

Supply Chain Management Fundamentals

Supply Chain Management · Answer Key · 21 Questions

1. Which of the following terms refers to the management of the flow of goods, services, and information from the point of origin to the point of consumption?

- A) Demand Forecasting
- B) Supply Chain Management**
- C) Quality Control
- D) Financial Accounting

2. What is the primary objective of inventory management within a supply chain?

- A) To maximize storage space
- B) To minimize lead times
- C) To balance stock levels with demand to reduce costs and ensure availability**
- D) To eliminate all holding costs

3. Which transportation mode is generally considered the most cost-effective for long-distance bulk cargo, though often slower?

- A) Air freight
- B) Railroad
- C) Ocean freight**
- D) Trucking

4. What does 'lead time' typically represent in a supply chain context?

- A) The time it takes for a customer to pay an invoice
- B) The time from placing an order to receiving the goods**
- C) The time a product spends on a retail shelf
- D) The time it takes for a supplier to manufacture a product

5. Which of the following is a key function of procurement in a supply chain?

- A) Managing customer service inquiries
- B) Distributing finished goods to consumers
- C) Sourcing and purchasing raw materials and components**
- D) Developing marketing campaigns

6. What is the term for a system that tracks goods as they move through the supply chain, often using technologies like RFID or barcodes?

- A) Enterprise Resource Planning (ERP)
- B) Warehouse Management System (WMS)
- C) Transportation Management System (TMS)
- D) Supply Chain Visibility**

7. Which concept describes the movement of returned products from the consumer back to the producer for repair, recycling, or disposal?

- A) Forward logistics
- B) Green logistics
- C) Reverse logistics**
- D) Cold chain logistics

8. What is a primary characteristic of a 'lean' supply chain?

- A) Holding large buffer stocks
- B) Minimizing waste and maximizing efficiency**
- C) Prioritizing speed over cost
- D) Using complex, multi-layered distribution networks

9. In supply chain management, what does 'SKU' stand for?

- A) Supplier Qualification Unit
- B) Stock Keeping Unit**
- C) Standardized Cargo Unit
- D) Supply Chain Uptime

10. Which element of the supply chain is primarily concerned with the physical storage and movement of goods within a facility?

- A) Order fulfillment
- B) Warehousing**
- C) Demand planning
- D) Supplier relationship management

11. What is the main goal of supply chain integration?

- A) To increase competition among suppliers
- B) To create autonomous and independent supply chain partners
- C) To foster collaboration and coordination among supply chain partners**
- D) To centralize all decision-making at the manufacturer

12. Which metric measures the total cost of goods sold divided by the average inventory value over a period?

- A) Inventory Turnover Ratio**
- B) Order Cycle Time
- C) Perfect Order Rate
- D) On-Time Delivery

13. What is the role of a Third-Party Logistics (3PL) provider?

- A) To design and manufacture products
- B) To provide outsourced logistics services**
- C) To set pricing strategies for the entire market
- D) To handle all customer complaints and returns

14. Which of the following is a critical component of demand planning?

- A) Setting retail prices
- B) Forecasting future customer demand**
- C) Managing supplier contracts
- D) Designing product packaging

15. What is the term for the total time elapsed from when an order is placed until it is received by the customer?

- A) Production lead time
- B) Supplier lead time
- C) Order fulfillment time
- D) Customer order cycle time**

16. Which system helps manage and optimize the movement of goods from origin to destination?

- A) Warehouse Management System (WMS)
- B) Customer Relationship Management (CRM)
- C) Transportation Management System (TMS)**
- D) Enterprise Resource Planning (ERP)

17. What does 'bullwhip effect' refer to in a supply chain?

- A) The increased speed of product delivery
- B) The amplification of demand variability as one moves up the supply chain**
- C) The reduction in inventory holding costs
- D) The improved accuracy of sales forecasts

18. Which of these is a common method for classifying inventory based on its value and importance?

- A) FIFO (First-In, First-Out)
- B) LIFO (Last-In, First-Out)
- C) ABC Analysis**
- D) Economic Order Quantity (EOQ)

19. What is the primary purpose of a Distribution Center (DC)?

- A) To manufacture finished goods
- B) To hold raw materials for production
- C) To store and redistribute finished goods to customers**
- D) To conduct market research

20. Which sourcing strategy involves working with multiple suppliers for the same item?

- A) Sole sourcing
- B) Dual sourcing
- C) Multiple sourcing**
- D) Single sourcing

21. What does the term 'supply chain resilience' aim to address?

- A) Minimizing the cost of raw materials
- B) The ability of the supply chain to withstand and recover from disruptions**
- C) Maximizing the speed of product delivery
- D) Increasing the number of suppliers