

Table 31.1 CSCP 75 Question Practice Test Answers

Number	Answers
1.	<p>Answer A</p> <p>The formula for the customer order fill rate is the number of orders delivered complete compared to the number of required orders. In November, 100 orders were required, but only 96 were shipped as scheduled. All other orders were considered late. The correct answer is 96% $((96 / 100) \times 100\%)$.</p>
2.	<p>Answer D</p> <p>In Hofstede's cultural dimension study, telling an employee what should be done is an example of high power which means greater separation of the average person from power and equality.</p>
3.	<p>Answer A</p> <p>The question is describing ISO 31000 which pertains to risk management. ISO 9001 pertains to quality, ISO 14000 pertains to the environment, and ISO 26000 pertains to social responsibilities.</p>
4.	<p>Answer D</p> <p>The triple bottom line (TBL) consists of social, economic, and environmental practice goals. Labor regulations are part of the social area within the TBL and aren't a direct goal.</p>
5.	<p>Answer C</p> <p>This question is defining the meaning of traceability. Traceability is used to track and verify the source of raw materials and components used in the manufacturing process.</p>
6.	<p>Answer C</p> <p>Each customer-order information point is an opportunity for a defect to occur. Five points were identified in this question, which means that five defect opportunities exist.</p>
7.	<p>Answer D</p> <p>A responsible landfill generates low, not high, emissions during incineration due to special equipment.</p>
8.	<p>Answer A</p> <p>A product with high value density and low packaging density (such as diamonds) is best shipped via air because it can be delivered to customers faster.</p>
9.	<p>Answer B</p> <p>Demand shaping involves convincing customers to buy certain models based on excess inventory.</p>
10.	<p>Answer B</p> <p>This question requires knowledge of the exponential smoothing formula, which is used to develop a new forecast. The formula is equal to the (specified alpha factor times actual demand) plus (one minus the specified alpha factor times the old forecast). The calculation's first step in the development of a new forecast is equal to $(.4) 800 + (.6) 700$. Finally, take $(320 + 420)$ to obtain the new forecast of 740.</p>
11.	<p>Answer C</p> <p>The primary cause of the bullwhip effect is the lack of collaboration between supply chain participants. Each participant operates in a silo and they don't share their projected demand with others. This causes uneven demand to exist throughout the supply chain.</p>
12.	<p>Answer A</p> <p>The output of the capacity requirements planning (CPR) process is the work center</p>

	load report. This displays the amount of scheduled and planned work (load) by work center.
13.	<p>Answer C</p> <p>This question requires an understanding of the economic order quantity formula (square root of $2AS/IC$). If demand remains the same, then a reduction in order quantity means the company will need to place more orders in a year. This increases ordering costs. However, since they are ordering less, inventory levels will go down.</p>
14.	<p>Answer B</p> <p>In order to answer this question, an understanding of the SCOR model is needed. The SCOR model uses similar metrics, business processes, and technology features to link companies together. Communication processes are very different for every company and are therefore not part of the SCOR model.</p>
15.	<p>Answer D</p> <p>The key word in this question is <i>start</i>. In stage two, semifunctional enterprise, it's the beginning of having functions being automated using material requirements planning (MRP) software. Nothing in this question indicates that any internal or external integration exists which excludes extended and integrated enterprise.</p>
16.	<p>Answer C</p> <p>This question requires knowledge of the APICS Dictionary definition of <i>supply chain event management (SCEM)</i>. SCEM has the ability to flag supply chain events which triggers an alert message and then passes it off to another application.</p>
17.	<p>Answer D</p> <p>Before you start a project you need to understand what the user wants improved. Answers A, B, and C will work toward resolving the problem.</p>
18.	<p>Answer B</p> <p>The order fulfillment cycle time measures responsiveness. Perfect order fulfillment measures reliability. Upside supply chain flexibility and upside supply chain adaptability measure agility.</p>
19.	<p>Answer C</p> <p>The three steps in ISO 31000 are to place risks in an appropriate context, assess the risks (includes identifying the risks, analyzing the risks, and assessing the risk levels), and determine the risk response.</p>
20.	<p>Answer C</p> <p>A corporate social responsibility policy can be used to override a decision due to cost or social reasons.</p>
21.	<p>Answer C</p> <p>A lifetime customer requires the development and building up of relationships.</p>
22.	<p>Answer D</p> <p>Theory of Constraints (TOC) focuses on maximizing system output. The higher the output of a constraint work center, the more money a company can earn.</p>
23.	<p>Answer C</p> <p>This question requires knowledge of the APICS Dictionary definition of <i>waste exchange</i>. In waste exchange, one company's waste becomes another company's raw material.</p>
24.	<p>Answer B</p> <p>In the European Union, companies report violations to the official customs department in any member state.</p>
25.	<p>Answer D</p> <p>Data collection allows a company to effectively understand customers in order to better promote their products. This allows for unique product advertising, brand</p>

