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

# **Operations Management**

## **[L5M9]**

**Sample Exam Questions (Objective Response)**

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

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Q1. Which of the following would be the most useful for an organisation with the goal of becoming market leader in operations management within the next five years by reviewing the performance of its competitors?

- a. Benchmarking
- b. Re-engineering
- c. Staff recruitment
- d. Stakeholder mapping

LO: 2

AC: 2.1

Correct answer: A

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Q2. The focus of operations management varies depending on the sector and the goals of the organisation overall. The aims of operations management will also be influenced by the motives of shareholders and other stakeholders. Operations management for a major manufacturer is primarily focused on reconciling which of the following?

- a. Development of international markets with new warehouses to hold increased inventories
- b. Creating sufficient volume of products to meet demand from customers
- c. Ensuring budgets are fully aligned between finance and audit
- d. Identifying alternative funding methods to minimise borrowing costs

LO: 1

AC: 1.4

Correct answer: B

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Q3. The senior management team at TD Electronics are keen to improve their operational performance on production line A. They identify a similar production line in their factory. They select some appropriate measures from both production lines and collect and carefully analyse and compare the data. The objective is to use and compare the data to help to drive continuous improvement. What is this process called?

- a. Poka-yoke
- b. Statistical process control
- c. Six Sigma
- d. Internal benchmarking

LO: 2

AC: 2.1

Correct answer: D

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Q4. The Taguchi loss function relates to which of the following?

- 1. Specification
  - 2. Statistical controls
  - 3. Customer satisfaction
  - 4. Benchmarking
- a. 1 and 2 only
  - b. 1 and 3 only
  - c. 2 and 3 only
  - d. 3 and 4 only

LO: 2

AC: 2.4

Correct answer: B

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Q5. Effective business continuity planning includes consideration of which of the following as a priority?

1. Determining recovery resource requirements
  2. Identifying initial staff training needs
  3. Researching areas of process improvement
  4. Quantifying likely recovery times
- 
- a. 1 and 2 only
  - b. 3 and 4 only
  - c. 1 and 4 only
  - d. 2 and 3 only

LO: 2

AC: 2.2

Correct answer: C

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Q6. An operations manager is trying to encourage staff to focus on adopting a 'right first time' approach. They have introduced increased quality control procedures. Will this achieve the objective of zero defects?

- a. No, the quality control approach will not prevent defects arising
- b. No, right first time is not a quality-driven initiative
- c. Yes, quality defects will be completely eradicated
- d. Yes, quality control and zero defects are directly linked

LO: 2

AC: 2.4

Correct answer: A

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Q7. Performance measures in operations management can include consumer satisfaction. Is this **TRUE**?

- a. Yes, consumers will directly control how operations management is delivered
- b. No, these measures will only be internally focused
- c. No, operations management does not impact on consumers
- d. Yes, operations management impacts on consumers' experience

LO: 2

AC: 2.1

Correct answer: D

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Q8. Performance objectives of operations management are primarily focused on which of the following areas?  
Select **THREE** that apply.

- a. Quality
- b. Speed
- c. Transferability
- d. Collaboration
- e. Competition
- f. Flexibility

LO: 1

AC: 1.2

Correct answer: A, B & F

Q9. The board of Active Sports Products Group (ASPG) is concerned because of a deteriorating market share and falling customer satisfaction scores. Its marketing director and CPO have been tasked by the board to conduct a review and develop a plan together to improve the situation as quickly as possible, before the task becomes too great.

ASPG formed a small project team which initially is focusing on factors which directly contribute to the retaining or gaining of customers. These factors are regarded by customers as key reasons for buying ASPG's products.

The project team will also focus on other factors which are perceived by customers to be relevant but as long as they are maintained at an adequate level by ASPG they have no direct impact on customer orders, but these factors ensure ASPG are accepted as a viable supplier in the market. These two factors can be summarised as ..

1. Demand driven factors
2. Order winning factors
3. Qualifying factors
4. Market share factors

- a. 1 and 4 only
- b. 1 and 2 only
- c. 2 and 3 only
- d. 3 and 4 only

LO: 1

AC: 1.2

Correct answer: C

Q10. There are different organisational approaches to operations management. Here are four different businesses. For each organisation there is a description of its perspective in terms of strategy and its main operations process driver.

Organisation 1 – Its operations strategy perspective is based on what the senior management wants operations to do. The focus is on how much of a specific product is required to satisfy consumer demand.

Organisation 2 – Its operations strategy perspective is based on what operations resources can actually do. The focus relates to diversity of the range of products to be manufactured and sold to consumers.

Organisation 3 – Its operations strategy perspective is based on what the market position requires operations to do. The focus is on how much the level of demand is likely to change over time due to external factors and seasonality.

Organisation 4 – Its operations strategy perspective is based on what practical experience at a functional level suggests operations should do. The focus is on how much of the operations process the consumer actually experiences.

You are required to match the process driver and operations strategy perspective to each organisation, 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.**

Variation	Bottom-up perspective
Variety	Visibility
Market requirements perspective	Volume
Operations resources perspective	Top-down perspective

Organisation	Process driver	Operations strategy perspective
1		
2		
3		
4		

LO: 1

AC: 1.2/3

Correct answer:

Organisation	Process driver	Operations strategy perspective
1	Volume	Top-down perspective
2	Variety	Operations resources perspective
3	Variation	Market requirements perspective
4	Visibility	Bottom-up perspective

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Q11. Which of the following will have the greatest future impact on operations management within a manufacturing company?

