CIPS

L6M10 Exam

Global Logistics Strategy

Questions & Answers
Demo

Version: 4.0

Topic 1, The strategic logistical implications of globalisation

Question: 1

A company wants to implement a strategy that maintains product neutrality and customization possibilities for as long as possible in its supply chain. Which postponement strategy is most suitable for achieving this goal?

A. Manufacturing postponement
B. Logistics postponement
C. Material flow postponement
D. Information flow postponement

Answer: A

Explanation:

In the given scenario, the company wants to maintain product neutrality and customization possibilities for as long as possible. This aligns with the concept of manufacturing postponement, where a standard product is produced, but customization and personalization are delayed until customer requirements are confirmed or an order is placed. This strategy allows for flexibility in product design and customization while reducing the risk of producing unnecessary variations prematurely. [P-60]

Question: 2

Which of the following factors may influence plant performance within the supply chain network? (Select all that apply)

A. Employee attitudes and mentality
B. Plant structure and infrastructure
C. Geographic location
D. Standardization of operations
E. Trade-offs between different performance metrics

Answer: A, B, C, E

Explanation:

Geographic location: Can influence plant performance based on its proximity to raw material sources or distribution centers.
Plant structure and infrastructure: Differences in structure and infrastructure can impact productivity.
Employee attitudes and mentality: Cultural variations and employee behavior can significantly affect plant performance.
Trade-offs between different performance metrics: Organizations may have to balance cost efficiency with responsiveness, impacting performance. [P 46-47]

Question: 3

Which of the following methods help reduce price and currency fluctuations in a global supply chain? (Select all that apply)

A. Currency choice
B. Supply chain optimization
C. Just-in-time inventory
D. Currency options

Answer: A, D

Explanation:

There are five methods for reducing price and currency fluctuations in a global supply chain. Among these methods, the following two are mentioned:
Currency choice: Setting transaction pricing in the currency of the buyer to transfer foreign exchange risk to the customer.
Currency options: Buying contracts that give the organization the right to buy or sell currency at an agreed price within a specific time period, reducing the risk of unfavorable fluctuations.
The other options (B and C) are not mentioned as methods for reducing currency fluctuations in the text. [P-21]

Question: 4

An organization with a cost leadership strategy is considering choosing a supply partner. What is the trade-off that this organization needs to consider?

A. A trade-off between cost margins and compensation claims
B. A trade-off between cost efficiency and responsiveness
C. A trade-off between digital platforms and Lean processes
D. A trade-off between robotics and batch processes

Answer: B

Explanation:

An organization with a cost leadership strategy must balance cost efficiency with responsiveness. This trade-off involves economies of scale within the supply chain while ensuring that logistics systems maintain cost margins without causing delays due to excessive focus on economies of scale. [P-31]

Question: 5

A multinational company is expanding its operations globally and considering the benefits and challenges of sourcing, outsourcing, and offshoring. Which challenge is likely to be hard to overcome due to trade across borders and geographic, time, and language differences?

A. Compliance issues
B. Logistics and production scheduling
C. Quality expectations
D. Lead time factors

Answer: D

Explanation:

Global expansion introduces challenges such as geographic, time, and language differences that significantly impact lead times. Managing long distances and coordinating activities across different time zones and languages make lead time factors one of the most difficult challenges to overcome. [P-63]