Boost up Your Certification Score

ISM
CORE-Exam
Supply Management Core Exam

Exams Boost

For More Information – Visit link below:

https://www.examsboost.com/

Product Version

✓ Up to Date products, reliable and verified.
✓ Questions and Answers in PDF Format.

Visit us at: https://www.examsboost.com/test/core-exam

Latest Version: 6.0

Question: 1

A supply manager for JKL, Inc., a high-tech services firm, is asked to expedite an order for training on new fire suppression equipment. The equipment Is due to arrive within the month and must be put into immediate use to comply with governmental regulations. A training company has already been found by JKL ' s human resources department and has committed to providing classes on a rush schedule. JKL has not done business with this training firm before, although they have received excellent evaluations from other clients.
In this situation, which of the following is the FIRST action the supply manager should take?

A. Negotiate a master service agreement and SOW with the training company
B. Review the training company ' s pricing
C. Request an invoice from the training company
D. Notify the training company that no contract exists because human resources did not have proper authority

Answer: A

Explanation:
The first action the supply manager should take is to negotiate a master service agreement (MSA) and a statement of work (SOW) with the training company. This establishes the terms and conditions for the services to be provided, including scope, deliverables, timelines, and pricing. An MSA and SOW provide a clear framework for the working relationship, ensuring that both parties understand their responsibilities and expectations. It mitigates risks associated with service delivery, especially given the urgent need for training and the fact that JKL has not previously worked with this training company.

Question: 2

A supply manager conducts a two-step bidding process for production material. A supplier is selected and a contract is signed. During the post-contract debriefing session, another supplier offers a lower price and payment terms that are more advantageous to the buying organization. Should the supply manager accept the supplier ' s offer?

A. Yes, because it is the legal duty of the supply manager to consider new information.
B. Yes, because the financial Interests of the buying organization are the primary consideration.
C. No, because a binding contract has been signed.
D. No, because the quality provided by the low bidder would be in doubt.

Answer: C

Explanation:

Once a contract has been signed, it becomes a legally binding agreement. Accepting a new offer after signing a contract would breach the existing contract, leading to potential legal and financial repercussions.
Yes, because it is the legal duty of the supply manager to consider new information : This is incorrect as the primary duty is to honor existing contracts.
Yes, because the financial interests of the buying organization are the primary consideration : While financial interests are important, they do not override the legal obligations of a signed contract.
No, because a binding contract has been signed : This is correct. The signed contract legally binds both parties, and accepting a new offer would violate the terms of the existing contract.
No, because the quality provided by the low bidder would be in doubt : While quality is a consideration, the primary reason for not accepting a new offer is the legal binding nature of the signed contract.
Therefore, the supply manager should not accept the new offer because a binding contract has been signed .

Question: 3

A company creates a corporate sourcing team with category management responsibilities. Previously, the firm had no dedicated sourcing staff, and all procurement was decentralized and transactional. The sourcing team is ready to commence its initial project. Which of the following should the team do FIRST?

A. Assign a project lead
B. Determine whom to engage
C. Assemble subject matter experts
D. Deliver the project charter

Answer: D

Explanation:
The first step for the newly created corporate sourcing team is to deliver the project charter. This charter serves as a formal document that outlines the project ' s objectives, scope, stakeholders, roles, and responsibilities. It provides a clear foundation and direction for the project, ensuring all team members and stakeholders are aligned. The charter acts as a roadmap, guiding the team through the project ' s execution and helping to manage expectations and resources effectively.

Question: 4

MNO, Inc. is a manufacturing operation that has recently expanded from domestic to global locations. MNO ' s supply management department is considering a plan to obtain raw materials from suppliers nearby each location. The organization currently handles its sourcing from headquarters, which provides coordination and support for all contracts. Which of the following strategies will likely be MOST useful to MNO ' s expansion efforts?

A. Identifying suppliers in the region and managing purchases locally
B. Using current sources to increase volume leveraging
C. Contacting current suppliers to determine if they have offshore distribution
D. Establishing a regional sourcing office that is centrally supported

Answer: D

Explanation:
For MNO, Inc., a manufacturing operation that has expanded globally, establishing a regional sourcing office that is centrally supported would be the most effective strategy. This approach allows the company to leverage local expertise and proximity to suppliers, improving responsiveness and reducing lead times. At the same time, central support ensures that all regional offices align with the overall corporate strategy and maintain consistency in procurement policies and standards. This hybrid model combines the benefits of local sourcing with the advantages of centralized control and coordination.

Question: 5

Which of the following is MOST important to address in an exit plan when an organization Is transitioning to a new supplier?

A. Ensuring continuity of supply
B. Identifying how costs will be shared
C. Defining ownership and destruction of data
D. Determining how assets will be transferred or sold

Answer: A

Explanation:
When transitioning to a new supplier, the most critical aspect to address in an exit plan is ensuring continuity of supply. This means making sure that there are no interruptions in the availability of materials or services during the transition period. Addressing this ensures that the organization ' s operations continue smoothly without any supply chain disruptions.

