Taitt Supply Chain Management (SCM) Exam 1 Practice (Sample)

Study Guide

Everything you need from our exam experts!

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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

1. What describes strategic stock?

A. Additional inventory beyond cycle and safety stock, generally used for a very specific purpose or future event or defined period of time

B. Pipeline inventory

C. Base stock level system

D. Obsolete inventory

2. Which metrics are used to measure forecast accuracy?

A. MAD, MAPE, RMSE, and bias

B. Inventory turns

C. Lead time

D. Cost per unit

3. What are the two main categories of quantitative forecasting?

A. Time Series and Cause and Effect

B. Naive forecasting and simple moving average

C. Exponential smoothing and linear trend

D. Customer survey and qualitative forecasting

4. What is a capacity cushion?

A. Buffer stock used only for promotions.

B. Inventory held at supplier warehouse for convenience.

C. Extra production capacity reserved to absorb demand spikes or supply disruptions.

D. Reducing manufacturing capacity to save costs.

5. How does lead time variability affect inventory planning?

A. Variation in lead times decreases planning complexity.

B. Variation in lead times reduces the need for forecasting.

C. Variation in lead times has no impact on inventory decisions.

D. Variation in lead times increases safety stock needs and planning uncertainty.

6. Which of the following is a foundation of supply chain management?

A. Planning

B. Operations Management

C. Marketing

D. Product Design

7. Which of the following is NOT a common mode of transportation in the supply chain?

A. Air

B. Bus

C. Rail

D. Truck

8. Finished goods are inventory that is ready for sale. Which statement about finished goods is correct?

A. They are raw materials used in production

B. They are partially completed products

C. They are completed goods ready for sale

D. They are maintenance supplies

9. The initial steps in SCM focus on understanding the flow of materials and information through the network.

A. True

B. False

C. It depends

D. Not specified

10. Which of the following is NOT one of the four Foundations of Supply Chain Management?

A. Logistics Management

B. Operations Management

C. Demand Management

D. Integration

Answers

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

Explanations

1. What describes strategic stock?

A. Additional inventory beyond cycle and safety stock, generally used for a very specific purpose or future event or defined period of time

B. Pipeline inventory

C. Base stock level system

D. Obsolete inventory

Strategic stock is extra inventory beyond the regular replenishment (cycle stock) and the buffer against variability (safety stock) that is kept for a specific future purpose or event. This reserve is planned to meet a known upcoming need, such as a large order, a promotional campaign, a key customer commitment, or to handle a potential supply disruption, all within a defined time frame. It's about positioning inventory to support strategic goals and responsiveness, not just routine handling. Pipeline inventory refers to goods that are already in transit; a base stock level system is an inventory control policy that maintains a fixed stock level; obsolete inventory is stock that can no longer be sold.

2. Which metrics are used to measure forecast accuracy?

A. MAD, MAPE, RMSE, and bias

B. Inventory turns

C. Lead time

D. Cost per unit

Forecast accuracy is assessed with error metrics that quantify how far forecasts are from what actually happened. The metrics like MAD, MAPE, RMSE, and bias are used because they each capture different aspects of forecast error. MAD (mean absolute deviation) averages the absolute errors, giving a straightforward sense of typical error magnitude in the same units as the data. MAPE (mean absolute percentage error) expresses errors as a percentage of actual values, making it easy to compare accuracy across items with different scales. RMSE (root mean square error) squares the errors before averaging and then takes the square root, so larger errors weigh more heavily, highlighting the impact of outliers in the overall accuracy. Bias looks at the average forecast error, revealing whether forecasts tend to systematically overshoot or undershoot actual results. Other options like inventory turns, lead time, or cost per unit relate to inventory efficiency, responsiveness, or cost, but they do not directly quantify how close forecasts are to actual outcomes. Using a combination of these accuracy metrics provides a fuller picture of forecast performance.

3. What are the two main categories of quantitative forecasting?

A. Time Series and Cause and Effect

B. Naive forecasting and simple moving average

C. Exponential smoothing and linear trend

D. Customer survey and qualitative forecasting

Quantitative forecasting methods fall into two broad families: time series and causal (cause-and-effect) approaches. Time series uses historical data patterns over time—trends, seasonality, cycles, and random variation—to predict future values without explicitly tying the forecast to external factors. Causal forecasting, on the other hand, builds models that relate the forecast variable to one or more external drivers, such as price, advertising spend, or economic indicators, to explain and predict outcomes. These two categories capture the main ways we turn data into forecasts: one leverages patterns in the past, the other uses relationships with other influencing variables. The other options mix specific techniques that belong to these families or refer to non-quantitative methods, so they don't represent the two main categories of quantitative forecasting.

