

Supply Chain Interview Questions and Answers

By [AssessGrow](#)

1. Which of the following best describes the goal of supply chain management?

- A) Minimize costs at all levels
- B) Maximize production speed
- C) Deliver the right product to the right place at the right time and cost
- D) Increase advertising effectiveness

Answer: C

Explanation: Supply chain management focuses on delivering the right product, at the right time, place, and cost—ensuring customer satisfaction and business efficiency.

2. What does the term "Just-in-Time" (JIT) refer to in supply chain management?

- A) Bulk purchasing strategy
- B) Delivering materials only when needed
- C) Holding maximum inventory
- D) Forecasting demand with AI

Answer: B

Explanation: JIT reduces inventory costs by receiving goods only as they are needed in the production process.

3. In procurement, what is a "Request for Proposal" (RFP)?

- A) A binding legal agreement
- B) A document to solicit bids from suppliers
- C) A way to confirm shipment delivery
- D) A type of inventory report

Answer: B

Explanation: An RFP is used to request detailed proposals from suppliers, especially for complex or custom purchases.

4. Which KPI would be most useful to track warehouse efficiency?

- A) Customer satisfaction score
- B) Net promoter score
- C) Return on investment
- D) Inventory turnover rate

Answer: D

Explanation: Inventory turnover measures how often stock is sold and replaced—an indicator of warehouse and sales efficiency.

5. What is the bullwhip effect in supply chain?

- A) Demand distortion across the supply chain
- B) A form of cost fluctuation
- C) A marketing strategy
- D) A method of supplier onboarding

Answer: A

Explanation: The bullwhip effect occurs when small changes in demand cause larger variances upstream in the supply chain.

6. Which of these is a primary function of a warehouse?

- A) Product manufacturing
- B) Marketing strategy planning
- C) Goods storage and distribution
- D) Inventory forecasting

Answer: C

Explanation: Warehouses are primarily used for storing and distributing goods to meet customer demand.

7. What is lead time in supply chain terms?

- A) Time taken to complete a sales call
- B) Duration between placing and receiving an order
- C) Marketing response time
- D) Time spent in product R&D

Answer: B

Explanation: Lead time refers to the time elapsed between initiating and completing a process, like placing an order to receive goods.

8. What is the main advantage of using multiple suppliers?

- A) Higher product quality
- B) Reduced compliance requirements
- C) Risk mitigation and supply security
- D) Better marketing outreach

Answer: C

Explanation: Relying on multiple suppliers helps mitigate risks like delays, shortages, or geopolitical issues.

9. What type of inventory system continuously tracks inventory levels in real time?

- A) Periodic inventory system
- B) Push system
- C) Perpetual inventory system
- D) JIT inventory

Answer: C

Explanation: A perpetual inventory system updates inventory records automatically as transactions occur.

10. What is the main goal of demand forecasting?

- A) Improve email marketing
- B) Reduce compliance violations
- C) Increase employee engagement
- D) Anticipate future customer demand

Answer: D

Explanation: Accurate demand forecasting helps businesses align supply with future customer demand and reduce excess inventory.

11. Which of the following is a common sourcing strategy?

- A) Just-out-of-stock
- B) Dual sourcing
- C) Bottom funnel marketing
- D) Crowdfunding

Answer: B

Explanation: Dual sourcing involves using two suppliers for the same product to ensure supply continuity and reduce risk.

12. What does “3PL” stand for?

- A) Third Party Logistics
- B) Three Phase Logistics
- C) Three Point Line
- D) Third Party Licensing

Answer: A

Explanation: 3PL refers to outsourcing logistics operations such as warehousing and delivery to third-party providers.

13. In Incoterms, what does FOB stand for?

- A) Freight Off Balance
- B) First Order Basis
- C) Free On Board
- D) Freight On Buyer

Answer: C

Explanation: "Free On Board" means the seller delivers goods on board a vessel chosen by the buyer at a designated port.

14. Which supply chain strategy focuses on minimizing variability in production and delivery?

- A) Lean manufacturing
- B) Agile supply chain
- C) Flexible production
- D) Vertical integration

Answer: A

Explanation: Lean manufacturing aims to reduce waste and variability, increasing efficiency and predictability.

