

# CIPS L5M9

## Operations Management (L5M9)

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## Question: 1

Operations Management is concerned with the management of resources in the production of tangible goods. Is this TRUE?

- A. yes- operations management is ensuring a company has the correct resources to create goods
- B. yes- operations management ensures there are sufficient goods produced to meet customer demand
- C. no - operations management can also be concerned with the creation of intangible goods
- D. no- operations management is concerned with ensuring the organisation is profitable

**Answer: C**

Explanation:

you can't touch or hold), also requires operations management. P.2

## Question: 2

George has recently been hired as the new Operations Manager at a cake factory. He has 10 years; experience but his most recent employment was as an Operations Manager in an accountancy firm. George believes that the skills and responsibilities of an Operations Manager is the same regardless of the organisation he works for. Which of the following would be one of these responsibilities? Select TWO

- A. increase profit
- B. keep customers happy
- C. create competitive advantage
- D. manage a team

**Answer: B,C**

Explanation:

The correct answer is keep customers happy and create competitive advantage. This is from p.4 of the study guide. The key in this question is that you're looking for a universal responsibility for an Operations Manager- something that doesn't depend on the organisation. For this reason increase profits and managing a team are incorrect. Not every Ops Manager will be tasked to increase profits and not every Ops Manager will have direct line management responsibilities. The study guide states 'their key role is to guarantee that available resources are efficiently used in order to create competitive advantage for the organisation and keep customers satisfied'.

## Question: 3

An Operations Manager is responsible for making many decisions. Which of the following would be a strategic decision made by an Operations Manager?

- A. deciding which inventory to carry
- B. creating quality standards
- C. scheduling the production of manufactured goods
- D. deciding how to allocate key raw materials among the functional areas

**Answer: D**

Explanation:

4 is the only strategic decision listed here. The other options are 'operations decisions' rather than 'strategic'. Strategic decisions influence the direction the company is going in and may have an effect on the long-term strategy of the company. Operational decisions are about ensuring everything runs smoothly and the Five Rights are achieved. This is from p.4-6 of the study guide.

### Question: 4

Which of the following are operations management activities? Select THREE

- A. process selection
- B. materials management
- C. development of new products
- D. capacity planning
- E. job design

**Answer: A,B,D**

Explanation:

1 2 and 4 are correct. Development of New Products would be the activity of the R&D department, and job design the activity of HR. There is a list of 10 Operations Management activities on p.12

### Question: 5

Under what circumstances would an 'intermittent operations' process be the most suitable?

- A. many different items are produced in low quantities
- B. where quality assurance must be carried out regularly
- C. an organisation with low numbers of manufacturing staff
- D. in high value, high volume production

**Answer: A**

Explanation:

1 is the correct answer. Intermittent operations is when you have different products that require different product arrangements. For example when you produce several items in small batches and need to change the configuration of the machines regularly. A factory that makes boxes of chocolates will use intermittent operations as they'll produce 12 different types of chocolate to go into the boxes- they'll need to stop operations after each type is made, to then set up to make the next type. This is the opposite of continuous production, where you make one product continuously (e.g. tins of tomatoes). This is from p.13. Option 2 is incorrect as quality assurance wouldn't stop production. Option 3 is incorrect as you can have a few staff doing continuous operations. Option 4 is incorrect as a high volume would indicate this is continuous production rather than intermittent. See p.13.

### Question: 6

Penny is the Operations Manager at a small furniture manufacturing company that makes tables and chairs, among other wooden household items. In the manufacturing site there is a small warehouse which stores inventory which is used in unforeseen circumstances such as a late delivery. What is the name given to this type of inventory?

- A. anticipation inventory
- B. buffer stock
- C. work-in progress
- D. transit inventory

**Answer: B**

Explanation:

This is buffer stock because it is being used as a safety for if something goes wrong with the current planned production schedule.. Anticipation Inventory is when you order extra materials in anticipation that something in the future will affect the level of production, such as a labour strike or a sharp price increase. These two are quite similar but the difference is buffer stock is held all the time and you don't anticipate something drastic is going to change in the future- you're just holding the extra stock because you're risk adverse. Anticipation Inventory isn't always held, it's collected when you think something bad is going to happen in the future and you'll need it. Work-in-progress is half-finished products and transit inventory is products that are currently being moved, for example on a delivery truck so these two are obvious wrong answers. See p.25 for different types of inventory

### Question: 7

Below are details of 4 local manufacturing companies. For each company you must decide what the main objective is for the organisation and what layout their manufacturing plant has. Company 1: This company creates large, delicate products which are hard to move. The main aim of the company is to stand out from competitors due to the superior level of materials used and by using the latest forms of technology to create the items.

