

The CPSM[®] Program

NAPM-Denver Pre-Dinner
Seminar
March 19, 2009

Why the CPSM Program Was Developed

- ❖ Profession has changed:
 - ❖ Scope and globalization of supply management will grow
 - ❖ Supplier relationships deepen
 - ❖ The CPO becomes a strategic partner to the Board
 - ❖ Technology continues to be central to change
- ❖ CPSM addresses these changing skills
- ❖ CPSM will be the standard for all professionals in supply management, and the most rigorous qualification in the field

Definition of Supply Management

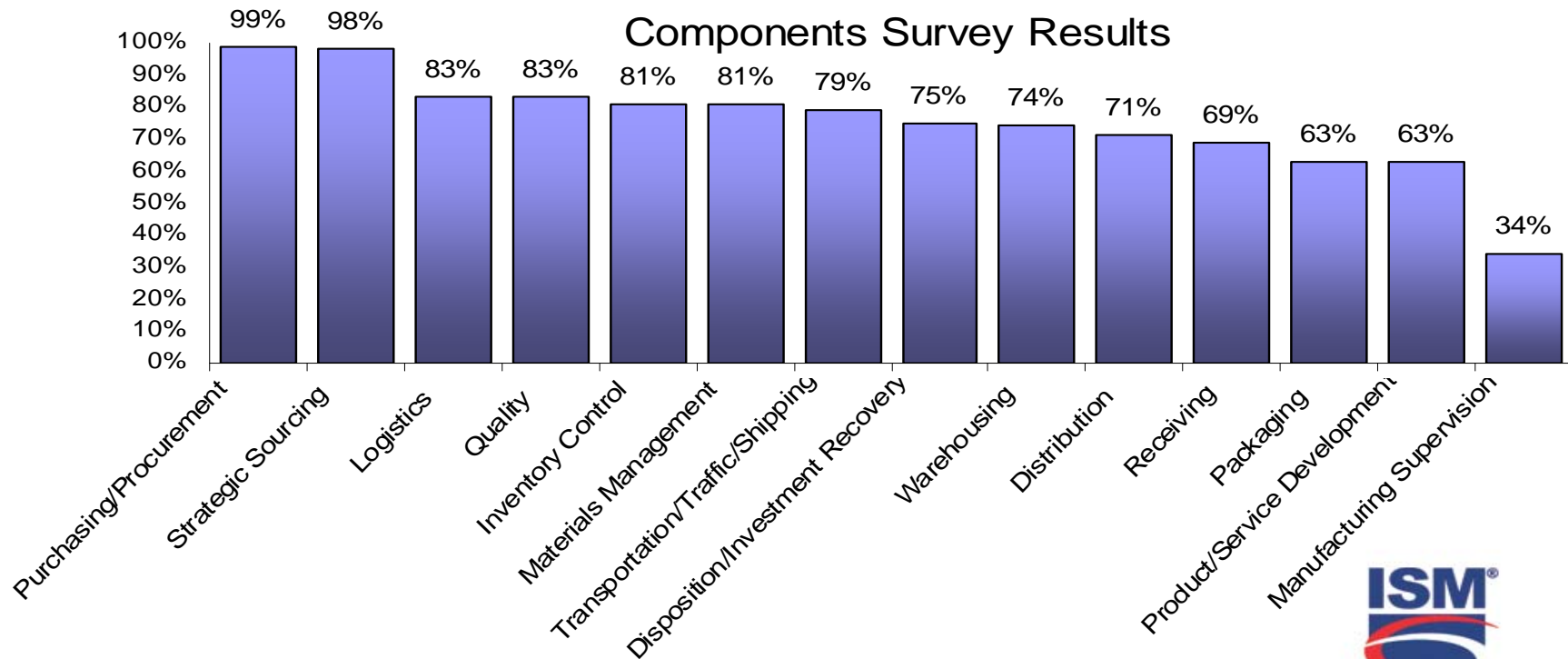
- ❖ The identification, acquisition, access, positioning, management of resources and related capabilities the organization needs or potentially needs in the attainment of its strategic objectives
 - ❖ ISM developed and maintains this official definition of supply management and a list of supply management components.

Components of Supply Management

1. Disposition/Investment Recovery
2. Distribution
3. Inventory Control
4. Logistics
5. Manufacturing Supervision
6. Materials Management
7. Packaging
8. Product/Service Development
9. Purchasing/Procurement
10. Quality
11. Receiving
12. Strategic Sourcing
13. Transportation/Traffic/Shipping
14. Warehousing

Supply Management Components

The supply management component is either part of the individual's personal job responsibilities and/or supervisory responsibilities or the responsibility of someone else in the supply management organization.



