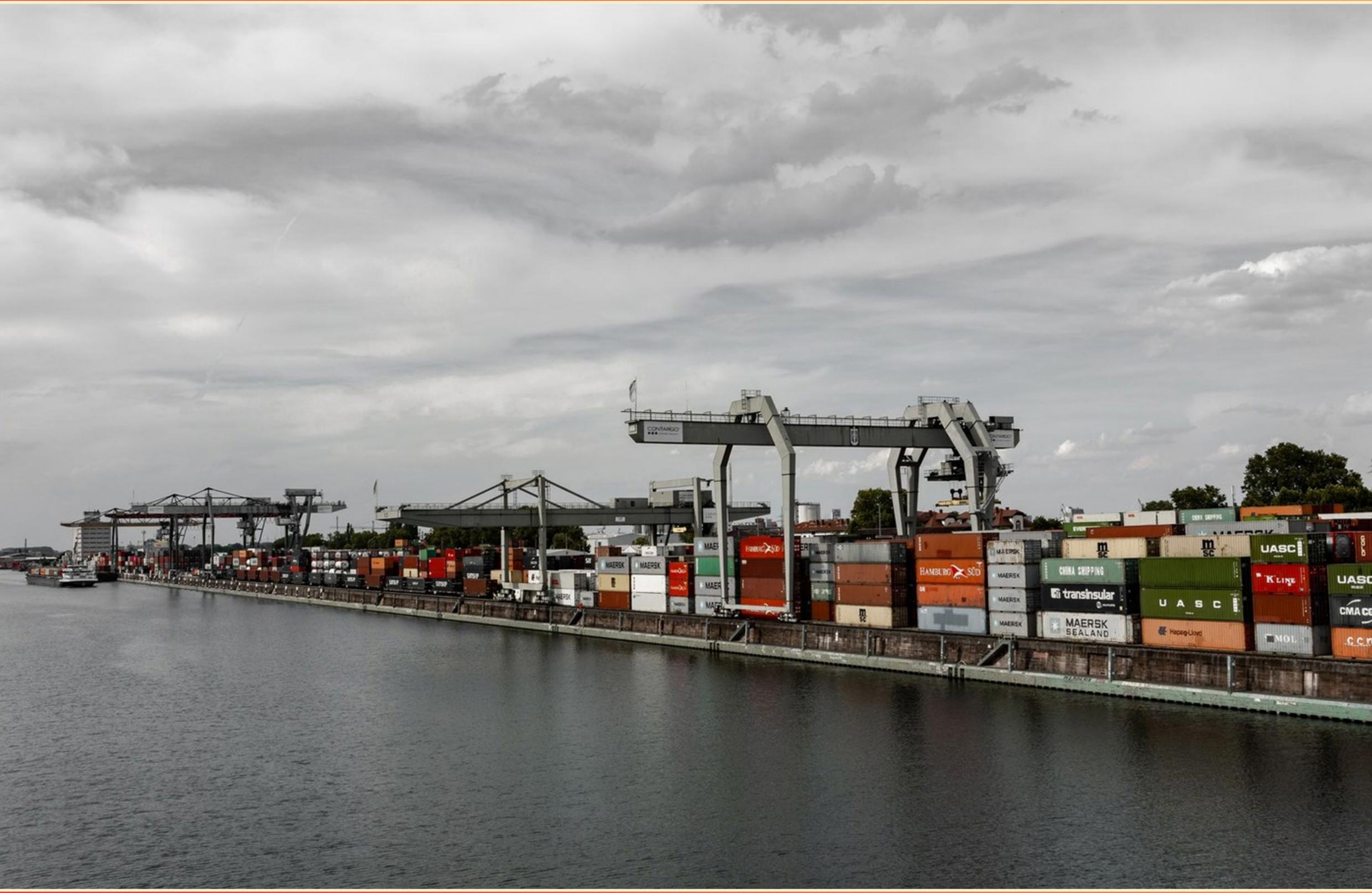
TAITT SUPPLY CHAIN MANAGEMENT (SCM) EXAM 1 PRACTICE (SAMPLE)

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

1. **What is the purpose of Incoterms in international shipments?**
    A. A Marketing standard for labeling shipments.
    B. A financing mechanism for customs duties.
    C. Standard trade terms defining responsibilities, costs, and risks between buyer and seller.
    D. A regulation requiring specific packaging for export.

2. **Which statement about RCCP is accurate?**
    A. It is a long-range planning module used to plan capital investments.
    B. It is a short-range tool used for daily scheduling.
    C. It is a medium-range planning module used to check the feasibility of the master production schedule.
    D. It replaces MRP in planning.

