CIPS Level 5 – Advanced Diploma in Procurement and Supply

Operations Management
[L5M9]

Sample Exam Questions (Objective Response)

The correct answer will be highlighted

Sample Questions L5M9 March 2020
Q1. Which of the following would be the most useful for an organisation with the goal of becoming market leader in operations management within the next five years?

a. Benchmarking
b. Re-engineering
c. Staff recruitment
d. Stakeholder mapping

LO: 2  
AC: 2.1

Q2. The focus of operations management varies depending on the sector and the goals of the organisation overall. Its primary aims will also be influenced by the motives of shareholders and other stakeholders. Operations management for a major manufacturer is primarily focused on reconciling which of the following?

a. Building new warehouses to hold increased volumes of inventories
b. Creating sufficient volume of products to meet demand from customers
c. Ensuring budgets are fully aligned between finance and audit
d. Identifying alternative funding methods to minimise borrowing costs

LO: 1  
AC: 1.4

Q3. A category manager is working as part of a team to oversee the construction of a new airport. In total there are around thirty people within the team. Currently the team is focused on pulling together the definition, scope and purpose together with an outline of key roles and responsibilities for the staff involved. The team’s current activity is to create which of the following?

a. Establish a rationalisation programme for AEM’s operations
b. Conduct a detailed training needs analysis for AEM’s operations staff

LO: 1  
AC: 1.2
Q4. The Taguchi loss function relates to which of the following?
1. Specification
2. Statistical controls
3. Customer satisfaction
4. Benchmarking

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

LO: 2  
AC: 2.4

Q5. Effective business continuity planning includes consideration of which of the following as a priority?
1. Determining the resourcing requirements  
2. Identifying staff training needs  
3. Researching areas of improvement  
4. Quantifying recovery times

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

LO: 2  
AC: 2.2

Learning outcome (LO)  Assessment criteria (AC)  The correct answer is highlighted
Q6. An operations manager is trying to encourage staff to focus on adopting a 'right first time' approach. They have introduced increased quality control procedures. Will this achieve zero defects?

a. No, the approach will not prevent defects arising
b. No, right first time is not a quality-driven initiative
c. Yes, defects will be completely eradicated
d. Yes, quality control and zero defects are directly linked

LO: 2
AC: 2.4

Q7. Performance measures in operations management can include consumer satisfaction. Is this true?

a. Yes, consumers will dictate how operations management is delivered
b. No, these measures will only be internally focused
c. No, operations management does not impact on consumers
d. Yes, operations management can impact on deliveries to consumers

LO: 2
AC: 2.1
Q8. Performance objectives of operations management should be primarily focused on which of the following areas? Select THREE that apply.

a. Quality  

b. Speed  

c. Transferability  

d. Collaboration  

e. Competition  

f. Flexibility

LO: 1  
AC: 1.2

Q9. The board of Active Sports Products Group (ASPG) is concerned because of a deteriorating market share and falling customer satisfaction scores. Its marketing director and CPO have been tasked by the board to conduct a review and develop a plan together to improve the situation as quickly as possible, before the task becomes too great. They have formed a small project team which initially is focusing on factors which directly contribute to the retaining or gaining of customers. These factors are known to be regarded by customers as key reasons for buying ASPG's products. The project team will also focus on factors which are perceived by customers to be relevant but as long as an adequate level is maintained by ASPG there would be no impact on customer satisfaction. These factors can be summarised as:

1. Demand driven factors  
2. Order winning factors  
3. Qualifying factors  
4. Market share factors

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

LO: 1  
AC: 1.2
Q10. There are different organisational approaches to operations management. Here are four different businesses. For each there is a description of its perspective in terms of strategy and also its main operations process driver.

Organisation 1 – Its operations strategy perspective is based on what the business wants operations to do. The focus is on how much of a specific product is required to satisfy consumer demand.

Organisation 2 – Its operations strategy perspective is based on what operations resources can actually do. The focus relates to diversity of the range of products to be manufactured and sold to consumer.

Organisation 3 – Its operations strategy perspective is based on what the market position requires operations to do. The focus is on how much the level of demand is likely to change over time due to external factors and seasonality.

Organisation 4 – Its operations strategy perspective is based on what practical experience suggests operations should do. The focus is on how much of the operations process the consumer actually experiences.

You are required to match the process driver and operations strategy perspective to each organisation, 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.

<table>
<thead>
<tr>
<th>Process driver</th>
<th>Operations strategy perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variation</td>
<td>Bottom up perspective</td>
</tr>
<tr>
<td>Variety</td>
<td>Market requirements perspective</td>
</tr>
<tr>
<td>Visibility</td>
<td>Operations resources perspective</td>
</tr>
<tr>
<td>Volume</td>
<td>Top-down perspective</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Process driver</th>
<th>Operations strategy perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Volume</td>
<td>Top-down perspective</td>
</tr>
<tr>
<td>2</td>
<td>Variety</td>
<td>Operations resources perspective</td>
</tr>
<tr>
<td>3</td>
<td>Variation</td>
<td>Market requirements perspective</td>
</tr>
<tr>
<td>4</td>
<td>Visibility</td>
<td>Bottom-up perspective</td>
</tr>
</tbody>
</table>

(The correct answer can be found below)

LO: 1
AC: 1.2/3
Q11. Which of the following activities is most likely to have the greatest future impact on operations management within a manufacturing company?

a. Employee recognition scheme.
b. Internal audit review.
c. **New product development.**
d. Head office redesign.