How the CPSM Program Was Developed

- ❖ Market Research
- ❖ Job Analysis Process:
 - ❖ ISM drew upon knowledge, expertise and skill sets of supply management professionals at manager level or above from organizations with revenues of more than US \$1 billion from various industries.

How the CPSM Program Was Developed

Continued

- ❖ CPSM Exam reflects the knowledge areas needed to perform the important occupational duties of professionals employed in supply management
- ❖ Professional Credentials Committee recommendations to ISM Board of Directors based upon results of Job Analysis

CPSM Timeline

- ❖ Feb. – Mar. 2008: CPSM Pilot Exam
- ❖ May 2008: CPSM Public Exams offered
- ❖ May 2008: CPSM Bridge Exam available
- ❖ Dec. 31, 2008: Last day to register for C.P.M. Exam
- ❖ Dec. 31, 2009: Last day C.P.M. Exam is available

CPSM Timeline (continued)

- ❖ Dec. 31, 2013: Last day to apply for C.P.M. designation
- ❖ Dec. 31, 2013: Last day to register for the CPSM Bridge Exam
- ❖ Dec. 31, 2014: Last day the CPSM Bridge Exam is available

C.P.M. Timeline

- ❖ C.P.M. is *not* going away
 - ❖ You can continue to *re*certify as a C.P.M. indefinitely
- ❖ You must apply for a lifetime C.P.M. before December 31, 2013 (with proper qualifications)
- ❖ Continuing education hours (CEHs) may be used to recertify for C.P.M. *as well as* to certify/recertify for CPSM

CPSM Requirements

- ❖ Three years of experience
 - ❖ Full-time; professional; non-clerical; non-support
- ❖ Bachelor's degree from a regionally-accredited college or university or equivalent earned outside the U.S.
- ❖ Successful passing of the three CPSM exams

-OR-

- ❖ Successful passing of the Bridge Exam with a valid C.P.M.
- ❖ Application process

CPSM Recertification Requirements

- ❖ Every three years with 60 continuing education hours (CEHs)
- ❖ Categories for earning CEHS: college courses and seminars (taken or taught); contributions to the profession; articles written
- ❖ Candidates will be able to retake each CPSM exam for 20 CEHs but only in their last year of certification or during their grace period.
- ❖ One-year grace period; resets cert. date

Cost/Registration/Application Information

- ❖ Cost
- ❖ How to Register
- ❖ Scheduling your exam at Pearson/Vue
- ❖ CPSM Application Form
- ❖ FAQs/Links
- ❖ ...all info available in *Professional Credentials* section of ISM web site

Costs

- CPSM Study Guide
- **Member Price:\$59.00**
- **Non-Member Price:\$89.00**
- **ISM Professional Series**
- **Member Price:\$195.00**
- **Non-Member Price:\$280.00**

Costs

- **Computer Exam Fees: ISM members**
- **\$180 per exam.**
- **Non Members \$265 per exam**
- **CPSM Application Fee Members \$90**
– **Non-Members \$150**

CPSM Exam Content

- ❖ Three Exams:
 1. Foundations of Supply Management
 2. Effective Supply Management Performance
 3. Leadership in Supply Management
- ❖ Bridge Exam for current C.P.M.s
- ❖ One exam covering all content

Exam 1: Foundations of Supply Management

- ❖ Six categories, 25 tasks, 165 questions
(150 scored; 2 hours, 45 minutes allowed)
 1. Contracting and Negotiating
 2. Cost and Finance
 3. International
 4. Social Responsibility
 5. Sourcing
 6. Supplier Relations Management

Exam 2: Effective Supply Management Performance

❖ Eight categories, 24 tasks, 165 questions
(150 scored; 2 hours, 45 minutes allowed)

1. Forecasting
2. Logistics
3. Materials and Inventory Management
4. Organization/Department Assessment
5. Planning
6. Product and Service Development
7. Project Management
8. Quality

Exam 3: Leadership in Supply Management

- ❖ Three categories, 32 tasks, 180 questions
(165 scored; 3 hours allowed)
 1. Leadership
 2. Risk and Compliance
 3. Strategic Sourcing

Bridge Exam

- ❖ Questions from parts of all 17 categories of Exams 1, 2 and 3; 180 questions (all scored; 3 hours allowed):
 - ❖ From 20 of 25 tasks in Exam 1
 - ❖ From 19 of 24 tasks in Exam 2
 - ❖ From 22 of 32 tasks in Exam 3
- ❖ Exam spec highlights all bridge components

Exam Characteristics

Technical Properties of the Exam

- ❖ Criterion-referenced test:
 - ❖ Determines if candidate is/is not qualified in the area in which the candidate is being tested
 - ❖ Compares examinee's scores to predetermined passing (or "cut") scores
 - ❖ If score is at or above the passing score, the person passes the test. If the person's score is below the passing score, the person fails the test.