3. **What is a common safety stock calculation approach?**
    A. SS = average demand per period.
    B. $SS = z \times \sigma DL$
    C. $SS = z / \sigma DL$
    D. $SS = L \times D$

4. **Which statement correctly compares cycle counting and annual inventory?**
    A. Cycle counting is completed annually; annual inventory is ongoing.
    B. Cycle counting updates only at year-end; annual inventory updates in real-time.
    C. Cycle counting is a full physical count; annual inventory is random sampling.
    D. Cycle counting is ongoing and selective; annual inventory is a full count once per year.

5. **What are the goals of Supply Chain Management?**
    A. Increase customer service and reduce inventory investment and operating expenses
    B. Maximize production while ignoring service levels
    C. Increase supplier count without improving service
    D. Minimize transportation costs at the expense of inventory

6. Which term represents the expected level of inventory after considering both on-hand inventory and planned receipts and demands?

A. Finished goods

B. Projected on-hand inventory

C. MRO

D. Service inventory

7. Personal Insight forecasting is based on the inside knowledge of

A. The most experienced or senior person

B. The latest market trends

C. A group of customers

D. The entire sales team

8. What is dual sourcing and why use it?

A. Sourcing from a single supplier to minimize complexity.

B. Sourcing from two suppliers to reduce disruption risk and improve resilience.

C. Outsourcing logistics to third-party providers.

D. Producing in two different countries for tax benefits.

9. What best defines capacity cushion?

A. Extra inventory held to buffer against supplier quality issues.

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

C. The maximum output rate during peak demand.

D. The safety stock for finished goods.

10. Forecasting and Demand Planning is a subfunction of which foundation?

A. Operations Management

B. Supply Management

C. Logistics Management

D. Integration

Answers

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

Explanations

1. What is the purpose of Incoterms in international shipments?

A. A Marketing standard for labeling shipments.

B. A financing mechanism for customs duties.

C. Standard trade terms defining responsibilities, costs, and risks between buyer and seller.

D. A regulation requiring specific packaging for export.

Incoterms are standardized trade terms that define who is responsible for what in international shipments, including costs and risks. They specify who arranges transport, who pays for freight and insurance, who handles export and import customs formalities, and the exact point at which the risk of loss or damage passes from the seller to the buyer. This clarity helps buyers and sellers avoid disputes across borders by clearly allocating duties and responsibilities. They are not a marketing labeling standard, not a financing mechanism for duties, and not a packaging regulation. Incoterms focus on the delivery process and risk transfer, while other contract terms handle price, payment, quality, and other obligations.

2. Which statement about RCCP is accurate?

A. It is a long-range planning module used to plan capital investments.

B. It is a short-range tool used for daily scheduling.

C. It is a medium-range planning module used to check the feasibility of the master production schedule.

D. It replaces MRP in planning.

RCCP, Rough-Cut Capacity Planning, is a mid-term planning technique used to verify whether the capacities of major resources can support the Master Production Schedule. It works with rough estimates of capacity for bottleneck resources—such as machines, labor, and shifts—and compares them to the workload planned in the MPS across time buckets. Because it operates at a broader, less detailed level than shop-floor scheduling, its horizon is intermediate, not long-range capital planning and not day-to-day scheduling. It serves as a feasibility check before committing to detailed scheduling, helping you spot capacity gaps early and adjust the MPS or capacity levels accordingly. In short, RCCP ensures the master plan is realistic about what the manufacturing system can handle, rather than replacing detailed planning or shifting to long-range decisions.

3. What is a common safety stock calculation approach?

A. SS = average demand per period.

B. SS = z × σDL

C. SS = z / σDL

D. SS = L × D

Safety stock is a buffer against uncertainty in demand during the replenishment lead time. The common way to quantify it is to multiply the z-score for the desired service level by the standard deviation of demand during lead time, giving SS = z × σDL. The z value determines how confident you want to be about avoiding a stockout, while σDL represents how much demand can vary over the lead time. If lead time is fixed, σDL reflects the variability in demand per period across that lead time (often σDL = σ × sqrt(L)). Using just the average demand ignores variability and can lead to stockouts, while lead-time demand (L × D) is the expected consumption during lead time, not the safety buffer.

4. Which statement correctly compares cycle counting and annual inventory?

A. Cycle counting is completed annually; annual inventory is ongoing.

B. Cycle counting updates only at year-end; annual inventory updates in real-time.

C. Cycle counting is a full physical count; annual inventory is random sampling.

D. Cycle counting is ongoing and selective; annual inventory is a full count once per year.

Cycle counting is an ongoing and selective practice where a subset of inventory items is counted on a rotating schedule, typically focusing on high-value or high-risk items, to maintain accuracy continuously. Annual inventory is a full physical count performed once per year to verify quantities and value for financial reporting. This combination captures the reality that cycle counts run throughout the year and are targeted, while an annual inventory provides a complete snapshot for accounting. The other statements misstate timing and scope: cycle counting is not limited to year-end, and annual inventory is not updated in real-time or done as random sampling.

