

Vendor: ISM

Exam Code: 630-008

Exam Name: C.P.M. Module 4: Management

Version: DEMO



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1. You work as a purchasing manager at ABC.com. An employee that has been at ABC.com for 20-years has become accustomed to coming to work 30-45 minutes late. Initially, this was due to child-rearing responsibilities, but now is a simply habit. The supervisor has asked the employee several times if there was a problem and the answer has always been "no." The problem is beginning to have a negative impact on the morale of the rest of the department. Which of the following would be your BEST course of action in this situation?

- A. Dismiss the employee.
- B. Have the employee attend counseling sessions.
- C. Ask the human resources department to intervene and find a solution to the problem.
- D. Set goals with the employee to improve on arrival time, and include a written report in the employee's file.

Answer: D

2. Which of the following is generally NOT strategic in nature?

- A. New advertising schedule implementation.
- B. New dividend policy direction.
- C. New product development.
- D. New sources of financing.

Answer: A

3. You work as a purchasing manager at ABC.com. A female employee has been working for ABC.com for about 12 years and has 3 years to go until her scheduled retirement. Recently, she was laid off from her position, and her duties were absorbed by younger workers in the department. Under which of the following is she MOST likely to have a claim against the company?

- A. Equal Employment Opportunity Act.
- B. National Labor Relations Act.
- C. Age Discrimination Act.
- D. Executive Order 11246.

Answer: C

4. Which of the following can BEST enhance a measurement and control system for evaluating buyer performance?

- A. Including the buyer in the design of the system.
- B. Including human resources in the design of the system.
- C. Making a composite measurement of efficiency and effectiveness.
- D. Being sufficiently broad in scope to allow the measurement of all contingencies.

Answer: A

5. Which of the following is NOT an appropriate measure of performance for a purchasing department?

- A. Average time to place requisitions.
- B. Total dollars contributed to profits.

- C. Total dollars purchased per supplier.
- D. Total product cost reduction compared to budget.

Answer: C

6. You work as a purchasing manager at ABC.com. You are instructed to reduce ABC .cm's MRO supplier base from 50 to 1. Which of the following would be your BEST course of action in this situation?

- A. Buying at the lowest total cost, consistent with quality and service.
- B. Achieving a high degree of cooperation with internal customers.
- C. Developing reliable alternatives of supply.
- D. Optimizing inventory turnover.

Answer: A

7. Which of the following is LEAST important when evaluating buyer performance?

- A. Quality of work.
- B. Quantity of work.
- C. Personal appearance.
- D. Communication skills.

Answer: C

8. Which of the following does profit planning begin?

- A. Business plans.
- B. Long-range strategic plans.
- C. Short-range strategic plans.
- D. Strategic and operational plans.

Answer: D

9. ABC.com has more than 10,000 employees located on two regional branches and on several smaller branches. Annual purchases of goods and services for ABC .com exceed \$150 million. In which of the following ways would ABC .com LEAST likely benefit from a highly centralized purchasing function?

- A. Improvements due to decreased duplication of effort.
- B. Adherence to organization-wide standards and objectives.
- C. Savings from standardization and improved economies of scale.
- D. Satisfaction of product and source preferences for internal customers.

Answer: D

10. Which of the following theories suggests that managers can attain the greatest level of employee motivation by determining the most desirable outcomes?

- A. Theory X.
- B. Theory Z.
- C. Expectancy theory.
- D. Scientific management.
- E. Motivation-Hygiene theory.

Answer: C

11. Which of the following is NOT a good indicator of purchasing department performance?

- A. Quality rejection rates for major items.
- B. Number of purchase orders issued.
- C. Percentage of on-time deliveries.
- D. Number of stockout situations.

Answer: B

12. Which of the following is NOT an advantage of promoting from within the purchasing organization?

- A. Keeping morale high.
- B. Reducing training costs.
- C. Stimulating individual performance.
- D. Bringing experience in complementary areas.

Answer: D

13. Which of the following would NOT be included in a typical audit of the purchasing department in a manufacturing operation?

- A. Inspection.
- B. Organization policy.
- C. Purchasing operations.
- D. Inventory management.

Answer: A

14. Which of the following statements regarding the orientation of a buyer trainee are FALSE?

- A. The trainee should be informed of personal growth opportunities.
- B. Orientation and training should be conducted separately during the trainee's initial months on the job.
- C. The trainee should be informed that his/her performance will be evaluated during orientation and later on.
- D. The trainee should be advised of purchasing's major staff and line activities.

Answer: B

15. Which of the following documents is MOST important in transportation?

- A. Bill of materials.
- B. Bill of lading.
- C. Bill of sale.
- D. Manifest.

Answer: B