Technical Properties of the Exam

❖ Exam:

- ❖ Does not indicate how “good” a supply management professional is or will be
- ❖ Does not indicate whether one candidate is a better supply management professional than another candidate
- ❖ Not designed to rank candidates against each other
- ❖ Indicates whether candidate has met the standards set by ISM for receiving the CPSM designation

Exam Timing

Science behind length of time allowed for each exam

- ❖ Length of time for each exam:
 - ❖ Exams designed to give candidates fullest opportunity to demonstrate competency
 - ❖ The time allotted (2 hrs., 45 min. for Exams 1 and 2; 3 hrs. for Exam 3) is adequate for the majority of examinees to select all of the best answers within each of the exams.
 - ❖ ISM used testing industry standards to set the timing allowed to take each exam

Exam Timing

Science behind length of time allowed for each exam (continued)

- ❖ Length of time for each exam:
 - ❖ Pilot exam completion analyses were conducted.
 - ❖ A psychometrician analyzed exams and candidates.
 - ❖ Results indicate the time allowed is not a factor in determining a candidate's success on the ISM.
 - ❖ NOTE: ISM continually monitors all candidate results to ensure exams meet psychometric standards.

Scoring, Equating and Scaling

Scoring, Equating, Scaling

- ❖ Questions used in the exam are continually being updated.
- ❖ Level of difficulty will vary slightly between different exam forms.
- ❖ Test equating, a statistical procedure, is used to correct for differences in test form difficulty.

Scoring, Equating and Scaling

Retaking an Exam

- ❖ Retaking an exam:
 - ❖ There is a minimum of a 30-day waiting period before you can retake the same exam
 - ❖ This is to allow the candidate time to review and study
 - ❖ The waiting period also ensures additional layers of security

Scoring, Equating and Scaling

Scoring, Equating, Scaling (continued)

- ❖ Scaling used to maintain consistency in test scoring
 - ❖ Scaled score is NOT a percentage
- ❖ Scaling converts all scores to a scale ranging from 100 to 600, with passing score at 400.
 - ❖ Scores are reported as scaled scores in increments of 10.
 - ❖ If scaled score on an exam is between 100 and 390, exam was failed.
 - ❖ If scaled score is between 400 and 600, exam was passed.

Technical Properties of the Exam

Validity, Reliability, Passing Scores

- ❖ Validity defined as:
 - ❖ “The degree to which the test actually measures what it purports to measure”
 - ❖ Content-valid:
 - ❖ Exam content reflects Knowledge, Skills, and Abilities (KSAs) associated with a level of manager and above

Technical Properties of the Exam

Validity, Reliability, Passing Scores, continued

❖ Reliability defined as:

- ❖ “The consistency of the exam scores”
 - ❖ KR-20 reliability, standard error of measurement, reliability of the pass/fail decision

❖ Passing Scores:

- ❖ Determined using a judgmental procedure for criterion-referenced test standard setting
 - ❖ Committees composed of supply professionals from a variety of industry sectors

CPSM Bridge Exam Content

- ❖ An exam for C.P.M.s in good standing who wish to attain the CPSM
- ❖ A single exam covering contemporary content and material not covered in the current C.P.M. exam.
- ❖ Non-exam requirements for CPSM must also be met.

CPSM Bridge Exam Content

- ❖ Subset of the three CPSM exams
- ❖ Questions from parts of all 17 categories of exams 1, 2 and 3 (180 questions; all scored)
- ❖ 3 hours allowed

Types of Exam Questions

Summary

- ❖ All questions multiple-choice
 - ❖ Four options per question
- ❖ Closed-stem item
- ❖ Sentence completion
- ❖ Except format
- ❖ Most/Least/Best format
- ❖ Master list format

Types of Exam Questions

Detail of Closed Stem, Sentence Completion, Except formats

- ❖ **Closed-stem:**
 - ❖ Examinee asked a question and given four possible answers from which to choose
- ❖ **Sentence completion:**
 - ❖ A statement that is incomplete followed by four options, one of which makes the statement correct
- ❖ **Except format:**
 - ❖ Select the answer that contains an incorrect statement
 - ❖ Recognize that three options are correct
 - ❖ Can be more difficult as you must know both the correct and incorrect options

Types of Exam Questions

Detail of Most/Least/Best and Master List formats

❖ Most/Least/Best format:

- ❖ Requires you to pick the option that is better or worse than the others

❖ Master List format:

- ❖ Actually several questions in one. The options are presented first, followed by several questions, all of which apply to those options.
 - ❖ It is important to note that each option can be used once, more than once, or not at all by the questions.