15. Which technology is most associated with real-time supply chain tracking?

- A) Blockchain
- B) RFID
- C) Excel
- D) 3D Printing

Answer: B

Explanation: RFID (Radio Frequency Identification) allows tracking of products through radio waves, offering real-time visibility.

16. Which supply chain activity involves managing relationships with suppliers?

- A) Logistics
- B) Procurement
- C) Marketing
- D) Operations

Answer: B

Explanation: Procurement is responsible for selecting suppliers, negotiating contracts, and managing supplier relationships.

17. What is a bottleneck in a supply chain?

- A) A pricing conflict with retailers
- B) A point that slows down the entire process
- C) An IT system upgrade
- D) An overstocked product

Answer: B

Explanation: A bottleneck is a stage in the supply chain that reduces the overall capacity and efficiency of the entire process.

18. Why is reverse logistics important?

- A) It eliminates the need for warehousing
- B) It increases raw material procurement
- C) It handles product returns, repairs, and recycling
- D) It improves customer acquisition

Answer: C

Explanation: Reverse logistics focuses on the return of goods from the customer to the manufacturer for reuse, recycling, or disposal.

19. What is Safety Stock?

- A) Inventory kept for emergencies
- B) Government-mandated reserves
- C) Spare parts only for trucks
- D) Vendor-owned stock

Answer: A

Explanation: Safety stock acts as a buffer to prevent stockouts due to demand surges or supplier delays.

20. Which method helps determine the optimal order quantity to minimize total inventory costs?

- A) SWOT analysis
- B) ABC analysis
- C) EOQ (Economic Order Quantity)
- D) FIFO accounting

Answer: C

Explanation: EOQ calculates the ideal order size to minimize the sum of ordering and holding costs.

21. What is the main objective of a supplier scorecard?

- A) Track advertising campaigns
- B) Evaluate supplier performance
- C) Reduce warehouse size
- D) Forecast demand trends

Answer: B

Explanation: A supplier scorecard is used to measure and track supplier performance based on key metrics like quality, delivery, and pricing.

22. Which term refers to the strategic coordination of business functions across companies in the supply chain?

- A) Demand planning
- B) Product lifecycle management
- C) Supply chain integration
- D) Lean operations

Answer: C

Explanation: Supply chain integration involves aligning and linking processes across partners to increase efficiency and responsiveness.

23. Which of the following is a benefit of using cross-docking in logistics?

- A) Better supplier onboarding
- B) Enhanced product customization
- C) Increased inventory holding
- D) Faster distribution and lower storage cost

Answer: D

Explanation: Cross-docking minimizes storage time by moving products directly from receiving to shipping, reducing costs and improving speed.

24. Which cost is classified as a carrying cost in inventory management?

- A) Storage and insurance cost
- B) Procurement cost
- C) Transportation cost
- D) Cost of goods sold

Answer: A

Explanation: Carrying costs include storage, insurance, depreciation, and opportunity costs for holding inventory.

25. What is the role of a Bill of Lading (BOL)?

- A) Track marketing returns
- B) Summarize employee wages
- C) List customer complaints
- D) Document proof of delivery in a shipment

Answer: D

Explanation: A Bill of Lading is a legal document between the shipper and carrier that provides details about the shipment and serves as proof of receipt.

26. Which of the following is an example of vertical integration?

- A) A manufacturer buying its supplier
- B) Hiring a third-party warehouse
- C) Acquiring a competitor
- D) Outsourcing delivery to 3PL

Answer: A

Explanation: Vertical integration refers to a company acquiring its upstream or downstream partners to control more of its supply chain.

27. What does VMI stand for in supply chain terms?

- A) Virtual Manufacturing Interface
- B) Vendor Managed Inventory
- C) Value Manufacturing Index
- D) Verified Material Integrity

Answer: B

Explanation: VMI allows the supplier to manage the customer's inventory, ensuring better coordination and reduced stockouts.

28. Which inventory method issues the oldest inventory items first?

- A) JIT
- B) LIFO
- C) FIFO
- D) EOQ

Answer: C

Explanation: FIFO (First In, First Out) assumes that the oldest inventory is sold first—common in industries where shelf life matters.

