing finished goods to forecast and shipping directly to customers
- B. Producing finished goods to forecast and distributing through a multi-echelon network
- C. Producing subassemblies to forecast and doing final assembly and shipping from the factory
- D. Producing subassemblies to forecast and doing final assembly and shipping from regional centers

Answer: D

NEW QUESTION 340

- (Topic 3)

A manufacturing company with limited competence in logistics plans to expand into an international market. The most appropriate initial action the company should take is to:

- A. buy a distribution company.
- B. build a distribution network.
- C. engage a third-party logistics company.
- D. gain logistics experience.

Answer: C

NEW QUESTION 345

- (Topic 3)

Which of the following fill rates is the most rigorous measure of a firm's availability performance?

- A. Line
- B. Item
- C. Order
- D. Value

Answer: C

NEW QUESTION 346

- (Topic 3)

A company has adequate average available capacity but does not maintain surge capacity. With a distribution route to manage, which of the following actions will provide the most capacity relief?

- A. Increasing order-fulfillment lead times
- B. Implementing allocation
- C. Increasing prices with a 30-day effective date
- D. Increasing product queue times

Answer: A

NEW QUESTION 351

- (Topic 3)

A consumer goods manufacturer has introduced a new frozen product and encountered problems applying package labels consistently. Which of the following methodologies would be most appropriate to use to identify the root cause of the problem?

- A. Six sigma
- B. Statistical process control
- C. Lean production
- D. Theory of constraints

Answer: A

NEW QUESTION 352

- (Topic 3)

The most appropriate strategy for a firm that makes and sells a wide range of items typically would be to domestically source items that have which of the following characteristics?

- A. Short product life cycle and many variations
- B. Short product life cycle and few variations
- C. High labor value and low transport uncertainty
- D. High labor value and high transport uncertainty domestically

Answer: A

NEW QUESTION 357

- (Topic 3)

Compared to the traditional enterprise resources planning (ERP) system, an electronic business system (EBS) is preferred for today's e-business solution because EBS:

- A. is more flexible and functional.
- B. is the backbone of outsourcing services.
- C. has converged with Web-based applications to form a grouping of business software functions.
- D. encompasses e-procurement as a traditional purchasing function.

Answer: C

NEW QUESTION 358

- (Topic 3)

A manufacturer experiences frequent changes in product technology and market preferences, resulting in new product introductions each year. Which of the following sourcing strategies would be most appropriate?

- A. Sole sourcing
- B. Multiple sourcing
- C. Long-term contracting
- D. Strategic partnering

Answer: D

NEW QUESTION 362

- (Topic 3)

A company most likely would implement a supplier certification program to:

- A. improve the supplier's procurement process.
- B. abide by ISO standards.
- C. validate the supplier's compliance with requirements.
- D. implement point-of-sale (POS) terminals.

Answer: :C

NEW QUESTION 365

- (Topic 3)

E-business allows a firm to capitalize on the use of systems that:

- A. speed the receipt of e-mails between companies.
- B. permit real-time use of supply chain data.
- C. permit the use of batch-processed data.
- D. ensure security of proprietary data.

Answer: B

NEW QUESTION 368

- (Topic 3)

Value stream mapping provides the most benefit when:

- A. analyzing customer requirements.
- B. identifying nonvalue-added activities.
- C. planning kaizen events.
- D. implementing an information technology strategy.

Answer: B

NEW QUESTION 371

- (Topic 3)

Which of the following actions typically is most important when building a collaborative supply chain?

- A. Investing sufficient capital
- B. Building mutual trust
- C. Integrating information systems
- D. Developing a common culture

Answer: B

NEW QUESTION 372

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