

# ISM INTE

## Supply Management Integration

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# Latest Version: 6.0

## Question: 1

A supply manager wishes to implement an enterprise resource planning (ERP) system. During which phase of the system development process should the supply manager communicate with end users to review their business environments?

- A. Testing
- B. Maintenance
- C. Design
- D. Analysis

**Answer: D**

Explanation:

During the analysis phase of an ERP system development process, the supply manager should communicate with end users to review their business environments. This phase involves gathering detailed information about user requirements and business processes to ensure the ERP system will meet organizational needs. It's crucial for identifying gaps and ensuring user buy-in. Reference: ERP implementation methodologies emphasize the importance of user engagement during the analysis phase to align system functionalities with business operations.

## Question: 2

A firm hires a contractor to build a new warehouse. During construction, the firm decides it wants to modify the contract to add an office area to the facility. Which of the following is the BEST course of action for the firm to take in this situation?

- A. Verbally notify the contractor of the changes, negotiate the costs, and instruct the contractor to proceed with the change and write the change order at the time of project completion
- B. Develop a written description of the changes, and negotiate a written change order that minimizes the cost impact while work continues on the warehouse
- C. Stop construction on the warehouse and negotiate the change order with the contractor before resuming work
- D. Advise the contractor on how much the firm has available to build the new office area, and write a change order based on the final amount of the revisions

**Answer: B**

Explanation:

The best course of action is to develop a written description of the desired changes and negotiate a written change order. This approach ensures that all modifications are documented and agreed upon,

minimizing misunderstandings and legal issues. It allows construction to continue without significant delays, managing costs effectively. Reference: Best practices in project management recommend formalizing changes through written agreements to maintain clarity and accountability.

### Question: 3

\NXY, Inc. buys high-quality fragile products from a supplier. Numerous shipments from this supplier have arrived with dents on the packages, resulting in damaged products. Given this situation, which of the following is the FIRST course of action WXY should take?

- A. Contact the freight forwarder and inquire as to why such damages are occurring so frequently
- B. Verify that the Incoterms® 2010 rule being used ensures that the responsibility is not on the supplier's side
- C. Modify the product design in order to avoid damages during transit
- D. Send the supplier pictures of the damaged packages and request improvements

**Answer: D**

Explanation:

The first course of action is to send pictures of the damaged packages to the supplier and request improvements. This step helps establish clear communication regarding the problem and provides visual evidence that can lead to corrective actions by the supplier. It's important to address quality issues directly with the supplier to ensure packaging meets the necessary standards. Reference: Supply chain management principles highlight the importance of supplier communication and collaboration in resolving quality issues.

### Question: 4

A utility installation company conducts an annual review of its assets. Included with its equipment are several trenching machines that were purchased three years ago at a cost of \$85,000 each. How should this value be categorized in the asset management system?

- A. Equity
- B. Book
- C. Market
- D. Historic

**Answer: D**

Explanation:

The value of the trenching machines, purchased at a cost of \$85,000 each three years ago, should be categorized as historic in the asset management system. This refers to the original purchase cost of the assets, which is recorded for accounting and asset tracking purposes. It provides a baseline for

depreciation calculations and asset management. Reference: Accounting standards specify that assets should be recorded at their historical cost to provide accurate financial reporting.

## Question: 5

A manufacturer receives notice from one of its largest customers stating that, from this point on, it will only accept environmentally friendly boxes for packaging. The manufacturer checks the remaining packaging in its inventory and finds that it still has over six months' worth of boxes that are not made of environmentally-friendly materials. These boxes are custom-designed and cannot be returned to the packaging material supplier. In this situation, the manufacturer would be BEST served by doing which of the following?

- A. Disposing of the existing boxes and switching to environmentally-friendly materials
- B. Explaining the situation to the customer and offering the products in the existing boxes at a discounted price
- C. Negotiating a grace period with the customer to allow a gradual switch from the existing design to the new one
- D. Using the leftover boxes for internal purposes within the organization

**Answer: C**

Explanation:

Negotiating a grace period allows the manufacturer to utilize the existing inventory of nonenvironmentally

friendly boxes while planning a transition to meet the customer's requirements. This approach balances customer satisfaction and cost efficiency, avoiding waste and financial loss.

Reference: Supply chain flexibility and customer relationship management practices emphasize negotiation as a key strategy in adapting to changing customer demands.

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