Exam Question Process Levels

- ❖ Recall
- ❖ Comprehension
- ❖ Application

Exam Question Process Levels

RECALL Questions

❖ Recall

- ❖ Lowest (or easiest) level of learning
- ❖ Questions demand the recall of ideas, material or phenomena related to the topic of interest
- ❖ The process used to correctly answer such questions is the examinee's memory of the material.
- ❖ You are asked to define, identify and select information.

Exam Question Process Levels

COMPREHENSION Questions

❖ Comprehension

- ❖ Questions require the examinee to grasp the meaning of the material presented in some novel way.
- ❖ Question describes some principle or fact in words different from those used in textbooks, and often uses some novel situation as a way to present an idea.
- ❖ In order to get it right, you must recognize the principle demonstrated in the question.
 - ❖ NOTE: Memory alone will not be sufficient for getting the correct answer.

Exam Question Process Levels

APPLICATION Questions

❖ Application

- ❖ Questions measure the understanding of ideas or content to a point at which the examinee can apply it to an entirely new situation.
- ❖ The objective of these questions is to test whether the examinee can use the knowledge in an appropriate manner in a real-life situation.

Writing/Reviewing Exam Question

Exam Questions

- ❖ Written by subject matter experts w/a supply management background
- ❖ Answers represent the consensus of the panel and do not represent a personal bias or opinion
- ❖ Items are continually reviewed through quantitative item analysis to determine the effectiveness of the questions.
- ❖ Comments offered by candidates are also considered.

Exam content covers **MANY** subject areas...

Critical information to pass on to ALL participants

- ❖ Questions covering any and all tasks, no matter how they were weighted and whether or not they were covered in depth in this course, may be included in the actual CPSM exam.
- ❖ The candidate needs to recognize that neither this course nor the *CPSM Study Guide* are meant to cover everything in the field of supply management and content that might be covered in the exam. It is highly recommended the candidate supplement his/her preparation with other study materials and major supply management textbooks.

Commonly misunderstood aspects of program

Additional information for ALL participants

- ❖ Individuals attending review programs expect to see questions on the exam that come from the material covered by the instructor at review/prep programs.
 - ❖ Some of these questions are formatted exactly as in the exam, but some are not.
 - ❖ It is very important to remember that neither this, nor any other single, course will contain all content covered in the exam.
- ❖ The qualification process is designed to measure competency.
 - ❖ However, learning is usually an outcome associated with obtaining the CPSM.

Reference Materials for Instructors and Participants

Reminder that additional study materials will be needed for most participants

- ❖ ISM CPSM *Study Guide*
 - ❖ 3 books, one for each exam
- ❖ ISM *Professional Series*
 - ❖ 3 books, one for each exam
- ❖ Other ISM material:
 - ❖ *Inside Supply Management* (ISM magazine)
 - ❖ *Supply Management Handbook*, 7th edition
 - ❖ ISM Knowledge Series, Self-study workbooks on subject areas, ISM seminars

Reference Materials for Instructors and Participants

Continued

❖ Non-ISM Material

- ❖ Various books and other references, many available through ISM
- ❖ Refer to the ISM Educational Resource Catalog
- ❖ Supplemental Reading List available on ISM web site

❖ <http://www.ism.ws/tools/BBresults.cfm?MetaDataID=530>

CPSM Courseware

Test-Taking Hints and Tips

Test-Taking Hints and Tips

Preparation

- ❖ **SQR³:**
 - ❖ S = Survey or scan to capture concepts and overview
 - ❖ Q = question your knowledge ask yourself questions
 - ❖ R¹= read. Make notes, outlines, put things in order
 - ❖ R²= recitation. Recite the notes to exercise the brain
 - ❖ R³= review. Go back over notes, material, etc.

- ❖ Not all study is equal. Build your study skills
- ❖ Time management helps you select the best time and place to study for maximum learning

Test-Taking Hints and Tips

Build Your Test-Taking Skills

- ❖ Being well studied improves your skills
- ❖ You pass with a scaled score; 100% perfection is not needed nor expected.
- ❖ Most questions are easy for the well-studied
- ❖ Know how test questions are formatted
- ❖ Your first inclination is usually a very strong choice
- ❖ Don't let self-doubt affect your choices
- ❖ Manage your test time carefully
- ❖ Don't get bogged down; keep moving
- ❖ Use the time to go back over the test

Test-Taking Hints and Tips

Stress Reduction Techniques

Expect some stress, but work to control it

- ❖ Use these exercises to control stress
 - ❖ Avoid last minute cramming, be well studied
 - ❖ Answer the easy questions first and then go back
 - ❖ Tense and relax hands, arms, leg muscles
 - ❖ Visualize successful completion of the test
 - ❖ Periodically take a few deep breaths to relax
 - ❖ Shut your eyes and lean back for a moment
- ❖ You can keep stress at manageable levels
- ❖ Take time to relax before the exams