29. What is a key risk of having a single-source supplier?

- A) Higher marketing expenses
- B) Disruption if the supplier fails
- C) Less variation in product quality
- D) Higher storage costs

Answer: B

Explanation: Relying on a single source increases vulnerability to supply disruption, pricing changes, or geopolitical risks.

30. Which function does a WMS (Warehouse Management System) primarily support?

- A) Product engineering
- B) Inventory control and warehouse operations
- C) Social media management
- D) Recruitment planning

Answer: B

Explanation: WMS software helps manage and optimize warehouse activities like receiving, picking, and shipping.

31. Which metric shows how quickly a company sells and replaces its inventory?

- A) Customer churn
- B) Inventory turnover
- C) Fill rate
- D) Order cycle time

Answer: B

Explanation: Inventory turnover measures the number of times inventory is sold and replaced, indicating inventory efficiency.

32. Which activity is part of upstream supply chain operations?

- A) Retail sales
- B) Warehousing

- C) Customer service
- D) Procurement from suppliers

Answer: D

Explanation: Upstream activities include sourcing raw materials and interacting with suppliers.

33. What is the primary goal of lean supply chain management?

- A) Increase data entry speed
- B) Improve social media engagement
- C) Increase product variety
- D) Minimize waste and non-value-added activities

Answer: D

Explanation: Lean supply chain aims to eliminate waste and improve process efficiency while delivering value to customers.

34. What is the function of the “safety lead time” in planning?

- A) A metric for sales cycle time
- B) Extra time added to absorb demand variability
- C) Delay allowance in logistics
- D) To manage late employee arrivals

Answer: B

Explanation: Safety lead time provides a buffer to absorb delays in supply or production.

35. What is reverse auction in procurement?

- A) Customers bid for used products
- B) Buyers compete with each other
- C) Suppliers bid lower prices to win contracts
- D) Bidders compete to raise prices

Answer: C

Explanation: In a reverse auction, suppliers submit decreasing bids to win a buyer's business—common in B2B procurement.

36. Which factor most influences global supply chain complexity?

- A) Language of negotiation
- B) Product packaging
- C) Geopolitical factors and international regulations
- D) Choice of company logo

Answer: C

Explanation: Global supply chains are highly affected by tariffs, trade regulations, and geopolitical tensions.

37. Which method determines the value of inventory based on historical average cost?

- A) JIT
- B) LIFO
- C) Average cost method
- D) FIFO

Answer: C

Explanation: The average cost method values inventory based on the weighted average cost of all items available.

38. What's the function of a purchase order (PO)?

- A) A legal document to confirm an order
- B) Internal warehouse report
- C) Employee attendance record
- D) Customer complaint form

Answer: A

Explanation: A PO is a buyer-issued document that authorizes a purchase transaction with a supplier.

39. What is cycle counting in inventory management?

- A) Estimating based on past sales
- B) Annual full inventory audit
- C) Counting only seasonal products
- D) Counting all items on a rolling schedule

Answer: D

Explanation: Cycle counting is a method where portions of inventory are counted regularly to maintain accuracy without full stocktaking.

40. Which strategy helps improve responsiveness in the supply chain?

- A) Building agility and flexibility in processes
- B) Outsourcing finance operations
- C) Centralizing all operations
- D) Increasing advertising budget

Answer: A

Explanation: Supply chain agility improves responsiveness to market changes, helping companies adapt quickly to disruptions or demand shifts.

41. What is the main purpose of ABC analysis in inventory management?

- A) To forecast demand
- B) To identify expired goods
- C) To prioritize inventory based on value
- D) To categorize suppliers

Answer: C

Explanation: ABC analysis categorizes inventory into A (high-value), B (medium-value), and C (low-value) items to focus efforts where it matters most.

42. Which one of the following represents downstream supply chain activity?

- A) Vendor negotiations
- B) Product distribution to customers
- C) Raw material sourcing
- D) Supplier relationship management

Answer: B

Explanation: Downstream activities include distribution, delivery, and customer-facing functions.

43. What is meant by “capacity planning”?

- A) Determining the production capability to meet future demand
- B) Planning new store locations
- C) Estimating storage space needed
- D) Planning how much marketing budget to use

Answer: A

Explanation: Capacity planning ensures the supply chain has the ability to meet future demand without under- or over-utilizing resources.