- a. Employee recognition and rewards scheme
- b. Internal financial audit review
- c. New product development and processes
- d. Head office design and layout

LO: 1

AC: 1.4

Correct answer: C

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Q12. An operations function has the highest levels of both strategic impact and operations capability. It is recognised as providing a basis for competitive advantage for the organisation as a whole. Which of the following describes its stage of development of operations strategy contribution?

- a. Externally supportive
- b. Internally neutral
- c. Externally neutral
- d. Internally supportive

LO: 1

AC: 1.2

Correct answer: A

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Q13. Production planning and control, within operations management, in the automotive industry will focus on which of the following as a priority?

1. Sourcing
  2. Routing
  3. Branding
  4. Scheduling
- 
- a. 1 and 2 only
  - b. 2 and 4 only
  - c. 1 and 3 only
  - d. 3 and 4 only

LO: 1

AC: 1.3

Correct answer: B

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Q14. Functional level operations strategy will focus primarily on which of the following?

1. Determining organisation wide corporate strategy
  2. Developing plans for other functions
  3. Integrating activities within the operations function
  4. Aligning production capacity with business goals
- 
- 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: D

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Q15. Effective planning will always ensure that the key performance objectives of operations management are achieved. Is this correct?

- a. Yes, by having a plan it will always be possible to achieve all performance objectives.
- b. No, it is an aspiration and trade-offs arise due to changing external factors.
- c. Yes, although objectives may need to be revised upwards to accommodate a failed plan.
- d. No, there are five recognised performance objectives and they cannot all be achieved.

LO: 1

AC: 1.2

Correct answer: B

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Q16. The use of benchmarking in improving operations management commonly also involves use of gap analysis. Is this correct?

- a. Yes, gap analysis is the start of the process and then ideas can be benchmarked against competitors.
- b. No, the use of benchmarking in operations management and gap analysis are not connected in any way.
- c. Yes, benchmarking can be used to set a standard which might identify potential gaps to be addressed.
- d. No, benchmarking is not typically used in operations management although gap analysis can be applied.

LO: 2

AC: 2.1

Correct answer: C

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Q17. Which of the following are key elements of implementing business process re-engineering?

1. The need to focus on making small incremental improvements
  2. Top level management support
  3. The need to develop a business vision and clear process objectives
  4. The adoption of a bottom-up approach
- 
- a. 1 and 2 only
  - b. 1 and 3 only
  - c. 2 and 3 only
  - d. 3 and 4 only

LO: 2

AC: 2.1

Correct answer: C

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Q18. Which of the following are types of poka yoke method? Select **THREE** that apply.

- a. Contact
- b. Effect
- c. Constant number
- d. Sequence
- e. Failure
- f. Counting

LO: 2

AC: 2.4

Correct answer: A, C & D

Q19. AirCon Group (ACG) is a large manufacturer of a range of air conditioning units for both domestic and industrial use. Its supply and customer markets are worldwide and competition is fierce. ACG has decided to focus on delivering high quality products, for which it can justify a premium pricing approach, and so has a strong focus on improvement throughout its manufacturing processes. It has recently adopted a statistical process control (SPC) approach to production in an attempt to raise standards. Which of the following are the fundamental elements of such an approach?

1. Collecting relevant data
  2. Communicating results to stakeholders
  3. Adopting emerging technologies
  4. Pre-determining tolerance limits
- 
- a. 1 and 2 only
  - b. 2 and 3 only
  - c. 3 and 4 only
  - d. 1 and 4 only

LO: 2

AC: 2.4

Correct answer: D

SAMPLE QUESTIONS

Q20. ABC is a global conglomerate. It has grown considerably in recent years through acquisition. Most of the businesses acquired by ABC operate on an autonomous basis as subsidiaries. As a consequence, the operations management performance objectives vary depending on priorities. In addition, the emphasis of operations processes also varies by subsidiary. Relevant information is as follows:

Subsidiary 1 – Producing products that fully meet the expectations of customers is of the greatest importance to this subsidiary. The subsidiary has a challenge in terms of operations management processes due to the assortment and diversity of the products it manufactures.

Subsidiary 2 – This subsidiary operates in very challenging markets where end customers find it difficult to forecast and so often place orders in the expectation that they will be fulfilled almost instantly. These short lead times can cause issues for the operations management team. Because end customers find it difficult to forecast, this has a knock-on impact on the subsidiary in terms of processing, because there can be significant fluctuations in demand for its products month-by-month.

Subsidiary 3 – This subsidiary operates in fiercely competitive markets which are highly price sensitive. Unsurprisingly, the challenge for operations management is to continually identify ways in which product pricing can be reduced whilst maintaining the subsidiary’s profit margin. However, the subsidiary can often leverage economies of scale due to the need to process customer orders for extremely high quantities. Whilst this can help from a financial management perspective, it can cause challenges in terms of processing.

Subsidiary 4 – This subsidiary operates in rapidly changing markets, where new entrants are frequently emerging and customer needs and expectations are changing equally often. Adapting to these changes in demand and responding to changes in the market are key to survival. In addition, because there is also a service element to what the subsidiary delivers, its processes interact directly with customers and are part of the ‘customer experience’.

You are required, for each subsidiary, to determine the main operations management performance objective and the key driver of operations processes.

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

Variety	Cost Objective
Quality Objective	Speed Objective
Visibility	Variation
Flexibility Objective	Volume

Subsidiary	Performance Objectives	Operations Process Driver
1		
2		
3		
4		

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**Q20 Continued ...**

LO: 2

AC: 2.1

Correct answer:

<b>Subsidiary</b>	<b>Performance Objectives</b>	<b>Operations Process Driver</b>
1	Quality Objective	Variety
2	Speed Objective	Variation
3	Cost Objective	Volume
4	Flexibility Objective	Visibility

SAMPLE QUESTIONS