Test-Taking Hints and Tips

Going to/Arriving at Exam Location

- ❖ Dress comfortably
- ❖ Be physically prepared; rest before the exam
- ❖ Know where the exam site is
- ❖ Arrive at the exam site early
- ❖ Bring one picture ID with you
- ❖ Don't fight the exam or the questions
- ❖ Remember, you do have lots of time
- ❖ Relax and manage your time and processes

Test-Taking Hints and Tips

Answering Exam Questions

- ❖ Read the question carefully
- ❖ Understand the stem then look at the options
- ❖ Eliminate clearly wrong answers
- ❖ Usually there is only one “best” answer
- ❖ Don’t let your organizational policy guide you; exams are not based on a particular business environment but on the general body of knowledge
- ❖ It may help if you rephrase/rewrite/paraphrase a question in your mind
- ❖ “None of the above” will not be used

Test-Taking Hints and Tips

Answering Exam Questions -- continued

- ❖ Be wary of absolutes (“always,” “all,” “never”); they can point to a specific option quickly, or exclude options
- ❖ Answer all questions. There is **NO PENALTY** for an incorrect answer.
- ❖ Passing scores are determined upon the number of questions answered correctly.
- ❖ It is to the candidate’s advantage to answer all questions
- ❖ When guessing, first eliminate options that are clearly wrong. This will increase the odds that the selection will be the correct one.

Test-Taking Hints and Tips

More on Answering Techniques

- ❖ *Question Comprehension.* Read closely to understand or identify what is being asked. Do this first before looking at the choices.
- ❖ *Best Answer.* Unless the question type is complex, there is one best answer. Others may be partially correct, but only one choice represents the most universally accepted answer.
- ❖ *Known Distracters.* Immediately eliminate answers which you know are incorrect. This will allow more effective concentration on the remaining choices and save time in making a choice.

Test-Taking Hints and Tips

More on Answering Techniques

- ❖ *Open Stems.* Complete open statements or incomplete sentences with the choices provided. This will allow phrasing of the questions in one's mind, making some of the choices more obvious or at least eliminating those choices that do not seem to “fit.”
- ❖ *Rephrasing Questions.* With a closed stem question, it is often good to rephrase the question in one's mind. This adds clarity and understanding to the point being tested

Test-Taking Hints and Tips

More on Answering Techniques – just to reiterate!!

- ❖ *Answering All Questions.* The exam score is equal to the number of questions answered correctly.
 - ❖ Again, the exam does not give a penalty for wrong answers nor does it give a penalty for guessing.
 - ❖ There is nothing for an examinee to gain by leaving questions blank.
 - ❖ Unanswered questions are counted as incorrect.

CPSM Bridge Review Online Course

- Non-Member Price:\$295.00
- **Member Price:\$99.00**
- #3968 CPSM Bridge Review Online Course - (21 CEHs)
- This course is designed as a review for current C.P.M. holders as part of their preparation for taking the CPSM Bridge Exam. It is intended to enable candidates to assess the knowledge they have acquired through education and experience against the content areas covered by the CPSM Bridge Exam. It is not intended for those planning to take the full CPSM Exam.
- In this course, participants will gain an understanding of the CPSM program and of the breadth of content covered in the CPSM Exam. The course contains content for all tasks for the CPSM Bridge Exam. Content for this course includes CPSM Exam Specification exam outlines, CPSM study guide materials, question format and types and supplemental content developed by content experts. This supplemental content will provide candidates additional content for those tasks that may have more questions on the exam.

CPSM Bridge Review Online Course

- Register for the online CPSM Bridge Review Course at:
 - <http://www.ism-knowledgecenter.ws/>
- The online review course for the full CPSM® will be available in summer 2009

Task 1-A-1 Comprehension Question #1

- A supply professional is seeking competitive bids on 700 standard parts. Comparing bids on a part-by-part basis will be very time-consuming, and the supply professional feels the effort would not be a good use of time. Which of the following would be the **LEAST** appropriate method to utilize?
- (A) Use a reverse auction.
- (B) Solicit bids via e-commerce.
- (C) Implement a lotting strategy.
- (D) Solicit pricing for 150 random parts and base decision on that data.

Task 1-B-2 Recall Question #1

- Which of the following statements is **MOST** accurate with regard to cost?
 - (A) Fundamentally, cost control is a trade-off between cost and quality.
 - (B) A key objective of cost control is to take advantage of changes in technology.
 - (C) Cost control is primarily the result of improvements through on-the-job experience.
 - (D) Cost avoidance and cost containment mean the same thing.