	image, and segmentation to occur.
26.	Answer C Mean absolute deviation is the total of absolute forecast errors for the periods divided by the number of periods. The sum of absolute forecast errors (24; drop sign when you add the numbers) divided by the number of periods (four) is equal to six ($24 / 4 = 6$).
27.	Answer B Firm planned orders are used in the frozen zone to limit changes.
28.	Answer D The formula used to calculate efficiency is (actual units divided by standard units) times 100%. The answer is then calculated as $((220/200) \times 100\%) = 110\%$. The quantity produced is based on total production and not on available pieces after inspection.
29.	Answer D Timely detection and problem correction will lead to long-lasting improvements. Annual inventory adjustment elimination and physical inventory elimination may or may not result from doing cycle counting.
30.	Answer B Optimization is the most common type of mathematical model used to improve supply chain performance. A conceptual model is more of a process flow. Linear programming is a mathematical technique used in computer modeling to conduct simulations of several variables. Heuristic algorithms determine the objects and behaviors in a system.
31.	Answer A This question requires knowledge of the APICS Dictionary definition of a <i>portal</i> . A portal connects two unique locations together to permit the passing of electronic information between them.
32.	Answer C This question requires knowledge of the APICS Dictionary definition of <i>software as a service (SaaS)</i> . An example of SaaS is MapQuest or Netflix.
33.	Answer C A reverse supply chain won't reduce government regulations.
34.	Answer C ISO certification is all about following a quality process. Six Sigma has nothing to do with ISO. The implementation of a quality management system doesn't demonstrate that quality processes are being followed. A company that has a good quality reputation may or may not have earned it following a quality process, which means answer D can't be true 100% of the time and is therefore the wrong answer.
35.	Answer D Stakeholders aren't mentioned in the United Nations Global Compact (UNGC).
36.	Answer A A shift to a customer-focused corporate culture will require extensive organizational transformation. Involvement of cross-functional teams comes later.
37.	Answer D If the number of distribution centers (DC) increase, the total amount of safety stock will increase, and the percentage can be calculated. The Square Root Law states that total safety stock needed at the DCs can be approximated by multiplying the total inventory by the square root of the number of future warehouse locations divided by the current number ($X2 = (X1) \times \sqrt{(n2/n1)}$).
38.	Answer D

	A fourth-party logistics provider assumes the role of a general contractor overseeing other third-party logistics providers.
39.	Answer C Cost, insurance, and freight (CIF) has the seller paying all costs, insurance, and freight charges at the same time. However, CIF makes it difficult to verify individual charges, as all costs are all included in the shipping price. Freight and insurance costs cannot easily be differentiated.
40.	Answer A None, a zero coefficient means that no linear correlation exists.
41.	Answer C Design for the environment looks to reduce the amount of required materials used during product development.
42.	Answer B A volume commitment decision is made in the slushy zone.
43.	Answer B A check sheet is the starting point. It allows data to be further explored using the other continuous improvement tools.
44.	Answer A The cash-to-cash formula is inventory days of supply + days sales outstanding – days payable outstanding. For example, 30 days of inventory + 20 days of sales outstanding – 25 days of payable outstanding = 25 days. Inventory and days of sales outstanding are negative because they impact the cash flow (you need to borrow money to pay for the inventory). If you improve your forecasting, the quantity of safety stock and inventory levels can be reduced.
45.	Answer D Component commonality is a form of design standardization where a single part is used to replace a variety of similar parts.
46.	Answer B Equilibrium is when supply and demand are in sync. It's when they both match each other and are balanced.
47.	Answer D Electronic product code (EPC) provides a unique identifier for each item and not just for its product class. Universal product codes (UPC) are product-specified but not item specific.
48.	Answer C A company that reduces materials minimizes the need to perform answers A, B, and D. For example, if the amount of plastic in a water bottle gets reduced by 20%, then there is less weight needed in the return, reuse, or recycle processes.
49.	Answer A SA8000 social accountability is focused on improving working conditions. ANSI Z.10-2012 is focused on occupational health and safety management systems. ISO 26000 pertains to social responsibility and this answer is partially correct. However, it doesn't focus solely on improving working conditions since it tries to improve society in total.
50.	Answer C Corporate governance is the goal of the Sarbanes-Oxley Act (SOA). Answers B and D are SOA actions a company must take to ensure compliance. Answer A, protecting investors, is one of the purposes of this act.
51.	Answer D Total quality management (TQM) is an approach to quality improvement. Answers

