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Exam : **L5M7**

Title : Achieving Competitive Advantage Through the Supply Chain (L5M7)

Version : DEMO

1.In a typical supply chain, in which direction does value-add travel?
A. From the customer to the distributor
B. From the first supplier to the customer
C. From the OEM to the retailer
D. From the retailer to the supplier
Answer: B
Explanation:
Value flows downstream, originating with suppliers and moving toward the end customer. A typical chain is tiered suppliers → OEM/producer → distributors/retailers → customer. Short cited term: “value moves downstream” (L5M7 Study Guide, p.4).
Reference: CIPS L5M7 Study Guide, p.4.

2.Kerry is a new department manager at XYZ Ltd. The company has several manufacturing divisions that serve different market segments.
She is considering introducing Total Quality Management (TQM) only in her division. Is this a good idea?
A. Yes – TQM will ensure her division outperforms the other divisions
B. Yes – staff will respond positively to the change
C. No – TQM is a holistic approach and should be implemented company-wide
D. No – TQM is not suitable in a manufacturing company
Answer: C
Explanation:
TQM is a holistic philosophy requiring organisation-wide adoption and leadership commitment; partial/isolated adoption undermines results. Short cited terms: “holistic,” “organisation-wide commitment” (L5M7 Study Guide, p.118).
Reference: CIPS L5M7 Study Guide, p.118.

3.Just-in-Time (JIT) manufacturing is a form of which organisational strategy?
A. Business Process Re-engineering
B. Lean
C. Cost Leadership
D. Differentiation
Answer: B
Explanation:
JIT is a Lean technique to minimise inventory and produce “only what is needed, when needed,” thereby removing waste from processes. Short cited phrase: “only when needed” (L5M7 Study Guide, p.111).
Reference: CIPS L5M7 Study Guide, p.111.

4.What is Six Sigma?
A. A methodology to eliminate defects in a business process
B. A form of outsourcing
C. A process of supplier rationalisation
D. A supply chain analysis tool
Answer: A
Explanation:

Six Sigma is a data-driven methodology aimed at eliminating defects and reducing variation to improve quality and performance. Short cited terms: “data-driven,” “eliminate defects” (L5M7 Study Guide, p.110).
Reference: CIPS L5M7 Study Guide, p.110.

5.What is the primary motivation for offshoring?
A. Cheaper holidays
B. Exploit other countries’ resources
C. Cut costs
D. Improve cultural competence
Answer: C
Explanation:
Offshoring typically seeks cost reduction (e.g., labour arbitrage) while maintaining service/output levels; other motives are secondary. Short cited term: “cost reduction/advantages” (L5M7 Study Guide, domain 1.4 discussion).
Reference: CIPS L5M7 Study Guide, Domain 1.4 (Offshoring and sourcing location).