44. What is a “stockout”?

- A) Overstocked inventory
- B) Item not available when customer demands it
- C) Return of damaged goods
- D) Shortage of raw materials

Answer: B

Explanation: A stockout happens when there’s no inventory available to fulfill a customer order, leading to lost sales or delays.

45. Which document acts as a customs declaration for international shipments?

- A) Purchase Order
- B) Packing Slip
- C) Commercial Invoice
- D) Bill of Lading

Answer: C

Explanation: A commercial invoice includes item descriptions, values, and shipment details—required for customs clearance.

46. Which supply chain strategy is most suitable for unpredictable demand?

- A) Kanban strategy
- B) Lean strategy
- C) Agile strategy
- D) Push strategy

Answer: C

Explanation: Agile supply chains adapt quickly to changes in demand, making them ideal for volatile environments.

47. What does “freight consolidation” mean?

- A) Shipping products by plane only
- B) Using only one logistics provider
- C) Grouping multiple shipments into one
- D) Outsourcing product labeling

Answer: C

Explanation: Freight consolidation reduces costs by combining multiple smaller shipments into a single load.

48. What is the goal of supplier relationship management (SRM)?

- A) Avoid supplier feedback
- B) Build long-term, collaborative supplier partnerships
- C) Increase taxes
- D) Monitor government policies

Answer: B

Explanation: SRM strengthens supplier relationships to improve collaboration, reduce risk, and enhance performance.

49. What does “demand variability” refer to?

- A) Differences in supplier pricing
- B) Variability in warehouse size
- C) Changing weather conditions
- D) Fluctuations in customer demand over time

Answer: D

Explanation: Demand variability represents how customer demand changes, making forecasting and planning more complex.

50. What is the purpose of a Kanban system in supply chain management?

- A) Visual control of workflow and inventory
- B) Train warehouse workers
- C) Increase brand awareness
- D) Build CRM databases

Answer: A

Explanation: Kanban is a visual scheduling system used to manage workflow, signal demand, and avoid overproduction.

51. Which of the following is NOT a benefit of good supply chain visibility?

- A) Improved customer satisfaction
- B) Faster decision-making
- C) Better demand planning
- D) Higher compliance risk

Answer: D

Explanation: Visibility improves risk management and decision-making, reducing compliance risks rather than increasing them.

52. What is meant by “order cycle time”?

- A) Time between placing and receiving an order
- B) Time required for customer feedback
- C) Time spent on financial reporting
- D) Time taken to complete one production unit

Answer: A

Explanation: Order cycle time measures how long it takes from placing an order to receiving the product.

53. What is a “blind receiving” process in warehousing?

- A) Forwarding the shipment to another warehouse
- B) Receiving with full invoice and packing slip
- C) Rejecting all deliveries
- D) Receiving without knowing shipment contents in advance

Answer: D

Explanation: In blind receiving, the receiver checks items without a prior list, helping test inventory accuracy and control.

54. In which industry is cold chain logistics most critical?

- A) Pharmaceuticals
- B) Apparel
- C) Home décor
- D) Electronics

Answer: A

Explanation: Cold chain logistics ensures temperature-sensitive goods like medicines and vaccines are stored and transported properly.

55. What is the primary purpose of demand planning?

- A) Predict customer demand for better inventory decisions
- B) Improve graphic design
- C) Reduce taxes
- D) Increase hiring speed

Answer: A

Explanation: Demand planning helps companies forecast and align production, inventory, and purchasing to customer needs.

56. Which of the following best describes a push supply chain strategy?

- A) Inventory is replenished after each sale
- B) Suppliers manage customer stock levels
- C) Driven by real-time customer demand
- D) Products are produced based on forecasted demand

Answer: D

Explanation: A push strategy produces and distributes goods based on forecasted demand, not actual customer orders.

57. What is cross-functional integration in the supply chain?

- A) Hiring consultants for each function
- B) Removing old stock
- C) Cooperation between different internal departments
- D) Outsourcing to multiple suppliers

Answer: C

Explanation: Cross-functional integration improves coordination between departments like procurement, logistics, and sales.

58. What is meant by MOQ (Minimum Order Quantity)?

- A) Least amount a supplier is willing to sell
- B) Monthly opening quantity
- C) Maximum stock you can order
- D) Marketing order quota

Answer: A

Explanation: MOQ is the smallest amount of product a supplier is willing to sell, often tied to cost efficiency.

