

ARIZONA STATE UNIVERSITY (ASU) SCM355 SUPPLY MANAGEMENT TEST 1 PRACTICE (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the primary goal of supply management?**
 - A. To enhance marketing strategies and outreach
 - B. To optimize value creation and reduce total costs while ensuring quality and timely delivery
 - C. To manage employee productivity and satisfaction
 - D. To regulate compliance with international trade laws
- 2. What does 'total cost of ownership' (TCO) take into account?**
 - A. Only the purchase price of a product
 - B. Non-financial costs associated with products
 - C. The total cost including purchase, maintenance, and disposal
 - D. Costs related to marketing and advertising
- 3. What does a purchase order typically include?**
 - A. Supplier's price list
 - B. Purchase terms and conditions
 - C. Details of goods ordered
 - D. Manufacturer's warranty information
- 4. What does the 'ISO 9001' standard specify?**
 - A. Requirements for environmental management
 - B. Process evaluation techniques
 - C. Requirements for a quality management system
 - D. Standards for product testing
- 5. What do insourcing and outsourcing represent for newly formed companies?**
 - A. A decision regarding lighting and branding
 - B. A choice between automated and manual processes
 - C. A decision on what to produce in-house versus what to buy
 - D. A strategy for employee recruitment

- 6. Which factors are most important when selecting suppliers?**
- A. Price, quality, reliability, service, and compatibility with company values
 - B. Market share, advertising strategies, product placement, and previous awards
 - C. The location of the supplier's headquarters, social media presence, and website traffic
 - D. The number of employees and years of operation of the supplier
- 7. Which of the following reflects a characteristic of a service level agreement (SLA)?**
- A. An SLA is always verbal
 - B. An SLA outlines performance expectations
 - C. An SLA is optional for all transactions
 - D. An SLA does not require penalties for breaches
- 8. How is 'lead time' defined in supply chain management?**
- A. The total time taken from placing an order to receiving the goods
 - B. The average time taken for a supplier to fulfill an order
 - C. The time needed to conduct market research prior to ordering
 - D. The duration of every transaction process in the supply chain
- 9. What is the role of demand forecasting in supply chain management?**
- A. To reduce supplier costs
 - B. To estimate future customer demand to ensure product availability without excessive inventory
 - C. To determine pricing strategies for products
 - D. To assess the quality of products in stock
- 10. Which of the following was suggested as a method for improving the efficiency of transportation at Qmont Mining?**
- A. Switching entirely to maritime transport
 - B. Reducing the number of shipments
 - C. Shipping supplies with personnel
 - D. Relying on third-party logistics

Answers

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1. B
2. C
3. C
4. C
5. C
6. A
7. B
8. A
9. B
10. C

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Explanations

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1. What is the primary goal of supply management?

- A. To enhance marketing strategies and outreach
- B. To optimize value creation and reduce total costs while ensuring quality and timely delivery**
- C. To manage employee productivity and satisfaction
- D. To regulate compliance with international trade laws

The primary goal of supply management centers on optimizing value creation and reducing total costs while ensuring that quality and timely delivery are maintained. This approach emphasizes the importance of managing the supply chain efficiently to maximize the value derived from resources and services. In the realm of supply management, creating value involves not only cutting costs but also enhancing the quality of products and services, on-time delivery, and customer satisfaction. This holistic view ensures that organizations can meet their objectives while being cost-effective, which ultimately contributes to competitive advantage in the market. The focus on quality and timely delivery is crucial as it affects customer satisfaction and loyalty, which are vital in maintaining a successful business relationship. Therefore, supply management is not just about procurement but encompasses a strategic view of how resources are managed and utilized throughout the organization. This understanding contrasts with the other options, which focus on specific aspects that do not directly align with the comprehensive goals of supply management. Enhancing marketing strategies relates more to sales and customer engagement than to supply chain functions. Likewise, managing employee productivity primarily connects to human resource management, while regulating compliance with international trade laws is an important but narrower aspect of legal compliance that does not encapsulate the overarching goals of supply management.