- Recall Question #1 Answer
- Option (B) is correct because principal objectives of cost control are to take advantage of changes in technology, changes in the operating environment, and on-the-job experience.
- Option (A) is incorrect because cost should not be achieved at the expense of quality.
- Option (C) is incorrect as on-the-job experience can, and often does, lead to reduced cost; however, it is not the primary influence on costs.
- Option (D) is incorrect because cost avoidance is defined as preventing or reducing future costs, while cost containment refers to holding costs within certain target limits over a specified period.

- **Recall Question #2**
- Which of the following formulas correctly defines value?
- (A) $\text{Value} = \text{Functionality}/\text{Cost}$
- (B) $\text{Value} = \text{Cost}/\text{Functionality}$
- (C) $\text{Value} = \text{Cost of Functionality}/\text{Cost to Implement}$
- (D) $\text{Value} = \text{Cost to Implement}/\text{Cost of Functionality}$

- **Recall Question #2 Answer**
- Option (A) is correct because value is increased if functionality is increased while cost is held constant. Value is also increased if functionality is held constant and cost is reduced.
- Option (B) is incorrect as it incorrectly relates functionality and cost.
- Options (C) and (D) are incorrect because cost of functionality and cost to implement mean essentially the same thing.

Task 1-B-3

Recall Question #1

- Cost saving opportunities using spend information obtained can **BEST** be identified through:
 - (A) Standardization and aggregation.
 - (B) Customization and qualification.
 - (C) Rationalization and calculation.
 - (D) Specialization and prediction.

Recall Question #1 Answer

- Option (A) is correct because spend management information can help the supply management professional identify opportunities for cost savings through standardization and aggregation.
- Options (B), (C) and (D) are incorrect because these steps are not the most important characteristics in identifying cost saving opportunities.

Task 1-C-1

Recall Question #1

- Which of the following is **NOT** a consideration with respect to global human resource management?
- (A) Cultural differences
- (B) Human rights
- (C) Labor skills
- (D) Geographical location

Recall Question #1 Answer

- Option (D) is correct because, while geographical location can be a consideration in areas of total cost of ownership and logistics concerns, it is not a consideration with respect to human resource management. By definition, human resource management has one primary purpose — to increase the effectiveness of the workforce. This is accomplished primarily by recruiting and retaining the best people for the job requirements. Geography has little to do with this purpose.
- Option (A) is incorrect because cultural differences, such as standard work hours, business language, communication standards and standard business practices are the basis of evaluating the viability of a geographical area for a workforce. For example, if a company is considering off-shoring telephone customer service, the language capabilities and the ability to recruit a workforce for 24 hour coverage locally would be critical to the success of the effort.

- Option (B) is incorrect as human rights issues must be considered for global human resource management. Utilizing areas where equitable and humane treatment of people is not done can cause a political catastrophe. One only has to recall the headlines in the 1990s regarding the fashion industry's outsourcing to "sweat shops" and the political pressure it created.
- Option (C) is incorrect because labor skills, or the presence and prevalence of skills required for the positions to be filled, must be considered prior to relocating work to an off-shore area. If the required skills, education or experience are not available in the target area, staffing will be very difficult and expensive. In addition, if the skills are available, but the demand for the skills is greater than the availability, the ability to recruit and retain staff will also be difficult and expensive.

Task 1-D-1

Recall Question #1

- The United Nations' Global Compact addresses all of the following **EXCEPT**:
 - (A) Anti-corruption.
 - (B) E-commerce.
 - (C) Environment.
 - (D) Human rights.

Recall Question #1 Answer

- Option (B) is correct as e-commerce is not covered in the 10 universal principles.
- Option (A) is incorrect because anti-corruption is covered in the UN Global Compact — Principle 10.
- Option (C) is incorrect because environment is covered in principles 7, 8 and 9.
- Option (D) is incorrect because human rights is covered in principles 1 and 2.

Task 2-A-2

Recall Question #1

- Gross Domestic Product is the:
- (A) Total value of all finished goods and services produced within a country within a given time frame.
- (B) Difference between the value of a country's exports and the value of its imports.
- (C) Difference between the flows of funds into and out of a country's boundaries.
- (D) Amount of funds owed by a domestic

Recall Question #1 Answer

- Option (A) is correct because this is the definition of Gross Domestic Product (GDP) included in the *CPSM Study Guide*.
- Option (B) is incorrect because this is the definition of Balance of Merchandise Trade.
- Option (C) is incorrect because this is the definition of Balance of Payments.
- Option (D) is incorrect because this describes Exchange rates.

