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Exam : 630-006

Title : C.P.M. Module 2: Supply Environment

Vendors : ISM

Version : DEMO

NO.1 Which of the following options are key actions that senior management should take into account when

establishing a purchasing department?

- A. Select a purchasing system
- B. Develop list of suppliers
- C. Hire qualified buyers
- D. Establish a policies authorizing purchasing authority

Answer: D

NO.2 You work as a buyer at KillTest .com. A piece of capital equipment is designed and specified so as to

force the purchasing department into a sole supplier situation. You still want to affect the procurement

process. Which of the following support items from the sole supplier would you negotiate?

(Choose all

that apply)

- A. Technical documentation, including data sheets, performance specs, maintenance and operating manuals, supplier-furnished training programs, and full supplier documentation
- B. The initial provisioning of high-risk spare parts for start-up and a one-year period thereafter
- C. A promise to maintain equipment on an annual basis by the manufacturer or its authorized service agent
- D. A determination of whether equipment or services are taxable or tax-exempt

Answer: A, B, C

NO.3 Which of the following terms is NOT associated with the Internet?

- A. Browsers
- B. Home pages
- C. Web sites
- D. Time sharing

Answer: D

NO.4 Which software type is BEST applicable when using in the analysis of a competitive bid?

- A. Application
- B. Interface
- C. Scientific

D. Operating system

Answer: A

NO.5 In a situation where the purchasing and production departments share responsibility for product

fabrication, lead time for delivery of material, work schedules, and selection of sources of supply. Which

responsibilities would be allocated to the production department? (Choose two.)

A. product fabrication

B. lead time for delivery of material

C. work schedules

D. selection of sources of supply

Answer: A, C

NO.6 .Which of the following BEST defines negotiations?

A. reaching an agreement through discussion

B. maximizing one's position over one's opponent

C. reaching an agreement through competitive bidding

D. ensuring that the terms and conditions of a contract are met

Answer: A

NO.7 If a purchasing manager is represented by buying an organization in a meeting with a governmental

body. The manager could possibly embark in the following:

A. explaining the organization's new MRP system

B. promoting the business to other participants

C. negotiating for the buying organization

D. discussing the advantages and disadvantages of various types of contractual arrangements

Answer: C

NO.8 With regard to decision-making capability of cross-functional sourcing teams which of the following is

TRUE?

A. Better decisions than individuals.

B. Quick decisions than individuals.

C. Requiring the input of suppliers.

D. Poor substitute for individual decisions.

Answer: A

NO.9 Which statement about setting negotiating objectives is FALSE?

- A. It should be defined with sufficient specificity to permit measurements.
- B. It should be established for each issue or condition to be negotiated.
- C. They should establish a supplier's strengths and avoid reference to its weaknesses.
- D. It should be based on databases derived from cooperative efforts of purchasing, production, and engineering.

Answer: C

NO.10 Which of the following factors are causing growth in complexity of much procurements leading to an

increased trend towards:

- A. suppliers partnering
- B. cross-functional teams
- C. risk factor management
- D. strategic supplier alliances

Answer: B

NO.11 If a supplier's level of quality was unsatisfactory on past orders and the level of quality on current

orders is critical, which of the following options would be the BEST way to handle the situation?

- A. Timely inspection by the buyer's company at the supplier's plant
- B. Requiring the supplier to supply extra products to cover rejects
- C. Require 100% inspection before the products leave the warehouse of the order by the buyer's company's quality control department
- D. Label "Quality of Material is Critical" on the purchase order

Answer: A

NO.12 With which of the following would purchasing management be MOST concerned in day-to-day

operational control in a manufacturing firm?

- A. labor utilization variance
- B. materials utilization variance
- C. labor cost variance
- D. materials cost variance

Answer: D

NO.13 Which of the following procedures for dealing with businesses that have social or economical

disadvantages, if a purchasing manager considers: (Choose all that apply)

- A. That the staff of such businesses may have had limited exposure to technical contract language
- B. That exceptions may be needed to accommodate faster payment of invoices from such businesses
- C. That goods or services of lower than usual quality may be accepted from such businesses
- D. That such businesses may need information on the bidding process

Answer: A, C, D

NO.14 Which of the following tools are MOST important for achieving continuous improvements in an

organization's integration with its supplier?

- A. Quality inspection at the plant
- B. Involvement in product design
- C. Suppliers input in forms design
- D. Joint examination of costs structure

Answer: B

NO.15 If a manufacturer establishes all the population needed for a round-bar machining process being 5.76

centimeters, with a standard deviation of 15. The acceptable quality limits are estimated at about 3

standard deviations. On day one, the sample means are taken by the operator, 5.80, 5.46, and 6.20

centimeters. These means indicate if the process is

- A. controlled
- B. reckless
- C. statistically perfect
- D. leaning towards the lower side of the mean

Answer: A

NO.16 Choose two of the following options that are usually amongst the functions of the material manager of?

(Choose two)

- A. Stores and receiving
- B. Quality control
- C. Traffic management
- D. Accounts payable

Answer: A, C

NO.17 Which of the following phrases are used to refer to the receipt of a functional acknowledgment after sending a purchase order via EDI?

- A. transmission received
- B. accepted purchase order
- C. valid contract exists
- D. goods have been shipped

Answer: A

NO.18 When developing a new product with a supplier, which of the following documents protects a company from information leaks?

- A. Copyright
- B. Patent
- C. Supplier partnership
- D. Confidentiality agreement

Answer: D

NO.19 Which of the following approaches focuses on cooperative rather than adversarial relationships with suppliers?

- A. single sourcing
- B. cross-functional teams
- C. supply base management
- D. supplier partnerships

Answer: D

NO.20 You work as a buyer at KillTest .com. You are curious about the disadvantaged ownership of one of the companies that supply materials for KillTest .com. When, if ever, can you ask the supplier for this information?

- A. At any time
- B. Only when the buyer is purposefully seeking a minority supplier

C. Only when authorized by the courts

D. At no time

Answer: A