59. Which of the following is a reason to use drop shipping?

- A) To increase internal storage costs
- B) To reduce upfront inventory investment
- C) To maintain full inventory control
- D) To handle complex assembly operations

Answer: B

Explanation: Drop shipping allows companies to sell products without holding inventory, reducing capital and risk.

60. Which of these technologies can improve supply chain transparency and traceability?

- A) Photoshop
- B) Blockchain
- C) ChatGPT
- D) Virtual Reality

Answer: B

Explanation: Blockchain provides a secure, tamper-proof record of transactions, improving supply chain transparency and trust.

61. Which metric measures the percentage of customer orders fulfilled on time and in full?

- A) Order fill rate
- B) Forecast accuracy
- C) Inventory turnover
- D) Net profit margin

Answer: A

Explanation: The order fill rate tracks the percentage of customer orders delivered complete and on time—a key measure of supply chain performance.

62. What is the main benefit of centralized warehousing?

- A) Economies of scale and lower operating cost
- B) Reduced data visibility
- C) Higher transportation costs
- D) Increased inventory obsolescence

Answer: A

Explanation: Centralized warehousing reduces overhead by consolidating operations, often leading to economies of scale.

63. Which of the following is a primary cause of inventory shrinkage?

- A) Forecasting accuracy
- B) High demand
- C) Theft, damage, or loss
- D) Overstocking

Answer: C

Explanation: Inventory shrinkage is often caused by theft, administrative error, or damage—resulting in lost inventory value.

64. Which forecasting technique uses historical data to predict future demand?

- A) Time series forecasting
- B) Procurement modeling
- C) Reverse logistics
- D) Speculative forecasting

Answer: A

Explanation: Time series forecasting analyzes past data trends to anticipate future demand patterns.

65. What is the purpose of a service level agreement (SLA) in logistics?

- A) Define expected service standards
- B) Replace contracts
- C) Specify packaging design
- D) Record tax obligations

Answer: A

Explanation: An SLA sets performance expectations between parties (e.g., delivery times, fill rates), helping hold logistics providers accountable.

66. What does “deadstock” refer to in inventory terms?

- A) Seasonal products
- B) Items damaged during delivery
- C) Inventory that is no longer sellable or in demand
- D) Inventory with expired warranty

Answer: C

Explanation: Dead stock refers to unsold inventory that is unlikely to be sold due to obsolescence, low demand, or damage.

67. In supply chain risk management, what is the role of scenario planning?

- A) Estimating daily fuel consumption
- B) Creating product advertisements
- C) Preparing for potential disruptions with simulations

D) Setting warehouse temperature

Answer: C

Explanation: Scenario planning anticipates potential risks and develops strategies to mitigate supply chain disruptions.

68. What is the main function of a freight forwarder?

A) Monitoring internal audits

B) Warehousing goods locally

C) Manufacturing packaging materials

D) Coordinating and managing international shipments

Answer: D

Explanation: Freight forwarders organize transportation and customs documentation for international shipping.

69. What does “4PL” refer to in logistics?

A) Freight packaging level

B) Four-party negotiation

C) Fourth-party logistics, managing multiple 3PL providers

D) Four-part labeling

Answer: C

Explanation: 4PLs oversee the entire supply chain by managing and integrating multiple 3PL providers for seamless service.

70. What is the purpose of decoupling inventory?

A) To improve supplier loyalty

B) To prevent disruptions between production stages

C) To separate defective items

D) To enable parallel billing

Answer: B

Explanation: Decoupling inventory acts as a buffer between different parts of production to avoid complete line stoppage during delays.

71. Which strategy helps reduce stockouts while keeping inventory low?

- A) FIFO
- B) Safety stock and reorder point planning
- C) Annual stock audit
- D) Overproduction

Answer: B

Explanation: Reorder points and safety stock ensure inventory is replenished before stockouts occur, balancing efficiency and availability.

72. What does landed cost include?

- A) Only customs duties
- B) Total cost of a product including purchase price, shipping, duties, and handling
- C) Only shipping charges
- D) Only product cost and tax

Answer: B

Explanation: Landed cost is the total cost of getting a product to its final destination, including all shipping and import-related fees.