2. What does 'total cost of ownership' (TCO) take into account?

- A. Only the purchase price of a product
- B. Non-financial costs associated with products
- C. The total cost including purchase, maintenance, and disposal**
- D. Costs related to marketing and advertising

Total Cost of Ownership (TCO) is a comprehensive assessment that includes all costs related to a product over its entire lifecycle. This means that TCO takes into account not only the initial purchase price but also ongoing costs such as maintenance, operation, and eventually disposal costs. When evaluating a purchase, focusing solely on the purchase price ignores significant long-term expenses that can impact budgeting and financial planning. This holistic approach allows organizations to make informed decisions based on the full financial impact of their purchases rather than just the upfront costs. By understanding TCO, companies can better assess the true value of a product and optimize their spending accordingly, ensuring greater cost efficiency and resource management throughout the product's usage period. Thus, TCO is essential for effective supply chain management as it encourages looking beyond immediate costs and considering the total financial implications throughout the life of the product.

3. What does a purchase order typically include?

- A. Supplier's price list
- B. Purchase terms and conditions
- C. Details of goods ordered**
- D. Manufacturer's warranty information

A purchase order is a crucial document in the supply management process and serves as a formal agreement between a buyer and a seller. It typically includes details of the goods ordered, such as descriptions, quantities, and specifications. This information provides clarity on what the buyer is requesting, ensuring that both parties have a mutual understanding of the order's content. Including the details of goods ordered helps to avoid any confusion or discrepancies regarding what is being purchased. It acts as a foundational element of the order, establishing clear expectations and allowing for effective tracking and management of the purchase. While purchase terms and conditions may also be included in a purchase order, the essential component that distinctly identifies what is being requested is the specifics of the goods ordered. This direct reference to the ordered items is what primarily defines the purchase order's function in the procurement process.

4. What does the 'ISO 9001' standard specify?

- A. Requirements for environmental management
- B. Process evaluation techniques
- C. Requirements for a quality management system**
- D. Standards for product testing

The 'ISO 9001' standard specifically outlines the requirements for a quality management system (QMS). This international standard is designed to ensure that organizations consistently provide products and services that meet customer and regulatory requirements. The focus of ISO 9001 is on enhancing customer satisfaction through the effective application of the QMS, which includes processes for continual improvement and the assurance of conformity to customer and applicable statutory and regulatory requirements. In establishing a QMS, organizations are encouraged to adopt a systematic approach to managing their processes, thereby leading to improved efficiency and effectiveness. The emphasis on customer satisfaction and quality management aligns with the goal of delivering reliable products and services, which resonates throughout various industries globally. While other standards do exist for different areas such as environmental management or product testing, ISO 9001 distinctly focuses on quality management processes and system requirements, setting it apart from the other choices provided.

5. What do insourcing and outsourcing represent for newly formed companies?

- A. A decision regarding lighting and branding
- B. A choice between automated and manual processes
- C. A decision on what to produce in-house versus what to buy**
- D. A strategy for employee recruitment

The choice that indicates "insourcing and outsourcing" for newly formed companies represents a critical strategic decision about what to produce internally versus what to purchase from external sources. Insourcing refers to the practice of utilizing internal resources to create goods or services, thereby maintaining more control over quality, processes, and intellectual property. Outsourcing, on the other hand, involves delegating certain functions or production to third-party vendors, which can provide cost savings, access to specialized skills, and increased flexibility. By opting for insourcing, newly formed companies can build their capabilities and align production closely with their business goals. Conversely, outsourcing allows companies to leverage external expertise and focus their internal resources on core competencies. This decision impacts various facets of the business, including cost management, resource allocation, and the overall operational strategy, making it essential for newly formed companies to carefully weigh the benefits and drawbacks of each approach.

6. Which factors are most important when selecting suppliers?

- A. Price, quality, reliability, service, and compatibility with company values**
- B. Market share, advertising strategies, product placement, and previous awards
- C. The location of the supplier's headquarters, social media presence, and website traffic
- D. The number of employees and years of operation of the supplier

The most important factors when selecting suppliers focus on critical aspects that directly impact the procurement process and overall supply chain efficiency. Price is fundamental because it affects the company's bottom line and profitability. Quality is essential since it ensures that the products or services meet required standards and customer expectations, which can influence brand reputation. Reliability pertains to the supplier's ability to deliver products on time and as promised, leading to consistent operations. Service refers to the level of support and communication provided by the supplier, which is vital for resolving issues swiftly and maintaining a good working relationship. Lastly, compatibility with company values ensures that the supplier aligns with the organization's ethics and goals, fostering a more harmonious partnership. Other factors mentioned, such as market share or advertising strategies, may provide insight into a supplier's market presence but do not directly influence the operational aspects of a supply relationship. The location of the supplier's headquarters may relate to logistics but is less critical than reliability and quality. Similarly, the number of employees and years of operation, while indicative of experience, do not necessarily correlate with performance or alignment with the procurer's needs. Thus, focusing on those core elements highlighted in the correct choice leads to more informed and effective supplier selection.