Task 2-B-2 Recall Question #1

- Freight classifications/rates are generally based on which of the following?
- (A) A national freight classification system
- (B) One set of rates for inter-state transportation and another set for intra-state transport
- (C) The former standards based on classes and distances but negotiated between each shipper and carrier
- (D) A carrier's published rates which are applied to every shipper

Recall Question #1 Answer

- Option (C) is correct as most carriers use the former regulatory standards as a basis for setting rates but will negotiate with shippers based on such items as total shipping volume and other factors.
- Option (A) is incorrect because the national regulatory system is no longer in effect, as transportation was deregulated many years ago.
- Option (B) is incorrect because while a carrier may well charge differing rates based on in-state versus out-of-state transportation, this is not a typical basis for carrier charges except perhaps in the household goods moving industry in which state regulations often play a role in rate setting.
- Option (D) is incorrect because while carriers do have published rates, these rates are often a starting point for negotiations.

Task 2-C-2

Recall Question #1

- Jeff Jones, of AllBright Solar Power, Inc., thought that to help choose the optimum features of the warehouse management system (WMS) capabilities that best fit the needs of AllBright he should first consider performing a SWOT analysis. Jones's analysis would examine all of the following decision elements **EXCEPT**:
 - (A) Warehouse location.
 - (B) Required configuration of docking platforms.
 - (C) A lease or buy option.
 - (D) A finished goods product mix.

Recall Question #1 Answer

- Option (B) is correct because the configuration of docking platforms is a “tactical” or downstream decision.
- Options (A), (C) and (D) are incorrect because they are strategy-level decision elements in a SWOT analysis.

Task 2-C-4

Recall Question #1

- Which of the following statements **BEST** describes the essence of the value stream mapping approach?
It:
- (A) Uses process flow charts to identify the steps of a process.
- (B) Employs cross-functional teams to attain its objectives.
- (C) Traces the flow of materials and seeks to eliminate waste in the process flow from the source to customer acceptance.
- (D) Uses a lean manufacturing tool that traces the flow of materials from the source to customer acceptance.

Recall Question #1 Answer

- Option (C) is correct because it traces the flow of materials and seeks to eliminate waste in the process flow of materials from the source to customer acceptance. This is the broadest sense of value stream mapping as it effectively connects the end-to-end nature of process improvement as well as waste identification and elimination.
- Options (A), (B) and (D) are incorrect because they are each characteristics of value stream mapping.

Recall Question #2

- When determining an order needs to be released, materials requirements planning (MRP) considers:
 - (A) Lot size.
 - (B) Capacity.
 - (C) Due date.
 - (D) Safety stock.

Recall Question #2 Answer

- Option (C) is correct because lead time offset starts with the date materials are due and subtracts the lead time to determine when the order should be released.
- Option (A) is incorrect because lot size determines how many to order, not when to order.
- Option (B) is incorrect because capacity is considered only for production scheduling, not the scheduling of purchased items.
- Option (D) is incorrect because safety stock determines how many are held in reserve for emergencies, not when to release orders.

Task 2-G-1 Recall Question #1

- Consider the following steps in the project management process.
- Closing
- Execution
- Initiation
- Planning
- Monitoring and controlling
- Which of the following options describes the appropriate sequence (from first to last) of these steps?
- (A) IV, V, III, VI and I
- (B) IV, V, III, II and I
- (C) III, IV, II, V and I
- (D) III, IV, III, V and I

Recall Question #1 Answer

- Option (C) is correct because the five project management steps used in the project life cycle are III Initiation, IV Planning, II Execution, V Monitoring and Controlling and I Closing.
- Options (A), (B) and (D) are incorrect because they are in the incorrect sequence for the project management process.

Task 3-A-1

Recall Question #1

- The ability of a supply management professional to effect change in an organization is most commonly a result of her ability to _____ others?
- (A) Influence
- (B) Control
- (C) Leverage
- (D) Support

Recall Question #1 Answer

- Option (A) is correct because a supply professional is most effective when he or she can influence others. She will only be able to do this when she and her department are seen as integral parts of and contributors to the overall success of the organization.
- Option (B) is incorrect because control is a way of getting things done but due to the reporting structures within organizations, a supply professional may not have this ability.
- Option (C) is incorrect because leverage also implies some kind of power or control and normally isn't the best approach for making positive internal changes.
- Option (D) is incorrect because supporting others may help gain trust; however, it will not usually be a catalyst for change.

Task 3-A-2

Recall Question #1

- Which of the following statements is **NOT** an example of a corporate goal?
- (A) Broad statements of ideal future conditions
- (B) General statements of anticipated or projected outcomes
- (C) Objectives made specific in terms of time and degree
- (D) Tactical plans with implementation strategies

Recall Question #1 Answer

- Option (D) is correct since corporate goals are strategic, broad in nature and define future states.
- Options (A), (B) and (C) are incorrect because they are all examples of what corporate goals might be.

