CIPS Level 5 – Advanced Diploma in Procurement and Supply

Logistics Management
[L5M10]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question
Q1. Capacity planning, within logistics management, will be influenced the most by …

   a. available resources
   b. competitor activities
   c. customer locations
   d. management knowledge

LO: 2
AC: 2.2
Correct answer: A

Q2. ImpCo Group (ICG) is a large retailer which imports most of the products it sells from overseas. Its operations director is concerned about the increasing costs of logistics and is considering different options, one of which is the use of multimodal transportation. What might be a benefit to ICG of adopting such an approach?

   a. Reduced supply chain risk
   b. Faster total shipment times
   c. Less import formality and documentation
   d. Lower need for working capital finance

LO: 1
AC: 1.2
Correct answer: B
Q3. The new logistics manager at Safe Freight Group (SFG) has been given the task to improve SFG’s planning and control. They have already reviewed SFG’s capacity and likely future demand and have created a spreadsheet showing all of the required activities. Their next task is to prioritise the order in which activities should be performed. This is known as ...

a. levelling
b. scheduling
c. loading
d. sequencing

LO: 2
AC: 2.1
Correct answer: D

Q4. Forecasting demand is challenging. In business-to-consumer markets, which of the following are most likely to impact demand?

1. Seasonality
2. Disposable income
3. Packaging
4. Delivery efficiency

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

LO: 2
AC: 2.2
Correct answer: A
Q5. High levels of customer returns will directly lead to which of the following?

1. Less capacity
2. Reduced inventories
3. Administrative costs
4. Client dissatisfaction

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

LO: 2  
AC: 2.4  
Correct answer: B

Q6. In manufacturing, a bill of materials will show each individual component part used within the finished product. Is this TRUE?

a. No, this is effectively an invoice for the total amount spent on a product  
b. Yes, it will be used instead of the specification when going out to tender  
c. Yes, it is a list of component parts required to make up the total product  
d. No, the master production schedule will have this information

LO: 2  
AC: 2.3  
Correct answer: C
Q7. A manufacturer has both available inventory and excess capacity. Would smoothing be useful for this organisation?

a. Yes, it would utilise both excess inventory and capacity
b. Yes, but it would need to buy more inventory to do so
c. No, because this would increase its fixed costs
d. No, the excess capacity must be used to fulfil known orders

LO: 2  
AC: 2.2  
Correct answer: A

Q8. The use of an enterprise resource planning (ERP) system by a large organisation will achieve which THREE of the following benefits as a direct consequence?

a. Streamline processes
b. New client acquisition
c. More accurate forecasting
d. Inter-department collaboration
e. Low cost of investment
f. Stakeholder reduction

LO: 2  
AC: 2.3  
Correct answer: A, C & D
Q9. Major International Logistics Group (MILG) has invested heavily over the years in state-of-the-art systems and technology and has created a recognised market leading force in logistics. It has won numerous consumer service awards and many accolades from satisfied customers. There has been a recent research study published by a leading university. The study has involved extensive data gathering from a wide range of consumers within MILG’s markets. It has also included a benchmarking study which has MILG in first place across all aspects of customer satisfaction. During the year in focus of the study MILG is most likely to have performed well in which of the following?

1. Reduced lead times
2. Lower fixed costs
3. More on time deliveries
4. Increased revenues

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

LO: 1
AC: 1.3
Correct answer: B
Q10. A global business operates a number of separate wholly owned subsidiary companies. The parent company places an emphasis on customer service and commissions an annual survey to ensure customer satisfaction remains high. Here are the results together with some additional information about each company’s use of technology.

Company 1 – has a consistently high rating for always delivering service to the expected standard. This company uses a technique to aid the identification and location of items by assigning a unique number to each item.

Company 2 – performs the strongest in inspiring confidence in its abilities with its customers. It operates a software application, designed to support and optimise storage facilities and distribution centres.

Company 3 – has the best staff at demonstrating that they really understand customer concerns and issues. It uses specific technology whereby digital data tags or smart labels are used which are in turn used to transmit data to reading devices.

Company 4 – has scored the highest because customers believe its staff always address and resolve queries in good time. One of the reasons its staff can resolve queries so quickly is because the company is fully connected to every single party and intermediary from the raw materials to delivery to the company’s factories and distribution centres.

