

Supply Chain Management Essentials

Business Studies · Practice Test · 12 Questions

1. Which stage of the supply chain involves the movement of finished goods from the manufacturer to the end consumer?

- A) Procurement
- B) Inbound Logistics
- C) Outbound Logistics
- D) Manufacturing

2. What is the primary purpose of 'Just-in-Time' (JIT) inventory management?

- A) To eliminate storage costs by receiving goods only as they are needed
- B) To purchase large quantities of raw materials to secure bulk discounts
- C) To increase warehouse space for long-term storage
- D) To maximize the number of safety stock units held on-site

3. Which term describes the process of identifying and acquiring the raw materials and services needed for production?

- A) Distribution
- B) Procurement
- C) Warehousing
- D) Retailing

4. What is the main function of a Distribution Centre (DC) in a supply chain?

- A) Manufacturing raw materials into finished products
- B) Extracting natural resources from the environment
- C) Storing and staging products for delivery to retailers or customers
- D) Directly selling goods to the final consumer via e-commerce

5. In supply chain management, what does the term 'lead time' refer to?

- A) The weight of a shipping container
- B) The time between the initiation and completion of a process
- C) The distance between the supplier and the factory
- D) The cost of shipping a single unit of product

6. Which document is issued by a buyer to a seller indicating types, quantities, and agreed prices for products or services?

- A) Invoice
- B) Purchase Order
- C) Bill of Lading
- D) Manifest

7. What is the primary role of 'Reverse Logistics' in a supply chain?

- A) Moving products from suppliers to manufacturers
- B) Managing the return of products for recycling, repair, or disposal
- C) Increasing the speed of outbound deliveries
- D) Reducing the cost of raw material acquisition

8. Which of the following is a common benefit of integrating information technology into a supply chain?

- A) Increased reliance on manual record-keeping
- B) Real-time visibility of inventory levels
- C) Decreased speed of communication between partners
- D) Elimination of the need for human labor

9. What is 'Safety Stock' in the context of inventory management?

- A) The inventory reserved for international exports only
- B) Extra stock held to mitigate the risk of stockouts due to supply or demand fluctuations
- C) The damaged goods returned by customers
- D) The raw materials that have not yet been processed

10. Which transportation mode is typically the most cost-effective for moving high volumes of bulk commodities over very long distances?

- A) Air freight
- B) Rail transport
- C) Courier services
- D) Light motor vehicles

11. What does the 'Bullwhip Effect' refer to in supply chain management?

- A) Increased product quality due to competition
- B) The synchronization of all supply chain stages
- C) Small fluctuations in retail demand causing large fluctuations in wholesale and manufacturing orders
- D) The rapid growth of a company's market share

12. Which of the following is a 'Tier 1' supplier in a manufacturing supply chain?

- A) A company that supplies raw materials to a parts manufacturer
- B) A direct supplier of components to the original equipment manufacturer (OEM)
- C) A company that provides packaging materials to a third-party logistics firm
- D) The final consumer who purchases the product