4. What is a capacity cushion?

A. Buffer stock used only for promotions.

B. Inventory held at supplier warehouse for convenience.

C. Extra production capacity reserved to absorb demand spikes or supply disruptions.

D. Reducing manufacturing capacity to save costs.

Capacity cushion means having extra production capacity set aside beyond the expected workload so the operation can absorb variability in demand or supply. This reserve of capacity—like extra shifts, machines, or overtime—lets the system ramp up quickly when demand spikes or when a supplier disruption happens, helping to maintain on-time delivery and avoid stockouts. It's different from safety stock, which is extra inventory kept to cover uncertainty in demand or lead times; the cushion here is about capacity, not inventory. The other ideas describe holding more inventory or cutting capacity to save costs, which don't provide the same quick-response protection against variability.

5. How does lead time variability affect inventory planning?

A. Variation in lead times decreases planning complexity.

B. Variation in lead times reduces the need for forecasting.

C. Variation in lead times has no impact on inventory decisions.

D. Variation in lead times increases safety stock needs and planning uncertainty.

Lead time variability introduces uncertainty in replenishment timing. When the time between placing an order and receiving it can vary, you can't rely on a single arrival date. To protect service levels, you must hold more buffer stock—safety stock—to cover the range of possible delays, and you adjust reorder points to account for this bigger spread in lead time. This extra buffer and the need to plan around uncertain arrival times create greater planning uncertainty overall. Forecasting demand remains important, because you still need to know expected usage during the lead time, but variability in lead time changes how much you buffer rather than removing the need to forecast. That's why the answer stating that variation in lead times increases safety stock needs and planning uncertainty is the best fit.

6. Which of the following is a foundation of supply chain management?

A. Planning

B. Operations Management

C. Marketing

D. Product Design

Operations management is the central part of supply chain management because it governs how inputs are transformed into outputs through the actual processes that run the chain. It covers designing the production and service processes, deciding how much to produce (capacity planning), scheduling work, and controlling quality and flow. These are the activities that determine whether plans and designs can be realized in the real world with consistent quality, on time, and at a reasonable cost. When the operations system is well-designed and running smoothly, it enables planning to be effective, supports reliable sourcing and distribution, and makes marketing promises deliverable. Product design sets what will be made, and planning coordinates activities, but the ability to convert ideas into finished, deliverable output rests on strong operations management across the supply chain.

7. Which of the following is NOT a common mode of transportation in the supply chain?

A. Air

B. Bus

C. Rail

D. Truck

In the supply chain, the common ways to move goods are air, road (truck), rail, and ocean. Each mode fits different needs: air for time-sensitive or high-value items; truck for flexible, door-to-door delivery; rail for high-volume, long-distance moves; and ocean for cost-effective bulk transport over seas. A bus is designed for passengers and isn't set up for freight—its capacity, loading/unloading infrastructure, weight limits, and regulatory framework don't align with typical shipping needs. Because of that mismatch in purpose and practicality, it isn't used as a standard freight mode, making it the not-common option in the supply chain. In some niche urban or specialized cases, you might see nonstandard freight solutions, but they're exceptions rather than the norm.

8. Finished goods are inventory that is ready for sale. Which statement about finished goods is correct?

A. They are raw materials used in production

B. They are partially completed products

C. They are completed goods ready for sale

D. They are maintenance supplies

Finished goods are inventory that has completed production and is ready for sale. They are the final form of products that can be stored and sold without any further processing. Raw materials are the inputs used to make products, and work in progress consists of items that are only partly completed. Maintenance supplies are items used for upkeep and aren't intended for sale. Therefore, the statement that finished goods are completed goods ready for sale is the correct one. In cost accounting, finished goods bear the production costs until they are sold, at which point those costs become cost of goods sold.

9. The initial steps in SCM focus on understanding the flow of materials and information through the network.

A. True

B. False

C. It depends

D. Not specified

Understanding how materials and information move through the supply chain is the starting point because it provides the map of how the network operates. By mapping the end-to-end flow—from suppliers and raw materials to manufacturing, distribution, and the customer—you see where things travel, how long they take, and how data signals (forecasts, orders, shipments, inventory levels) propagate. This baseline view highlights bottlenecks, handoffs, and data gaps, enabling you to align processes, data definitions, and metrics across all partners. With that clarity, you can target improvements in planning, replenishment, and lead-time reduction, making coordination across the network possible. Some contexts might emphasize different elements first, but the fundamental work of understanding flows underpins effective SCM.

10. Which of the following is NOT one of the four Foundations of Supply Chain Management?

A. Logistics Management

B. Operations Management

C. Demand Management

D. Integration

The idea being tested is how supply chain foundations are defined as core structural areas that enable end-to-end flow. Integration, Logistics Management, and Operations Management are the essential pillars that coordinate across functions, move and store goods, and transform inputs into outputs. Demand management, while crucial for aligning market demand with supply decisions, is a planning and shaping activity that spans these pillars rather than standing as one of the foundational blocks itself. It informs what to produce and when to stock, but the foundational components are the structural functions like integration, logistics management, and operations management. Therefore, demand management is not counted as one of the four foundations.

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:

https://taittscm1.examzify.com

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