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CPSM Exam 3

*Certified Professional in Supply Management (CPSM)
CPSM Exam 3: Leadership in Supply Management*

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Question: 936

During a cross-cultural negotiation, a team notices that their counterpart is using indirect communication. What should they do to improve understanding?

- A. Ask clarifying questions to ensure comprehension
- B. Challenge the counterpart directly about their communication style
- C. Ignore the indirect cues and focus on the main issues
- D. Conclude the negotiation if communication is unclear

Answer: A

Explanation: Asking clarifying questions helps bridge communication gaps and ensures both parties understand each other effectively.

Question: 937

Which of the following strategies is most effective in communicating change to a workforce that has historically resisted new initiatives?

- A. Use of jargon-heavy presentations
- B. Limited disclosure of information
- C. Frequent updates and transparency
- D. Relying solely on written communication

Answer: C

Explanation: Frequent updates and transparency can build trust and reduce anxiety, making it easier for employees to accept and adapt to change.

Question: 938

In the application of RPA to supply chain processes, which of the following is a key factor to consider when determining the return on investment (ROI) for automation initiatives?

- A. The number of employees trained
- B. The size of the technology vendor
- C. The overall increase in product pricing
- D. The reduction in processing time and associated labor costs

Answer: D

Explanation: The reduction in processing time and labor cost savings are critical components in calculating the ROI of RPA initiatives.

Question: 939

In a risk matrix used for assessing supplier risks, which of the following factors is least likely to be considered when determining the likelihood and impact of a disruption?

- A. Geographic location of the supplier
- B. Supplier's financial stability
- C. Supplier's market share
- D. Historical performance data of the supplier

Answer: C

Explanation: While market share may reflect competitiveness, it does not directly contribute to assessing the likelihood or impact of a disruption compared to geographic location, financial stability, or historical performance.

Question: 940

Which of the following scenarios best illustrates the concept of financial risk management within a supply chain context?

- A. A company investing in employee training to improve productivity.
- B. A company using hedging strategies to protect against raw material price fluctuations.
- C. A company expanding its distribution network to enhance market reach.
- D. A company increasing its marketing budget to boost sales.

Answer: B

Explanation: Using hedging strategies is a direct example of financial risk management, as it aims to mitigate potential losses from price volatility.

Question: 941

A supply chain manager is mentoring a junior team member. What is the most effective approach to enhance the mentee's critical thinking and problem-solving skills?

- A. Providing direct solutions
- B. Setting strict deadlines
- C. Giving detailed instructions
- D. Asking probing questions

Answer: D

Explanation: Asking probing questions encourages the mentee to think critically and explore various solutions, fostering independence and deeper understanding in problem-solving.

Question: 942

In a scenario where an organization aims to improve its talent pipeline for supply management roles, which program would be most beneficial for early career professionals?

- A. A rotational program that exposes them to various supply chain functions
- B. An internship program focused on administrative tasks
- C. A mentorship program with senior executives only
- D. A series of online courses without practical application

Answer: A

Explanation: A rotational program provides early career professionals with diverse experiences across various functions, building a well-rounded skill set and understanding of the supply chain.

Question: 943

A team is using value stream mapping to identify waste in its production process. They find that excessive waiting times are a major contributor to inefficiencies. What would be the best approach to reduce these waiting times?

- A. Implement cross-training for employees to increase flexibility
- B. Increase inventory levels before each production stage
- C. Extend the production schedule to account for delays
- D. Limit communication between departments

Answer: A

Explanation: Implementing cross-training for employees increases flexibility in the workforce, allowing for quicker responses to delays and reducing waiting times in the production process.

Question: 944

In stakeholder engagement, it is critical to prioritize stakeholders based on their influence and interest. If a stakeholder mapping exercise results in four groups categorized as "High Influence/High Interest," "High Influence/Low Interest," "Low Influence/High Interest," and "Low Influence/Low Interest," which group should the supply manager engage most actively?

- A. High Influence/High Interest
- B. Low Influence/High Interest
- C. High Influence/Low Interest
- D. Low Influence/Low Interest

Answer: A

Explanation: Stakeholders with High Influence and High Interest should be actively engaged to ensure

their needs and concerns are addressed effectively.

Question: 945

A team is struggling with the transition to a new performance measurement system. What is the best initial step for leadership to take in addressing this challenge?

- A. Mandate compliance with the new system
- B. Limit discussions about the new system
- C. Provide comprehensive training and support
- D. Focus solely on the financial implications

Answer: C

Explanation: Providing comprehensive training and support helps employees understand and utilize the new system effectively, addressing challenges and promoting successful adoption.

Question: 946

A company has a working capital of \$1,000,000. If its current liabilities are \$600,000, what is the current ratio, and does this indicate a healthy liquidity position?

