630-007

C.P.M. Module 3: Value Enhancement Strategies

DEMO

QUESTION NO: 1

When would a purchasing manager generally use a third-party lease as a financing instrument?

A. When purchasing equipment from the manufacturer with someone else's money.
B. When acquiring equipment from one party and maintenance from another.
C. When arranging an assignment agreement with a bank.
D. When transferring the asset to the internal customer.

Answer: A

QUESTION NO: 2

Which of the following statements is FALSE?

A. An operational lease has a non-cancelable term varying from hours to years.
B. An operational lease is a total financial commitment by thelessor.
C. In operational leases, payments are fixed payments per period.
D. Operational leases stress service.

Answer: B

QUESTION NO: 3

Which of the following is the FIRST step in standardization?

A. Collecting data.
B. Simplifying standards.
C. Establishing objectives.
D. Publicizing the program.

Answer: A

QUESTION NO: 4

Which of the following are the two basic categories of costs associated with inventories from a management point of view?

A. Supplies and services costs.
B. Storage and incremental costs.
C. Carrying costs and acquisition costs.
D. Obsolescence and deterioration costs.

Answer: C

QUESTION NO: 5

Which of the following is the MOST commonly sought-after piece of inventory information?

A. The date the inventory is taken.
B. The current price of the items.
C. Inventory I.D. numbers.
D. Quantities.

Answer: D

QUESTION NO: 6

Which of the following should a purchaser utilize when there is a need to minimize financial risk in a sensitive market?

A. Cash flow management.
B. Long-term relationships.
C. Market demand analysis.
D. Hedging using futures contracts.

Answer: D

QUESTION NO: 7

Which of the following represents the MOST common reason for a public or nonprofit corporation to use lease/purchase agreements to obtain equipment?

A. To gain tax advantages.
B. To avoid capital expenditures.
C. To reduce maintenance needs.
D. To gain depreciation advantages.

Answer: B

QUESTION NO: 8

Which of the following represents the BEST strategy for minimizing price risk in a falling market?

A. Hedging.
B. Forward buying.
C. Hand-to-mouth buying.
D. Buying to requirements.

Answer: C

QUESTION NO: 9

Which of the following should generally make a "make-or-buy" decision?

A. Engineering Management.
B. Purchasing Management.
C. Production Management.
D. General Management.

Answer: D

QUESTION NO: 10

Certkiller .com has been experiencing numerous stockouts on a production item. Which of the following is LEAST likely to cause this problem?

A. Faulty sales forecasts.
B. Incorrect order points.
C. Increased supplier prices.
D. Problems with incoming shipments.

Answer: C

QUESTION NO: 11

You work as a purchaser at Certkiller .com. You are negotiating a contract for which production and delivery will be stretched out over a 24-month period. You want to get the best price. Which of the following should you include in the contract?

A. A provision to accept all material produced under the contract.
B. A provision to cover changes in rates for material and labor.
C. A provision to eliminate penalties for late deliveries.
D. A provision to cover unforeseen production delays.