7. Which of the following reflects a characteristic of a service level agreement (SLA)?

- A. An SLA is always verbal
- B. An SLA outlines performance expectations**
- C. An SLA is optional for all transactions
- D. An SLA does not require penalties for breaches

A service level agreement (SLA) is a formal document that delineates the expected level of service between providers and customers. The essence of an SLA includes the specific performance metrics that the provider must meet, which are outlined clearly in the agreement. This can encompass metrics like response time, availability, quality of the service provided, and penalties for failing to meet these outlined targets. By explicitly stating these performance expectations, both parties have a clear understanding of what is to be delivered and measured, thereby reducing ambiguity and ensuring accountability. The other options do not capture the core nature of an SLA effectively. For example, an SLA is typically written, providing a more structured and enforceable agreement than a verbal one. While SLAs can be optional, they are often established to ensure clarity and reliability for critical services, so the notion that they are optional for all transactions is misleading. Lastly, while penalties for breaches can be included in some SLAs, they are not a requirement—however, stating that an SLA does not require penalties overlooks the fact that enforcing performance levels often includes such stipulations to ensure compliance.

8. How is 'lead time' defined in supply chain management?

- A. The total time taken from placing an order to receiving the goods**
- B. The average time taken for a supplier to fulfill an order
- C. The time needed to conduct market research prior to ordering
- D. The duration of every transaction process in the supply chain

The definition of 'lead time' in supply chain management is accurately captured in the description that indicates it is the total time taken from placing an order to receiving the goods. This encompasses all phases of the order process, which includes the time taken to process the order, the time that elapses during the manufacturing or sourcing of the products, any potential transit times, and the final delivery to the purchasing entity. Lead time is critical in supply chain management because it directly impacts how quickly a company can respond to customer demand, maintain inventory levels, and manage supplier relationships. Understanding lead time helps organizations make informed decisions about inventory management and production scheduling to optimize efficiency and service levels. While the other options reflect relevant concepts within supply chain management, they do not fully encompass the comprehensive scope of lead time. For instance, average order fulfillment times and market research are important metrics in their own right but do not represent the all-encompassing nature of lead time as it relates to the entire process from order placement to receipt.

9. What is the role of demand forecasting in supply chain management?

- A. To reduce supplier costs
- B. To estimate future customer demand to ensure product availability without excessive inventory**
- C. To determine pricing strategies for products
- D. To assess the quality of products in stock

The role of demand forecasting in supply chain management is fundamentally about estimating future customer demand. This capability allows organizations to ensure that products are available when customers need them while simultaneously avoiding the pitfalls of overstocking, which can lead to excess inventory costs and storage issues. Effective demand forecasting utilizes historical sales data, market trends, and statistical analysis to project future needs. By aligning inventory levels with anticipated sales, companies can optimize their supply chain operations, reduce waste, and enhance customer satisfaction through timely product availability. This balance is crucial for maintaining operational efficiency and managing costs effectively within the supply chain environment. While aspects like reducing supplier costs, determining pricing strategies, and assessing product quality are important in supply chain management, they are not the primary focus of demand forecasting. Demand forecasting specifically targets the anticipation of customer needs to manage inventory levels, ensuring a well-functioning supply chain.

10. Which of the following was suggested as a method for improving the efficiency of transportation at Qmont Mining?

- A. Switching entirely to maritime transport
- B. Reducing the number of shipments
- C. Shipping supplies with personnel**
- D. Relying on third-party logistics

Using the method of shipping supplies with personnel contributes to improving the efficiency of transportation at Qmont Mining because it allows for better coordination and reduces delays typically caused by separate supply shipments. By having personnel accompany shipments, it ensures that supplies are delivered directly to the point of use, which can enhance responsiveness and reduce handling time. This approach also might lead to lower transportation costs since personnel can oversee the logistics on the ground, eliminating the need for additional transport services. This method also fosters better communication and immediate decision-making on-site, which can result in an overall increase in operational efficiency. In contrast, solely relying on methods such as reducing the number of shipments, while beneficial in some contexts, may not address specific logistical challenges Qmont Mining might be facing. Switching completely to maritime transport could be impractical if the other modes of transport are more efficient for certain routes or conditions. Relying on third-party logistics may improve some aspects of transportation but does not guarantee the same level of on-the-ground coordination that comes from sending personnel with supplies.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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