5. What are the goals of Supply Chain Management?

A. Increase customer service and reduce inventory investment and operating expenses

B. Maximize production while ignoring service levels

C. Increase supplier count without improving service

D. Minimize transportation costs at the expense of inventory

The main concept is that supply chain management aims to deliver the right products to customers when they want them while keeping overall costs under control. The best answer captures this balance by highlighting both higher customer service (better availability and on-time fulfillment) and lower costs tied to inventory and operating expenses. In practice, SCM seeks to meet demand efficiently, using minimal but sufficient inventory and streamlined operations so service levels improve without inflating total costs. Maximizing production while ignoring service levels would likely raise costs and leave demand unsatisfied, harming customer satisfaction. Increasing supplier count without improving service adds complexity and procurement costs without tangible benefit. Minimizing transportation costs at the expense of inventory ignores the trade-offs, potentially increasing stockouts or safety stock needs and harming service.

6. Which term represents the expected level of inventory after considering both on-hand inventory and planned receipts and demands?

A. Finished goods

B. Projected on-hand inventory

C. MRO

D. Service inventory

The main idea is forecasting the stock level after accounting for what you already have and what you expect to come in or go out. The term that captures this is projected on-hand inventory. It represents the inventory you're expected to have at the end of the planning period if current plans hold, calculated as on-hand plus planned receipts minus planned demands. This helps you spot potential shortages or surpluses and decide whether to adjust orders or production. For example, if you currently have 500 units on hand, plan to receive 200 units, and expect to use 350 units, the projected on-hand would be 500 + 200 − 350 = 350 units. This forecast informs whether you'll meet demand or need to speed up or slow down replenishment. Finished goods are completed items ready for sale, MRO refers to maintenance, repair, and operations supplies, and service inventory covers items kept to support service activities. None of these describe the forecasted stock level after receipts and demands—projected on-hand inventory does.

7. Personal Insight forecasting is based on the inside knowledge of

A. The most experienced or senior person

B. The latest market trends

C. A group of customers

D. The entire sales team

Personal Insight forecasting rests on the inside knowledge and judgment of someone with deep, long-standing experience in the business—the most experienced or senior person. That individual has seen multiple cycles, understands how seasonal patterns, promotions, supply factors, and competitive moves interact, and can translate subtle signals into a forward-looking estimate. Because it relies on this seasoned perspective rather than external data or group opinion, the senior expert's insights are the most powerful source for forecasting in this approach. This differs from using latest market trends (external data), gathering input from a group of customers, or pulling in input from the entire sales team, which dilute the individual insider perspective. Keep in mind this method can be highly valuable but is subjective, so it's often best used alongside quantitative methods to balance intuition with data.

8. What is dual sourcing and why use it?

A. Sourcing from a single supplier to minimize complexity.

B. Sourcing from two suppliers to reduce disruption risk and improve resilience.

C. Outsourcing logistics to third-party providers.

D. Producing in two different countries for tax benefits.

Dual sourcing means sourcing the same material from two suppliers. The reason to use it is to reduce disruption risk and improve resilience: if one supplier faces a shutdown, quality issue, or logistics delay, you can continue receiving material from the other, helping keep production and delivery on track. It also introduces competition between suppliers and can improve negotiating leverage and responsiveness. Of course, it requires more coordination and may raise costs, but the payoff is a steadier, more reliable supply. The other ideas describe scenarios that don't focus on risk mitigation of supplier failures—the single-source approach increases risk, outsourcing logistics is about moving logistics work rather than sourcing, and producing in two countries for tax benefits is about footprint rather than supplier continuity.

9. What best defines capacity cushion?

A. Extra inventory held to buffer against supplier quality issues.

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

C. The maximum output rate during peak demand.

D. The safety stock for finished goods.

Capacity cushion is the extra production capacity kept in reserve to absorb variability in demand or disruptions in the supply chain. It acts as a buffer on the capacity side, allowing a operation to ramp up output quickly when sales spike or when suppliers are late, without immediately hurting service levels or causing delays. This is different from safety stock, which is about inventory levels held to guard against stockouts; and different from the maximum output rate during peak demand, which describes the designed limit of what you can produce, not the spare capacity you keep available. The option describing extra inventory to buffer against supplier quality issues points to safety stock, not capacity cushion. The option about the maximum output rate during peak demand refers to the system's capacity limit, not a reserve. The safety stock for finished goods is clearly an inventory buffer. So the capacity cushion is best defined as the extra production capacity reserved to absorb demand spikes or supply disruptions.

10. Forecasting and Demand Planning is a subfunction of which foundation?

A. Operations Management

B. Supply Management

C. Logistics Management

D. Integration

Forecasting and demand planning focus on estimating future demand and aligning production and inventory decisions. This activity sits in operations management, which covers planning, scheduling, and controlling the transformation of inputs into outputs. The other areas handle sourcing (supply management), movement and storage (logistics management), or cross-functional coordination (integration); however, forecasting and demand planning are central to the operations management function that plans how a company produces and delivers goods and services.

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!