Company 2: This company produces 72 different items and has designated zones within its premises for the creation of each item. The zones are organised based on the technology used and some products may be passed between different zones to be completed. The company creates many different items in response to changing customer demands, with many product lines only lasting a single season.

Company 3: Company 3 creates one product which flows along a single production line, with staff members adding to the product on four different occasions. The company must produce a high volume of this singular product in order to break even. Therefore, there is always a steady flow of items through the plant and it is important there is no stoppage in production.

Company 4: This company produces small batches of products, as and when they are ordered by customers. Due to uncertainty in demand, a high profit margin is added to the cost of each item. Teams in the factory are grouped into different areas depending on the technological process they are using. Complete the table below by listing the objective criteria and plant layout for each company. Each response should only be used once: flexibility, speed, quality, cost, functional layout, cell layout, product layout, fixed-position layout

	Objective Criteria	Plant Layout
Company 1	1	5
Company 2	2	6
Company 3	3	7
Company 4	4	8

Which of the following will you put into box 1?

- A. flexibility
- B. speed
- C. quality
- D. cost

**Answer: C**

Explanation:

The correct answers are as follows:

	<b>Objective Criteria</b> <b>p.4 LO 1.1</b>	<b>Plant Layout</b> <b>p.17 LO 1.1</b>
Company 1	<b>1 quality</b> The company uses superior levels of materials to stand out from competitors	<b>5 fixed- position layout</b> The product is large and delicate, indicating that it shouldn't be moved- the product will stay in the same fixed position with the team working around each item (rather than the item moving through the factory).
Company 2	<b>2 flexibility</b> The company changes its product lines frequently (every season) depending on customer demands	<b>6 cell layout</b> Production is grouped into zones, or cells, with products transferring between the cells if needed.
Company 3	<b>3 speed</b> The company needs to work quickly to produce the item, with no stoppage in production	<b>7 product layout</b> This is also known as a line or flow layout- products travel around the plant to different teams. This is the most common form of layout in mass-produced manufacturing.
Company 4	<b>4 cost</b> There is a high profit margin added to each item	<b>8 functional layout</b> this is also known as 'job shop' or 'process' layout. Processes are clustered into different areas depending on the technology being used

## Question: 8

Below are details of 4 local manufacturing companies. For each company you must decide what the main objective is for the organisation and what layout their manufacturing plant has.

Company 1: This company creates large, delicate products which are hard to move. The main aim of the company is to stand out from competitors due to the superior level of materials used and by using the latest forms of technology to create the items.

Company 2: This company produces 72 different items and has designated zones within its premises for the creation of each item. The zones are organised based on the technology used and some products may be passed between different zones to be completed. The company creates many different items in response to changing customer demands, with many product lines only lasting a single season.

Company 3: Company 3 creates one product which flows along a single production line, with staff members adding to the product on four different occasions. The company must produce a high volume of this singular product in order to break even. Therefore, there is always a steady flow of items through the plant and it is important there is no stoppage in production.

Company 4: This company produces small batches of products, as and when they are ordered by customers. Due to uncertainty in demand, a high profit margin is added to the cost of each item. Teams in the factory are grouped into different areas depending on the technological process they are using. Complete the table below by listing the objective criteria and plant layout for each company. Each response should only be used once: flexibility, speed, quality, cost, functional layout, cell layout, product layout, fixed-position layout

	Objective Criteria	Plant Layout
Company 1	1	5
Company 2	2	6
Company 3	3	7
Company 4	4	8

Which of the following will you put into box 2?

- A. flexibility
- B. speed
- C. quality
- D. cost

**Answer: A**

Explanation:

The correct answers are as follows:

	<b>Objective Criteria</b> p.4 LO 1.1	<b>Plant Layout</b> p.17 LO 1.1
Company 1	<b>1 quality</b> The company uses superior levels of materials to stand out from competitors	<b>5 fixed- position layout</b> The product is large and delicate, indicating that it shouldn't be moved- the product will stay in the same fixed position with the team working around each item (rather than the item moving through the factory).
Company 2	<b>2 flexibility</b> The company changes its product lines frequently (every season) depending on customer demands	<b>6 cell layout</b> Production is grouped into zones, or cells, with products transferring between the cells if needed.
Company 3	<b>3 speed</b> The company needs to work quickly to produce the item, with no stoppage in production	<b>7 product layout</b> This is also known as a line or flow layout- products travel around the plant to different teams. This is the most common form of layout in mass-produced manufacturing.
Company 4	<b>4 cost</b> There is a high profit margin added to each item	<b>8 functional layout</b> this is also known as 'job shop' or 'process' layout. Processes are clustered into different areas depending on the technology being used

**Question: 9**

Below are details of 4 local manufacturing companies. For each company you must decide what the main objective is for the organisation and what layout their manufacturing plant has.

