

**CIPS Level 6 – Professional Diploma in
Procurement and Supply
Module 10 – Global Logistics Strategy**

SAMPLE EXAM QUESTIONS

OBJECTIVE RESPONSE QUESTIONS AND ANSWERS

The correct answer will be identified as [key]

Q1. With increasing consumer spending online, major retail businesses are finding it difficult to control costs and manage administration in respect of customer returns. Customer satisfaction will be severely impacted if customers are kept waiting too long for replacement items and inconvenienced by the need for them to arrange shipment of the faulty goods. Which of the following is the best solution?

a. Retailers should combine delivery and pick-up

b. Customers can dispose of the faulty product

c. Instruct customers to return to a central depot

d. Distribution centres should hold more stocks

LO: 3

AC: 3.1

Q2. When operating in global markets (compared to sourcing domestically), which of the following are more important contractual considerations?

1. Shipment

2. Specification

3. Insurance

4. Quality

a. 1 and 2

b. 1 and 3

c. 2 and 4

d. 3 and 4

LO: 2

AC: 2.2

Q3. Euro Oil (EO) is concerned about the increasing threat of geopolitical risks in its supply chains. EO is mostly concerned with the impact on its production volumes and costs, and therefore ultimately on pricing to clients. Is EO able to avoid these risks?

- a. Yes, if it can find a new supply source in a more stable area
- b. Yes, by using recognised hedging tools
- c. No, these risks will impact every single supply chain
- d. No, these are macro environmental risks and cannot be avoided

LO: 1

AC: 1.1

Q4. Major Retail Group (MRG) is currently reviewing its global strategy in an attempt to reduce costs. Over the years it has grown through acquisition and now operates an extensive regionally located logistics network. It is considering a centralised approach. It needs to most carefully consider which of the following in respect of client service and satisfaction if it makes this change?

1. Delivery times
2. Delivery documentation
3. Communication
4. Delivery frequencies

- a. 1 and 2
- b. 2 and 3
- c. 3 and 4
- d. 1 and 4

LO: 1

AC: 1.1

Q5. Which of the following are recognised benefits of using multimodal transportation? Select ALL that apply

a. Faster total shipment times

b. Improved efficiencies

c. Lower environmental impact

d. Reduced supply chain risk

e. Better payment terms

f. Clearer performance measures

g. Enhanced supplier performance

LO: 1

AC: 1.1

SAMPLE QUESTIONS

Q6. Achieving the right balance within a major international organisation, to satisfy all stakeholders is always a challenge and sometimes involves trade-offs. Consumer Retail Products International (CRPI) is facing this dilemma. It has a portfolio of products each carrying a different brand. The products are targeted at very different customer segments in different international territories. Each brand manager has identified different priority areas of focus and needs to dedicate resources to analysing key drivers.

For Brand A the priority is to drive revenues whilst reducing costs. The brand manager needs to understand fully the people, budgets and equipment necessary to fulfil orders.

For Brand B the priority is to recognise the importance of financial performance and the role of staff but focusing on broader issues relating to the preservation of natural resources. The brand manager is aware of changing political appetite and pressure in this respect and in some territories new regulations.

For Brand C the priority is to ensure all supply chain staff and the broader populations are considered. For this particular customer segment there is a high level of concern that organisations must meet their current needs (and those of their customers) but without taking actions that will adversely impact on future generations.

For Brand D the priority is to ensure the organisation is focused on acting ethically and helping to improve society in some way. The brand manager is aware of demographic changes in this segment which are likely to change the types of products customers will buy.

For Brand E the priority is on ensuring that the ecological impact of distribution related activities is minimised. The brand manager is aware that this will fit the organisation's longer-term goals and aligns with future direction.

You are required, for each CRPI brand, to align the priority area of focus and to recommend the main driver to be analysed by the brand manager.

Choose from these options and drag and drop your answers into the table below. [10]

You can only use each option once.

Priority area	Recommended driver
CSR	Consumer demand
Green logistics	Legislation
People	Resourcing
Planet	Strategic
Profit	Sustainability

Brand	Priority area	Recommended driver
A		
B		
C		
D		
E		

[KEY]

Brand	Priority area	Recommended driver
A	Profit	Resourcing
B	Planet	Legislation
C	People	Sustainability
D	CSR	Consumer demand
E	Green Logistics	Strategic

LO: 3

AC: 3.2

Q7. ConnectAll (CA) is one of the world's leading online retailers. The market is highly competitive. It has 200 million customers worldwide. Its customer and supply markets span more than 70 different countries across all continents. Each territory has its own dedicated online channel with pricing denominated in the domestic currency. Products are purchased in either USD or EUR.

CA has thousands of suppliers and applies predefined and widely accepted commercial terms relating to logistics costs, risks and the responsibilities of all parties.

CA outsources distribution to consumers. From the customer's perspective this is a crucial stage in the service cycle as it represents final fulfilment of the order. However, CA recognises that at peak times there are no alternative distribution options. So, if, for example, a major supplier was unable to meet its contractual obligations, CA would have problems delivering products to customers.

Like most online retailers, CA has a high percentage of returns (generally between 10-20%, but can be higher). Most consumers are happy to send their unwanted products back to CA. Although the process is unclear and inconsistent and so is not without issues. This is currently the subject of a special project with the aiming of resolving the issue. Currently most returns are simply thrown away by CA. Research suggests that the majority of returns are actually just unwanted by the buyer and not faulty, but the packaging is damaged.

i) Which of the following is most likely to be a priority for CA given its operating model?

- a. Currency risk management
- b. New customer acquisition
- c. Product rationalisation
- d. Premium pricing

ii) CA is most likely to be applying which of the following?

- a. Standard form terms
- b. Current incoterms
- c. Documentary terms
- d. Shipping terms

iii) Which of the following is a major risk for CA's distribution?

- a. Transparency
- b. Consumption
- c. Contingency planning
- d. Delivery scheduling

iv) Which of the following is most likely to be the recommendation of the special project team?

- a. Code of ethics
- b. CSR statement
- c. Returns policy
- d. Recycling accreditation

v) On the basis of the research, which of the following might CA consider as an alternative to disposal?

- a. Incentivisation
- b. Landfill
- c. Resolution
- d. Reuse

LO 1:- i, iii

LO2:- ii

LO3:- iv, v

AC 1.1:- i

AC 2.2:- ii

AC1.3:- iii

AC 3.1:- iv, v

AC 3.2:- v

SAMPLE QUESTIONS