

---

**CIPS Level 5 – Advanced Diploma in Procurement and Supply**

# **Logistics Management [L5M10]**

**Sample Exam Questions (Objective Response)**

**The correct answer will be listed below each question**

---

Q1. Capacity planning, within logistics management, will be influenced the most by ...

- a. available resources
- b. competitor activities
- c. customer locations
- d. management knowledge

LO: 2

AC: 2.2

Correct answer: A

---

Q2. ImpCo Group (ICG) is a large retailer which imports most of the products it sells from overseas. Its operations director is concerned about the increasing costs of logistics and is considering different options, one of which is the use of multimodal transportation. What might be a benefit to ICG of adopting such an approach?

- a. No supply chain risk
- b. Faster total shipment times
- c. Customs duties will be reduced
- d. System is entirely electronic

LO: 1

AC: 1.2

Correct answer: B

---

Q3. The new logistics manager at Safe Freight Group (SFG) has been given the task to improve SFG's planning and control. They have already reviewed SFG's capacity and likely future demand and have created a spreadsheet showing all of the required activities. Their next task is to prioritise the order in which activities should be performed. This is known as ...

- a. levelling
- b. reverse logistics
- c. loading
- d. sequencing

LO: 2

AC: 2.1

Correct answer: D

---

Q4. Forecasting demand is challenging. In business-to-consumer markets, which of the following are most likely to impact demand?

1. Seasonality
  2. Disposable income
  3. Product life cycle
  4. Commodity availability
- a. 1 and 2 only
  - b. 2 and 4 only
  - c. 1 and 3 only
  - d. 3 and 4 only

LO: 2

AC: 2.2

Correct answer: A

---

Q5. High levels of customer returns will directly lead to which of the following?

1. Less production capacity
  2. Reduced inventories
  3. Administrative costs
  4. Client dissatisfaction
- 
- a. 1 and 2 only
  - b. 3 and 4 only
  - c. 1 and 3 only
  - d. 2 and 4 only

LO: 2

AC: 2.4

Correct answer: B

---

Q6. In manufacturing, a bill of materials will show each individual component part used within the finished product. Is this **TRUE**?

- a. No, this is effectively an invoice for the total amount spent on a product
- b. Yes, it will be used instead of the specification when going out to tender
- c. Yes, it is a list of component parts required to make up the total product
- d. No, the master production schedule will have this information

LO: 2

AC: 2.3

Correct answer: C

---

Q7. Midas Industries has grown rapidly through acquisition over the past 5 years. They have multiple sites and have a medium term objective to implement an ERP system to replace the current diverse software across sites. The ERP implementation project manager is likely to have to address which issue?

- a. Sourcing and purchasing a different ERP system for each site
- b. Rationalising the supply base for production materials
- c. Analysing the seasonality of demand patterns for products
- d. Integration of a number of legacy systems

LO: 2

AC: 2.3

Correct answer: D

---

Q8. The use of an enterprise resource planning (ERP) system by a large organisation will achieve which of the following benefits as a direct consequence? Select **THREE** that apply.

- a. Streamlined processes
- b. New client acquisition
- c. More accurate forecasting
- d. Inter-department collaboration
- e. Low cost of system investment
- f. Stakeholder reduction

LO: 2

AC: 2.3

Correct answer: A, C & D

Q9. Major International Logistics Group (MILG) has invested heavily over the years in state-of-the art systems and technology and has created a recognised market leading force in logistics. It has won numerous consumer service awards and many accolades from satisfied customers. There has been a recent research study published by a leading university. The study has involved extensive data gathering from a wide range of consumers within MILG's markets. It has also included a benchmarking study which has positioned MILG in first place across all aspects of customer satisfaction. During the year in focus of the study MILG is most likely to have performed well in which of the following?

1. Reduced lead times
  2. Lower fixed costs
  3. More on time deliveries
  4. Increased revenues
- 
- a. 1 and 2 only
  - b. 1 and 3 only
  - c. 3 and 4 only
  - d. 2 and 4 only

LO: 1

AC: 1.3

Correct answer: B

SAMPLE QUESTIONS

Q10. A global business operates a number of separate wholly owned subsidiary companies. The parent company places an emphasis on customer service and commissions an annual survey to ensure customer satisfaction remains high. Here are the results together with some additional information about each company's use of technology.

Company 1 – has a consistently high rating for always delivering service to the expected standard. This company uses a technique to aid the identification and location of items by assigning a unique number and symbols to each item.

Company 2 – performs the strongest in inspiring confidence in its abilities with its customers. It operates a software application, designed to support and optimise storage facilities and distribution centres.

Company 3 – has the best staff at demonstrating that they really understand customer concerns and issues. It uses specific technology whereby digital data tags or smart labels are used, which are in turn used to transmit data to reading devices.

Company 4 – has scored the highest because customers believe its staff always address and resolve queries in good time. One of the reasons its staff can resolve queries so quickly is because the company is fully connected to every single party and intermediary from the raw materials to delivery to the company's factories and distribution centres.