Company 1: This company creates large, delicate products which are hard to move. The main aim of the company is to stand out from competitors due to the superior level of materials used and by using the latest forms of technology to create the items.

Company 2: This company produces 72 different items and has designated zones within its premises for the creation of each item. The zones are organised based on the technology used and some products may be passed between different zones to be completed. The company creates many different items in response to changing customer demands, with many product lines only lasting a single season.

Company 3: Company 3 creates one product which flows along a single production line, with staff members adding to the product on four different occasions. The company must produce a high volume of this singular product in order to break even. Therefore, there is always a steady flow of items through the plant and it is important there is no stoppage in production.

Company 4: This company produces small batches of products, as and when they are ordered by customers. Due to uncertainty in demand, a high profit margin is added to the cost of each item. Teams in the factory are grouped into different areas depending on the technological process they are using. Complete the table below by listing the objective criteria and plant layout for each company. Each response should only be used once: flexibility, speed, quality, cost, functional layout, cell layout, product layout, fixed-position layout

	Objective Criteria	Plant Layout
Company 1	1	5
Company 2	2	6
Company 3	3	7
Company 4	4	8

Which of the following will you put into box 3?

- A. flexibility
- B. speed
- C. quality
- D. cost

**Answer: B**

Explanation:

The correct answers are as follows:

	<b>Objective Criteria</b> <b>p.4 LO 1.1</b>	<b>Plant Layout</b> <b>p.17 LO 1.1</b>
Company 1	<b>1 quality</b> The company uses superior levels of materials to stand out from competitors	<b>5 fixed- position layout</b> The product is large and delicate, indicating that it shouldn't be moved- the product will stay in the same fixed position with the team working around each item (rather than the item moving through the factory).
Company 2	<b>2 flexibility</b> The company changes its product lines frequently (every season) depending on customer demands	<b>6 cell layout</b> Production is grouped into zones, or cells, with products transferring between the cells if needed.
Company 3	<b>3 speed</b> The company needs to work quickly to produce the item, with no stoppage in production	<b>7 product layout</b> This is also known as a line or flow layout- products travel around the plant to different teams. This is the most common form of layout in mass-produced manufacturing.
Company 4	<b>4 cost</b> There is a high profit margin added to each item	<b>8 functional layout</b> this is also known as 'job shop' or 'process' layout. Processes are clustered into different areas depending on the technology being used

## Question: 10

Below are details of 4 local manufacturing companies. For each company you must decide what the main objective is for the organisation and what layout their manufacturing plant has.

Company 1: This company creates large, delicate products which are hard to move. The main aim of the company is to stand out from competitors due to the superior level of materials used and by using the latest forms of technology to create the items.

Company 2: This company produces 72 different items and has designated zones within its premises for the creation of each item. The zones are organised based on the technology used and some products may be passed between different zones to be completed. The company creates many different items in response to changing customer demands, with many product lines only lasting a single season.

Company 3: Company 3 creates one product which flows along a single production line, with staff members adding to the product on four different occasions. The company must produce a high volume of this singular product in order to break even. Therefore, there is always a steady flow of items through the plant and it is important there is no stoppage in production.

Company 4: This company produces small batches of products, as and when they are ordered by customers. Due to uncertainty in demand, a high profit margin is added to the cost of each item. Teams in the factory are grouped into different areas depending on the technological process they are using. Complete the table below by listing the objective criteria and plant layout for each company. Each response should only be used once: flexibility, speed, quality, cost, functional layout, cell layout, product layout, fixed-position layout

	Objective Criteria	Plant Layout
Company 1	1	5
Company 2	2	6
Company 3	3	7
Company 4	4	8

Which of the following will you put into box 4?

- A. flexibility
- B. speed
- C. quality
- D. cost

**Answer: D**

Explanation:

The correct answers are as follows:

	<b>Objective Criteria</b> p.4 LO 1.1	<b>Plant Layout</b> p.17 LO 1.1
Company 1	<b>1 quality</b> The company uses superior levels of materials to stand out from competitors	<b>5 fixed- position layout</b> The product is large and delicate, indicating that it shouldn't be moved- the product will stay in the same fixed position with the team working around each item (rather than the item moving through the factory).
Company 2	<b>2 flexibility</b> The company changes its product lines frequently (every season) depending on customer demands	<b>6 cell layout</b> Production is grouped into zones, or cells, with products transferring between the cells if needed.
Company 3	<b>3 speed</b> The company needs to work quickly to produce the item, with no stoppage in production	<b>7 product layout</b> This is also known as a line or flow layout- products travel around the plant to different teams. This is the most common form of layout in mass-produced manufacturing.
Company 4	<b>4 cost</b> There is a high profit margin added to each item	<b>8 functional layout</b> this is also known as 'job shop' or 'process' layout. Processes are clustered into different areas depending on the technology being used

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