	A, B, and C are all indirectly related to TQM. The fourth continuous process improvement (CPI) approach is lean.
52.	Answer D The best way to plan and develop a risk management plan is to anticipate issues. The plan needs to define corrective action in case of a disaster in order to mitigate problems.
53.	Answer B The United States acts as a land bridge between two bodies of water during a transportation process.
54.	Answer A An order bill of lading provides evidence of ownership and is negotiable. Sellers use them to transfer title. A statement of liability appears in the primary bill of lading which states that the shipper bears responsibility for losses. A straight bill of lading goes straight to the named person.
55.	Answer A Simple regression has only one variable, while multiple regression has more than one.
56.	Answer A This question requires knowledge of the APICS Dictionary definition of <i>master planning</i> . Master scheduling (MS), resource planning (RP), and consensus demand planning are included in master planning.
57.	Answer D Firm planned orders eliminate order adjustments that happen because of too small quantities and date changes and this reduces system nervousness. Safety stock and allocations have no direct impact on system nervousness. Planned orders are constantly being changed by the system which creates system nervousness.
58.	Answer A In a long-term option contract, the buyer agrees to pay a fixed price and purchase a specified material quantity from a supplier. The buyer agrees to purchase this material regardless of their actual demand need and therefore has the greatest risk.
59.	Answer A The technology audit is sent to upper management for their review and action.
60.	Answer D A company must give customers what they want. This requires the constant release of new products which helps to fuel growth.
61.	Answer D Before starting any project, a company needs to identify its current and future information system architecture requirements. Answers A, B, and C are part of answer D.
62.	Answer D Automatic identification systems refer to any technology that offers automated scanning of information from a product. Smart cards, optical scans, and voice recognition are used to perform this function. Electronic data interchange (EDI) is a batch (not automatic) process that only transmits data.
63.	Answer B The North American Free Trade Agreement (NAFTA) eliminates or reduces tariffs between the United States (U.S.), Mexico, and Canada. Tariffs will go down, not up, as NAFTA reduces or eliminates tariffs. Since the question doesn't refer to a particular country, the answer can't be <i>to create jobs</i> because one country may gain while another loses. Logistics costs can increase as additional shipping costs get

	incurred to ship products to and from these other countries.
64.	Answer D The Customs-Trade Partnership Against Terrorism (C-TPAT) doesn't require the importer's customers to participate in the program.
65.	Answer B The development of a lean workplace begins with Five S. This effort cleans up, organizes the workplace, and sends a message of improvement to the workforce. Mura is the elimination of unevenness, irregularity, and variability in manufacturing processes. Kaizen is a continuous improvement effort. Management is already involved in lean since they had to authorize the lean program before it began.
66.	Answer B An organization's strategy to address supply chain risk includes a risk response plan and risk response planning. The key word in this question is <i>address</i> which requires a response.
67.	Answer D Motor carriers have higher variable costs (labor, fuel, tolls, and travel) than trains, boats, water, and pipelines.
68.	Answer C A moving average forecast will always lag behind actual demand. For example, if actual demand was 50, 75, and 99, the new forecast would be $224 / 3 = 74.7$. Due to the upward trend, the new forecast lags the prior month's actual demand of 99.
69.	Answer C The best objective of the executive sales and operations planning (S&OP) meeting is to approve changes to the production rate. Answers A, B, and D are all outputs from the pre-S&OP meeting. Remember that executives will authorize changes, not recommend them.
70.	Answer C The first planned order receipt is required in period two. In period one, the system shows 30 pieces on hand, plus it adds to it the scheduled receipt of ten pieces. This quantity is then subtracted from the gross requirement to show a projected available balance (PAB) of 15 pieces $((30 + 10) - 25)$. In the second period, the system takes the period one PAB of 15 and subtracts that from the gross requirement of 25. Sufficient inventory doesn't exist, and a net requirement of ten is identified. The system uses the order quantity of 25 to plan the first planned order receipt in period two.
71.	Answer B Aggregate inventory is primarily concerned with the financial impact.
72.	Answer B This question requires knowledge of the APICS Dictionary definition of <i>value stream</i> . A value stream includes all of the activities required to bring a product or service to the end user. The key word in this question is <i>process</i> which identifies that it's a value stream and not a value chain.
73.	Answer A The lack of communication is always a key reason for failure. A corporate strategy requires the development of key performance indicators (KPI) in a balanced scorecard. These KPIs need to be communicated to all stakeholders and not doing this will result in failure.
74.	Answer D The enterprise resource planning (ERP) system feeds the advanced planning system (APS) for processing. The results are then passed back to the ERP system.

75.	Answer D Transportation costs will go up in an e-business. Smaller package shipments will be required, rather than full truckload ones.
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