You are required to match each service dimension and use of technology to each company, based on the descriptions provided.

Choose from these options and drag and drop your answers into the table below. [8]

You can only use each option once.

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<thead>
<tr>
<th>Technology use</th>
<th>Service Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar coding</td>
<td>Assurance</td>
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<tr>
<td>Integrated supply chain</td>
<td>Empathy</td>
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<tr>
<td>Radio frequency identification</td>
<td>Reliability</td>
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<tr>
<td>Warehouse management system</td>
<td>Responsiveness</td>
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</tbody>
</table>

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<tbody>
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</table>
Q10 Continued ...

LO: 1
AC: 1.4
Correct answer:

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</table>

Q11. Logistics management for a manufacturer is involved primarily with which of the following?

a. Application of the end-to-end process from the identification of a business need, through sourcing, contract award and ultimate delivery.

b. Optimising organisation of storage facilities to ensure that all goods and components are available at the right time and in the right place.

c. Effective forward and reverse flow and storage of goods and related information between the point of origin and the point of consumption.

d. Use of technology to ensure available transportation resources are allocated and used effectively to achieve the organisation’s goals.

LO: 1
AC: 1.1
Correct answer: C
Q12. A major manufacturer is conducting a detailed review of its logistics management. It has hired a consultant who is conducting in-depth value chain analysis on its different areas of logistics, specifically – in-bound and out-bound logistics and after sales service. For this purpose, the consultant would view these areas as which of the following?

a. Support activities.

b. Customer activities.

c. Primary activities

d. Connected activities.

LO: 1
AC: 1.3
Correct answer: C

Q13. Which of the following are fundamental to the concept of ‘total logistics’?

1. Competitor benchmarking.
2. Single flow process.
3. Stakeholder communications.
4. Integration of resources.

a. 1 and 2.

b. 2 and 4.

c. 3 and 1.

d. 3 and 4.

LO: 1
AC: 2.1
Correct answer: B
Q14. ERP (enterprise resource planning) most typically incorporates which of the following?

1. Integrated applications.
2. Contract variations planning.
4. Stakeholder mapping tools.

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

LO: 2
AC: 3.2
Correct answer: C

Q15. Measuring customer service in logistics includes the use of ‘soft’ measures such as how many returns are made each month. Is this correct?

a. Yes, soft measures are the best for determining customer service.
b. No, customer satisfaction would be a more typical soft measure.
c. Yes, the number of returns is a key dimension of service in logistics.
d. No, customer service is not impacted by the number of returns.

LO: 1
AC: 3.4
Correct answer: B
Q16. MRP (materials requirements planning) is based on the assumption that all data input is accurate. Is this correct?

a. Yes, this is a major challenge for MRP as all data will need to be input manually by an operative.

b. No, logistics management technologies now are able to compensate automatically for poor quality data.

c. Yes, as calculations occur automatically the outputs are only as effective as the accuracy of data input.

d. No, the data will be checked thoroughly at the point of input so its accuracy can be absolutely assured.

LO: 2
AC: 3.6
Correct answer: C

Q17. Compared to ‘forward logistics’, which of the following are true about ‘reverse logistics’? Select the TWO that apply.

a. Product quality is uniform.

b. Forecasting is more difficult.

c. Costs are known and visible.

d. Speed is generally unimportant.

e. Packaging is often damaged.

f. Health and safety are less important.

LO: 2
AC: 4.1
Correct answer: B & E
Q18. Which of the following will have a direct impact on ‘loading’, in the context of logistics management planning and control? Select the THREE that apply.

a. Human resource availability.
b. Product branding.
c. Planned maintenance.
d. Machine reliability.
e. Market growth rates.
f. Stakeholder engagement.

LO: 2
AC: 1.4
Correct answer: A, C & D

Q19. A logistics manager (LM) is currently involved in undertaking a detailed review of their organisation’s capacity management and planning, with a view to making changes to maximise available capacity at all times. Forecasting demand has been a challenge for the organisation for many years now. This is because its products are highly susceptible to variations in demand throughout the year, due to climatic conditions and the availability of alternative products in the market at lower prices. Which of the following are the LM’s main challenges when attempting to forecast demand?

1. Seasonality
2. Packaging.
3. Budgets.
4. Competition

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

LO: 2
AC: 4.2
Correct answer: D