Question: 6

A buying firm learns that its sole supplier of a critical part is being sued by an employee for negligence. The firm is currently in negotiations with this supplier. To minimize or avoid risk, which of the following is the BEST tactic for the buying firm to utilize in this situation?

A. Postpone the negotiations until after the suit is settled
B. Request more favorable payment terms
C. Complete the negotiations while monitoring the situation
D. Purchase an all-risk insurance policy

Answer: C

Explanation:
In this situation, the best tactic is to continue negotiations while keeping an eye on the lawsuit ' s progress. This approach allows the buying firm to proceed with securing the critical part needed for

operations without significant delays. Postponing negotiations (A) could lead to operational disruptions, while requesting more favorable payment terms (B) might not address the underlying risk associated with the lawsuit. Purchasing an all-risk insurance policy (D) could be a complementary action but does not directly resolve the immediate need to negotiate terms with the supplier. References : Concepts of risk management and supplier relationship management in supply chain and procurement textbooks.

Question: 7

After lengthy and intense negotiations, a verbal agreement is reached between a buying organization and a finished goods supplier. The president of the buying organization sends a letter contract to the supplier. The supplier immediately ships goods to the buying organization and invoices for the material, before any contract is signed. At this point, is the buying firm obligated to pay the invoice?

A. Yes, the buying firm must pay for anything that the supplier ships whether agreed to or not.
B. Yes, as a letter contract Is a valid pre-contractual agreement.
C. No, as the buying organization did not issue a formal purchase order.
D. No, as there was only a verbal agreement.

Answer: B

Explanation:
Verbal Agreement : A verbal agreement was reached during negotiations.
Letter Contract : The president of the buying organization sent a letter contract to the supplier.
Supplier Actions : The supplier shipped goods and invoiced for the material.
Obligation to Pay : A letter contract is a valid pre-contractual agreement that signifies the buying firm ' s intent to enter into a formal contract. By accepting the goods, the buying firm is obligated to pay the invoice.

Question: 8

A firm buys a particular product that has low business impact and low supply market complexity. How would this product be categorized using the Kraljic classification model?

A. Leverage
B. Noncritical
C. Bottleneck
D. Strategic

Answer: B

Explanation:
In the Kraljic Matrix, products are classified based on their impact on the business and the complexity of the supply market. The four categories are:
Leverage Items: High business impact, low supply market complexity.
Noncritical Items: Low business impact, low supply market complexity.
Bottleneck Items: Low business impact, high supply market complexity.

Strategic Items: High business impact, high supply market complexity.
A product with low business impact and low supply market complexity fits into the Noncritical category. These items typically have many suppliers, are easy to manage, and do not significantly affect the firm ' s operations or profitability.

Question: 9

Which of the following is the MOST important reason for supply management to share company business plans with current and prospective suppliers?

A. To set the stage for supplier concessions and discounts
B. To remind suppliers how important supply management is to their success
C. To show suppliers the benefits of investing time and resources into the relationship
D. To prevent any problems or misunderstandings in the buyer/supplier relationship

Answer: C

Explanation:
Sharing Business Plans: When supply management shares company business plans with suppliers, it provides transparency and insight into the company ' s future direction and goals.
Supplier Investment: By understanding the company's plans, suppliers can see the potential long-term benefits of the relationship, encouraging them to invest time, resources, and innovation to meet the company ' s needs.
Strategic Alignment: This alignment helps in building stronger partnerships, fostering collaboration, and ensuring that suppliers are aligned with the company's strategic objectives.
Avoiding Problems: While preventing misunderstandings and setting the stage for discounts are benefits, the primary reason is to demonstrate the value of the relationship to suppliers.

Question: 10

While preparing for negotiations with a supplier, a supply manager learns that the supplier has fallen short of its sales goals for the year. The supply manager uses this information to focus on attaining below-market pricing, with the expectation that the supplier will be eager to improve its sales figures. However, continued discussions with the supplier yield no progress. Which of the following has the supply manager MOST likely failed to consider?

A. Obtaining a fair and reasonable price
B. Achieving a mutually beneficial agreement
C. Understanding current market forces
D. Meeting the buying organization ' s needs

Answer: B

Explanation:
Supplier ' s Sales Goals : The supply manager learns that the supplier has not met its sales goals.
Negotiation Strategy : The supply manager focuses on achieving below-market pricing.

No Progress : Despite the supplier ' s sales shortfall, negotiations are not progressing.
Mutually Beneficial Agreement : The supply manager may have failed to consider the importance of a win-win outcome. Focusing solely on price without considering the supplier ' s needs and motivations can hinder productive negotiations.

Visit us at: https://www.examsboost.com/test/core-exam

Thank You for Trying Our Product

For More Information – Visit link below:

https://www.examsboost.com/

15 USD Discount Coupon Code:

G74JA8UF

FEATURES

- ✓ 90 Days Free Updates
- ✓ Money Back Pass Guarantee
- ✓ Instant Download or Email Attachment
- ✓ 24/7 Live Chat Support
- ✓ PDF file could be used at any Platform
- ✓ 50,000 Happy Customer