You are required to match each service dimension and use of technology to each company, based on the descriptions provided.

Choose from these options and drag and drop your answers into the table below. [8]

**You can only use each option once.**

Bar coding technology	Assurance
Integrated supply chain technology	Empathy
Reliability	Radio frequency identification technology
Responsiveness	Warehouse management system technology

Company	Technology used	Service Dimension
1		
2		
3		
4		

**Q10 Continued ...**

LO: 1

AC: 1.4

Correct answer:

Company	Technology used	Service Dimension
1	Bar coding technology	Reliability
2	Warehouse management system technology	Assurance
3	Radio frequency identification technology	Empathy
4	Integrated supply chain technology	Responsiveness

Q11. Logistics management for a manufacturer is involved primarily with which of the following?

- a. Application of the end-to-end process from the identification of a business need, through sourcing, to contract award
- b. Optimising organisation of storage facilities to ensure that all goods and components are available at the right time and stored in the right place
- c. Effective forward and reverse flow and storage of goods, and related information, between the point of origin and the point of consumption
- d. Use of technology to ensure available transportation resources are allocated and fully used to achieve the organisation's goals

LO: 1

AC: 1.1

Correct answer: C

---

Q12. A major manufacturer is conducting a detailed review of its logistics management. It has hired a consultant who is conducting in-depth value chain analysis on its different areas of logistics, specifically – in-bound and out-bound logistics and after sales service. For this purpose, the consultant would view these areas as which of the following?

- a. Support activities
- b. Customer activities
- c. Primary activities
- d. Connected activities

LO: 1

AC: 1.1

Correct answer: C

---

Q13. Which of the following are fundamental to the concept of 'total logistics'?

1. Competitor benchmarking
  2. Single flow process
  3. Stakeholder communications
  4. Market growth
- a. 1 and 2 only
  - b. 2 and 4 only
  - c. 1 and 3 only
  - d. 3 and 4 only

LO: 1

AC: 1.2

Correct answer: B

---

Q14. ERP (enterprise resource planning) most typically incorporates which of the following?

1. Integrated applications
  2. Contract variations planning
  3. Cross-functional shared data
  4. Stakeholder mapping tools
- 
- a. 1 and 2 only
  - b. 2 and 4 only
  - c. 1 and 3 only
  - d. 3 and 4 only

LO: 2

AC: 2.3

Correct answer: C

---

Q15. Measuring customer service in logistics includes the use of 'soft' measures, such as how many returns are made each month. Is this correct?

- a. Yes, soft measures are the best approach for determining customer service.
- b. No, customer satisfaction would be a more typical soft measure.
- c. Yes, the number of returns is a key 'soft' measure in logistics.
- d. No, customer service is not impacted by the number of returns.

LO: 1

AC: 1.3

Correct answer: B

---

Q16. MRP (materials requirements planning) is based on the assumption that all data input is accurate. Is this correct?

- a. Yes, and this is a major challenge for MRP as all data will need to be input manually for each batch.
- b. No, logistics management technologies are now able to compensate automatically for poor quality data.
- c. Yes, as calculations rely on input, the outputs are only as good as the accuracy of data input.
- d. No, variations in the input data will causes only minor issues and can usually be ignored

LO: 2

AC: 2.3

Correct answer: C

---

Q17. Which of the following are true about 'reverse logistics' compared to 'forward logistics'? Select **TWO** that apply.

- a. Product quality is uniform
- b. Forecasting is more difficult
- c. Costs are known and visible
- d. Speed is generally more important
- e. Packaging is often damaged

LO: 2

AC: 2.4

Correct answer: B & E

---

Q18. Which of the following will have a direct impact on 'loading', in the context of logistics management planning and control? Select **THREE** that apply.

- a. Human resource availability
- b. Product branding
- c. Planned maintenance
- d. Machine reliability
- e. Market growth rates
- f. Stakeholder engagement

LO: 2

AC: 2.1

Correct answer: A, C & D

---

Q19. A logistics manager (LM) is currently involved in undertaking a detailed review of the organisation's capacity management and planning, with a view to making changes to maximise available capacity at all times.

Forecasting demand has been a challenge for the organisation for many years now. This is because its products are highly susceptible to variations in demand throughout the year, due to climatic conditions and the availability of alternative products in the market at lower prices. Which of the following are the LM's main challenges when attempting to forecast demand?

1. Seasonality
  2. Packaging
  3. Budgets
  4. Competition
- a. 1 and 2 only
  - b. 2 and 3 only
  - c. 3 and 4 only
  - d. 1 and 4 only

LO: 2

AC: 2.2

Correct answer: D

---

Q20. Decoupling inventory, or holding safety stocks, cushions the company's inventory against potential issues in the manufacture of products. These issues can occur when ...

- a. two sequential production lines work at different speeds to one another
- b. there is a surplus of finished stock within the organisation
- c. there is a breakdown in the inventory process for finished goods
- d. the delivery of goods from the company is automated

LO: 1

AC: 1.1

Correct answer: A

SAMPLE QUESTIONS