LO: 1
AC: 1.1

Q12. An operations function has the highest levels of both strategic impact and operations capability. It is recognised as providing a basis for competitive advantage for the organisation as a whole. Which of the following describes its stage of development of operations strategy contribution?

a. Externally supportive,
b. **Internally neutral.**
c. Externally neutral.
d. Internally supportive.

LO: 1
AC: 2.2
13. Production planning and control, within operations management, in the automotive industry will focus on which of the following as a priority?
   1. Sourcing.
   2. Routing.
   4. Scheduling.

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

   LO 1
   AC: 3.1

---

Q14. Functional level operations strategy will focus primarily on which of the following?
   1. Determining corporate strategy.
   2. Developing plans for other functions.
   3. Integrating activities within the function.
   4. Aligning with business goals.

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

   LO: 1
   AC: 2.1
Q15. Effective planning will always ensure that the key performance objectives of operations management are achieved. Is this correct?

a. Yes, by having a plan it will always be possible to achieve all performance objectives.

b. **No, it is an aspiration but often trade-offs arise due to differing internal priorities.**

c. Yes, as long as it is accepted that these objectives will change to accommodate the plan.

d. No, there are five recognised performance objectives and they cannot all be achieved.

LO: 3  
AC: 3.2

Q16. The use of benchmarking in improving operations management commonly also involves use of gap analysis. Is this correct?

a. Yes, gap analysis is the start of the process and then ideas can be benchmarked against competitors.

b. No, the use of benchmarking in operations management and gap analysis are not connected in any way.

c. **Yes, benchmarking can be used to set a standard which might identify potential gaps to be addressed.**

d. No, benchmarking is not typically used in operations management although gap analysis can be applied.

LO: 2  
AC: 1.3

Q17. Which of the following can be used as specific measures to detect points of potential future failure of processes? Select the **TWO** that apply.

a. Technology.

b. **Reliability.**

c. **Availability.**

d. Accountability.

e. Sustainability.

f. Variability.

LO: 2  
AC: 2.2
Q18. Which of the following are types of poka yoke? Select the THREE that apply.

a. Contact method.
b. Effect method.
c. Constant number method.
d. Sequence method.
e. Failure method.
f. Counting method.

LO: 2  
AC: 4.5

Q19. AirCon Group (ACG) is a large manufacturer of a range of air conditioning units for both domestic and industrial use. Its supply and customer markets are worldwide and competition is fierce. ACG has decided to focus on delivering high quality products, for which it can justify a premium pricing approach, and so has a strong focus on improvement throughout its manufacturing processes. It has recently adopted a statistical process control (SPC) approach to production in an attempt to raise standards. Which of the following are the fundamental elements of such an approach?

1. Collecting relevant data.
2. Communicating results to stakeholders.
3. Adopting emerging technologies.
4. Pre-determining tolerance limits.

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

LO: 2  
AC: 4.2
Q20. ABC is a global conglomerate. It has grown considerably in recent years through acquisition. Most of the businesses acquired by ABC operate on an autonomous basis as subsidiaries. As a consequence, the operations management performance objectives vary depending on priorities. In addition, the emphasis of operations processes also varies by subsidiary. Relevant information is as follows:-

Subsidiary 1 – Producing products that fully meet the expectations of customers is of the greatest importance to this subsidiary. The subsidiary has a challenge in terms of operations management processes due to the assortment and diversity of the products it manufactures.

Subsidiary 2 – This subsidiary operates in very challenging markets where end customers find it difficult to forecast and so often place orders in the expectation that they will be fulfilled almost instantly. These short lead times can cause issues for the operations management team. Because end customers find it difficult to forecast this has a knock-on impact on the subsidiary, in terms of processing, because there can be significant fluctuations in demand for its products month-by-month.

Subsidiary 3 – This subsidiary operates in fiercely competitive markets which are highly price sensitive. Unsurprisingly, the challenge for operations management is to continually identify ways in which product pricing can be reduced whilst maintaining the subsidiary’s profit margin. However, the subsidiary can often leverage economies of scale due to the need to process customer orders for extremely high quantities. Whilst this can help from a financial management perspective, it can cause challenges in terms of processing.

Subsidiary 4 – This subsidiary operates in rapidly changing markets, where new entrants are frequently emerging and customer needs and expectations are changing equally often. Adapting to these changes in demand and responding to changes in the market are key to survival. In addition, because there is also a service element to what the subsidiary delivers, its processes interact directly with customers and are part of the ‘customer experience’.

You are required, for each subsidiary, to determine the main operations management performance objective and the key driver of operations processes. **You can only use each option once.**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Life Cycle Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Variety</td>
</tr>
<tr>
<td>Quality</td>
<td>Visibility</td>
</tr>
<tr>
<td>Speed</td>
<td>Variation</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Volume</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Performance Objectives</th>
<th>Process Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality</td>
<td>Variety</td>
</tr>
<tr>
<td>2</td>
<td>Speed</td>
<td>Variation</td>
</tr>
<tr>
<td>3</td>
<td>Cost</td>
<td>Volume</td>
</tr>
<tr>
<td>4</td>
<td>Flexibility</td>
<td>Visibility</td>
</tr>
</tbody>
</table>

LO: 2
AC: 2.1