73. What does SKU stand for?

- A) Stock Knowledge Utility
- B) Shipping Key Unit
- C) Stock Keeping Unit
- D) Single Key Unit

Answer: C

Explanation: An SKU is a unique identifier used to track inventory items, essential for accurate product management.

74. What is the purpose of buffer stock?

- A) To test product quality
- B) To act as a reserve during demand spikes
- C) To boost warehouse rent
- D) To increase cash flow

Answer: B

Explanation: Buffer stock protects against unexpected demand or supply disruptions by providing an extra reserve of inventory.

75. What does TMS stand for in logistics software?

- A) Transport Management System
- B) Time Mapping Software
- C) Trade Market Simulation
- D) Total Manufacturing System

Answer: A

Explanation: TMS is used to plan, execute, and optimize transportation operations and logistics performance.

76. Which approach is ideal for high-value, low-volume products in supply chains?

- A) Push system
- B) Mass production
- C) Make-to-order
- D) Continuous flow

Answer: C

Explanation: Make-to-order production minimizes waste for expensive, customized products by only producing upon order confirmation.

77. What's the function of barcoding in warehouse operations?

- A) Record monthly employee reviews
- B) Identify customer demographics
- C) Track inventory and reduce manual errors
- D) Create website analytics

Answer: C

Explanation: Barcodes enable accurate tracking of goods and reduce manual inventory errors during storage, picking, and shipping.

78. What is the benefit of using KPI dashboards in supply chain management?

- A) Display company slogans
- B) Monitor social media ads
- C) Track performance in real-time
- D) Replace manual accounting

Answer: C

Explanation: KPI dashboards provide visual insights into supply chain metrics, allowing managers to make informed decisions quickly.

79. Which of the following is a key advantage of supplier diversification?

- A) Less complexity in ordering
- B) Centralized delivery route
- C) Lower product customization
- D) Risk reduction and improved flexibility

Answer: D

Explanation: Working with multiple suppliers spreads risk and allows for greater flexibility if one supplier fails.

80. Which principle is central to Total Quality Management (TQM) in supply chains?

- A) Continuous improvement involving all employees
- B) One-time quality inspection
- C) Focus on marketing design
- D) Only top management is responsible

Answer: A

Explanation: TQM promotes continuous quality improvement across all departments and levels to enhance customer satisfaction.

81. Which of the following best defines logistics?

- A) Forecasting customer trends
- B) Planning and controlling the efficient flow of goods and information
- C) Creating financial reports

D) Designing new products

Answer: B

Explanation: Logistics is about managing the movement and storage of goods, services, and related information from origin to consumption.

82. What does the “perfect order rate” measure?

- A) The number of customer complaints
- B) The percentage of orders completed without errors
- C) The time it takes to find a product in the warehouse
- D) The rate of orders delivered under budget

Answer: B

Explanation: Perfect order rate tracks how often orders are delivered on time, in full, and without damage or errors.

83. What is the primary role of a sourcing manager?

- A) Manage customer complaints
- B) Develop product marketing campaigns
- C) Select and negotiate with suppliers
- D) Schedule warehouse shifts

Answer: C

Explanation: Sourcing managers are responsible for identifying suppliers, negotiating contracts, and ensuring supplier quality.

84. Which of the following is a common challenge in global supply chains?

- A) High cost of local ads
- B) Time zone differences and trade regulations
- C) Uniform regulations worldwide
- D) Local currency strength

Answer: B

Explanation: Managing multiple time zones and diverse trade regulations makes global supply chain operations complex.

85. What does demand sensing involve?

- A) Adjusting production based on actual real-time demand signals
- B) Measuring supplier loyalty
- C) Predicting trends using long-term historical data
- D) Planning long-term marketing spend

Answer: A

Explanation: Demand sensing uses real-time data to more accurately predict short-term consumer demand and respond quickly.

86. In which scenario would a company most likely use a pull-based supply chain?

- A) Manufacturing generic plastic bottles
- B) Distributing canned food
- C) Selling seasonal clothing
- D) Producing customized laptops

Answer: D

Explanation: A pull-based system is ideal for custom or low-volume items where production starts only after customer demand is known.