Task 3-A-3 Recall Question #1

- All of the following are considered metrics for supply chain performance **EXCEPT:**
- (A) Warranty claims.
- (B) Total number of inventory items.
- (C) Transportation lead time.
- (D) Supplier responsiveness.

Recall Question #1 Answer

- Option (D) is correct because responsiveness is considered a sub-category of supplier performance measures rather than a main metric.
- Options (A), (B) and (C) are all considered example of supply chain performance metrics

3-A-6 Recall Question #1

- The transfer of a claim or right from one party to another is commonly referred to as:
 - (A) Due diligence.
 - (B) Assignment consent.
 - (C) Divestiture of assets.
 - (D) Outsourcing.

Recall Question #1 Answer

- Option (B) is correct because the transfer of a claim or right from one party to another is the definition of assignment consent.
- Option (A) is incorrect because the due diligence process is an overview of the strengths and weaknesses of each organization.
- Option (C) is incorrect because divestiture of assets involves the selling of a specific business or line of business that the organization feels no longer strategically fits in terms of competitive advantage and value add.
- Option (D) is incorrect because outsourcing is a version of the make-or-buy decision in which an organization elects to purchase a good or service that was previously made in-house. These activities can be spun off into a separate organization or provided by an independent contractor.

Task 3-B-1 Recall Question #1

- Typical supply network disruptions include all of the following **EXCEPT**:
- (A) Regulatory shutdown.
- (B) Disasters.
- (C) Alignment of interests.
- (D) Union work stoppage.

Recall Question #1 Answer

- Option (C) is correct because alignment of interests with suppliers throughout an organization's supply chain fosters more successful supplier relationships and less potential for supply chain disruptions. Misalignment of interests (e.g., a supplier wants to cease working with the organization due to critical changes in financing or market issues) could lead to supply chain disruptions.
- Options (A), (B) and (D) are incorrect because regulatory shutdowns, disasters such as war or weather and union work stoppage can cause major disruptions in the supply network.

Recall Question #2

- The audit committee of a public company is tasked with several responsibilities. Which of the following **BEST** describes one of those responsibilities?
- (A) Establishing procedures for the receipt, retention and treatment of complaints
- (B) Reviewing all financial transactions
- (C) Answering exclusively to the CEO and Board of Directors
- (D) Training the Board of Directors in aspects of auditing

Recall Question #2 Answer

- Option (A) is correct because the audit committee must consist of independent members of the Board of Directors. One of its primary tasks is to establish the procedures for financial reporting.
- Option (B) is incorrect because reviewing all individual financial transactions in a public company would be virtually impossible for a committee of three to five individuals to complete.
- Option (C) is incorrect because the audit committee must now answer to shareholders rather than to management.
- Option (D) is incorrect because it is not explicitly a requirement for audit committees.

Task 3-C-1 Recall Question #1

- The first step in creating a supply strategy is to gain internal agreement on where supply can add value. Which of the following is **NOT** a characteristic of a supply strategy? A supply strategy:
 - (A) Is a long-term (three- to five-year) action plan that defines actions to achieve a stated goal.
 - (B) Exists for every class of product or service an organization purchases.
 - (C) Provides guidance in finding and selecting suppliers that will help support and improve the organization's competitive position.
 - (D) Provides a list of short-term activities that will be implemented to improve supplier on-time delivery performance.

Recall Question #1 Answer

- Option (D) is correct because a supply strategy is a long-term (three- to five-year) action plan rather than a list of short-term activities.
- Options (A), (B) and (C) are incorrect as these are all attributes included when developing a supply strategy.

Task 3-C-3
Recall Question #1

- A reverse auction is **PRIMARLY** used for which types of purchases?
- (A) Strategic goods or services whose prices are rising
- (B) Management consulting services where there are many competitors
- (C) Tangible goods that are fairly well standardized
- (D) Goods for which the organization wishes to decrease the number of organizations that bid

Recall Question #1 Answer

- Option (C) is correct because reverse auctions exist primarily for tangible goods that are standardized in nature. More complex services can be sourced through reverse auctions if there is internal alignment with stakeholders and a clear SOW can be written.
- Option (A) is incorrect because those goods or services that are strategic in nature are typically too important to the organization and/or too complex to handle in an auction type of environment.
- Option (B) is incorrect because management consulting service requirements are typically not able to be defined to the extent needed for a reverse auction to be viable, and pricing is driven by multiple and complex cost elements.
- Option (D) is incorrect because reverse auctions are held during times when the organization wants to increase, not decrease, the number of bidders and/or suppliers who will participate.