- A. 0.67, yes
- B. 1.25, no
- C. 2.67, yes
- D. 1.00, no

Answer: C

Explanation: Current Ratio = Current Assets / Current Liabilities. Current Assets = Working Capital + Current Liabilities = \$1,000,000 + \$600,000 = \$1,600,000. Current Ratio = \$1,600,000 / \$600,000 = 2.67, indicating a healthy liquidity position.

Question: 947

A company is exploring disruptive innovation within its supply chain. Which of the following scenarios best exemplifies disruptive innovation in supply management?

- A. Implementing just-in-time inventory systems
- B. Introducing a subscription-based model for products
- C. Upgrading existing software to improve efficiency
- D. Enhancing supplier relationships through negotiation

Answer: B

Explanation: Introducing a subscription-based model for products represents a disruptive innovation that can fundamentally change how customers access and pay for products, potentially reshaping the market

landscape.

Question: 948

In the context of innovation ecosystems, which of the following factors is most critical for fostering a culture of innovation among supply chain partners?

- A. Open communication and shared goals among all partners
- B. Strong leadership commitment from a single partner
- C. Exclusive focus on cost reduction strategies
- D. Limited engagement with external stakeholders

Answer: A

Explanation: Open communication and shared goals among all partners are essential for creating a collaborative culture that fosters innovation.

Question: 949

If a business plans to allocate \$60,000 for marketing in the coming year and expects a revenue increase of 20% on current sales of \$300,000, what is the expected revenue after marketing expenses?

- A. \$240,000
- B. \$300,000
- C. \$360,000
- D. \$540,000

Answer: C

Explanation: Expected increase = 20% of \$300,000 = \$60,000. Thus, expected revenue = \$300,000 + \$60,000 = \$360,000.

Question: 950

During a negotiation with a supplier from a low-context culture, which communication strategy is likely to be most effective?

- A. Using implicit messages to convey meaning
- B. Focusing on building relationships before discussing terms
- C. Providing clear, direct, and explicit communication
- D. Avoiding formal agreements in favor of verbal commitments

Answer: C

Explanation: Clear, direct, and explicit communication aligns with the preferences of low-context cultures, facilitating effective negotiations.

Question: 951

During a conflict resolution meeting, which technique should a leader employ to ensure that all team members feel heard and valued, ultimately leading to a more effective resolution?

- A. Direct confrontation
- B. Avoidance
- C. Authority assertion
- D. Active listening

Answer: D

Explanation: Active listening demonstrates respect for team members' viewpoints and encourages open communication, which is essential for reaching a consensus in conflict resolution.

Question: 952

A large multinational corporation recently discovered that one of its suppliers was involved in unethical labor practices, including child labor and poor working conditions. The company's leadership is debating whether to terminate the contract with the supplier, considering the financial implications. What should the leadership prioritize to align with ethical standards and corporate social responsibility?

- A. Terminate the contract immediately to uphold ethical standards
- B. Initiate a dialogue with the supplier to improve conditions
- C. Maintain the contract to avoid financial loss
- D. Seek legal advice to explore options without taking immediate action

Answer: A

Explanation: Terminating the contract immediately to uphold ethical standards aligns with the company's commitment to corporate social responsibility, prioritizing human rights over financial implications.

Question: 953

In stakeholder engagement, a company conducts a survey where stakeholders rate their satisfaction on a scale of 1 to 10. If the average satisfaction score from 200 responses is 7.5, what is the total satisfaction score calculated across all responses?

- A. 1,500
- B. 1,600
- C. 1,750
- D. 1,800

Answer: A

Explanation: Total satisfaction score = Average score * Number of responses = $7.5 * 200 = 1,500$.

Question: 954

A manufacturing firm is using cycle time reduction techniques to enhance its competitiveness. Which of the following practices would most likely result in the greatest improvement in cycle time?

- A. Standardizing work procedures
- B. Increasing safety stock levels
- C. Lengthening equipment maintenance intervals
- D. Reducing employee training

Answer: A

Explanation: Standardizing work procedures helps streamline operations and minimize variability, leading to significant improvements in cycle time.

Question: 955

Your organization plans to integrate new technologies into its supply chain processes. What is the most important consideration during this integration?

- A. The cost of technology alone
- B. Ensuring alignment with overall business strategy and goals
- C. Reducing training requirements for employees
- D. Focusing only on technology features without user feedback

Answer: B

Explanation: Ensuring alignment with overall business strategy and goals is crucial for the successful integration and utilization of new technologies in the supply chain.

Question: 956

A business wants to calculate its NPV for a project that costs \$100,000 and is expected to generate cash flows of \$30,000 in year one, \$40,000 in year two, and \$50,000 in year three. If the discount rate is 5%, what is the NPV?

- A. \$10,000
- B. \$15,000
- C. \$20,000
- D. \$25,000

Answer: C

Explanation: $NPV = (30,000/(1.05) + 40,000/(1.05^2) + 50,000/(1.05^3)) - 100,000 = \$20,000$.

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