87. What is the goal of green supply chain management?

- A) Outsource all logistics to third parties
- B) Minimize environmental impact while maximizing efficiency
- C) Focus only on cost reduction
- D) Increase carbon emissions

Answer: B

Explanation: Green supply chains aim to reduce the ecological footprint of logistics through sustainable practices.

88. What is an example of upstream integration?

- A) Adding a loyalty rewards program
- B) Hiring new sales executives
- C) Manufacturer acquires a supplier
- D) Company opens a retail store

Answer: C

Explanation: Upstream integration refers to acquiring or merging with suppliers to control input quality and timing.

89. What is a bottleneck resource in production?

- A) A returned product
- B) A fast-moving item
- C) A process or machine that limits overall capacity
- D) A low-cost component

Answer: C

Explanation: A bottleneck slows down the entire production system, reducing efficiency and output.

90. Which of the following improves warehouse picking accuracy?

- A) Voice-directed picking systems
- B) Weekly stand-up meetings
- C) Higher marketing budget
- D) Centralized HR team

Answer: A

Explanation: Voice picking improves accuracy by guiding workers via audio prompts, reducing manual errors.

91. Which metric helps evaluate supplier lead time performance?

- A) Gross margin
- B) On-time delivery rate
- C) Fill rate
- D) Days sales outstanding

Answer: B

Explanation: On-time delivery rate tracks how consistently suppliers meet promised delivery dates.

92. What does SCOR stand for in supply chain frameworks?

- A) Supply Chain Optimization Results
- B) Supply Chain Operations Reference

- C) Supplier Cost Overhead Report
- D) Stock Control and Ordering Ratio

Answer: B

Explanation: SCOR is a standard framework for evaluating and improving supply chain processes across planning, sourcing, making, delivering, and returning.

93. What type of inventory is still in the production process?

- A) Work-in-progress (WIP)
- B) Finished goods
- C) Safety stock
- D) Dead stock

Answer: A

Explanation: WIP refers to partially completed goods still in the production phase.

94. What is the main advantage of local sourcing?

- A) Longer delivery lead time
- B) Increased foreign currency risk
- C) Higher transportation cost
- D) Faster response to local demand

Answer: D

Explanation: Local sourcing shortens lead times and increases flexibility to meet demand changes quickly.

95. Which of the following strategies is used to reduce bullwhip effect?

- A) Improving communication and demand transparency across the supply chain
- B) Increasing warehouse staff
- C) Marketing more aggressively
- D) Reducing SKUs

Answer: A

Explanation: Clear communication and real-time data sharing reduce the distortion of demand signals across supply chain levels.

96. What is a major drawback of overstocking inventory?

- A) Lower customer satisfaction
- B) Reduced warehousing costs
- C) Faster turnover
- D) Increased holding costs and risk of obsolescence

Answer: D

Explanation: Overstocking leads to high carrying costs and potential waste from obsolete items.

97. What does logistics outsourcing typically aim to achieve?

- A) Focus on core competencies and improve efficiency
- B) Avoid customs regulations
- C) Expand product design capabilities
- D) Increase internal hiring

Answer: A

Explanation: Outsourcing logistics allows businesses to focus on what they do best while experts handle shipping, warehousing, and distribution.

98. What does a cold chain specifically refer to?

- A) Delays in transportation
- B) A temperature-controlled supply chain for perishable goods
- C) Winter clothing supply chain
- D) Air cargo only

Answer: B

Explanation: A cold chain maintains the required temperature range for sensitive items like food, pharmaceuticals, and vaccines.

99. What is an example of demand-driven supply chain planning?

- A) Manufacturing based on retailer feedback and current market demand
- B) Forecasting using only historical averages
- C) Producing based on company goals
- D) Planning based on last year's revenue

Answer: A

Explanation: A demand-driven model uses real-time customer and market data to plan inventory and production, improving responsiveness.

100. Why are incoterms important in international trade?

- A) They create invoices for marketing teams
- B) They determine buyer/seller responsibilities for shipping, insurance, and customs
- C) They define the rules for international price negotiation
- D) They help calculate employee salaries

Answer: B

Explanation: Incoterms clarify who is responsible for various parts of international trade—like shipping, insurance, and duties—reducing disputes.