

Purchasing & Materials Management

1. A professional buyer is usually interested in getting the minimum quality necessary to perform its function satisfactory.

- (1) **True**
- (2) False

2. A quotation request from prospective suppliers should include:-

- (1) Quantity required
- (2) Complete specifications
- (3) Deadline for submission of quotation
- (4) **All of the above**

3. Purchase at higher price may be justified if the goods are available _____.

- (1) **On consignment basis**
- (2) On annual order basis
- (3) On guaranteed quality
- (4) On monthly lot basis

4. Normally, out of the various buying objectives, _____ is most important.

- (1) Favourable supplier relations
- (2) Low price
- (3) Timely delivery
- (4) **Quality**

5. Advantage of single source is that:-

- (1) Buyer can make maximum use of buying power
- (2) Administrative costs are low
- (3) Suppliers offer special price concessions
- (4) **All of the above**

6. In supplier segmentation value matrix where price dominates other factors fall in:-

- (1) Low Risk- Low Spend category
- (2) High Risk- Low Spend category
- (3) High Risk- High Spend category
- (4) **Low Risk- High Spend category**

7. While measuring performance of Materials Department, deviations from operating budgets can be reviewed _____.
- (1) **Monthly**
 - (2) Weekly
 - (3) Annually
 - (4) Daily
8. Supplier's price performance is calculated as % of performance = (_____/actual price) X 100.
- (1) **Lowest price by any other vendor**
 - (2) Lowest price by the same vendor in the year
 - (3) Highest price by any vendor
 - (4) None of the above
9. Performance of a purchase department in meeting the price objective can be measured through:-
- (1) Comparing actual costs with the materials budget
 - (2) Price indexes
 - (3) Cost-reduction reports
 - (4) **All of the above**
10. Typical quality scoring formula for vendor rating Quality conformance = $100 - 30$ (_____) / Acceptable quality level.
- (1) Percent accepted
 - (2) **Percent defective**
 - (3) Percent lots accepted in previous year
 - (4) None of the above
11. Many early benefits such as balance & flow & shorter order-to-delivery time can be realized by working on some of stage 1 _____.
- (1) Lean maintenance
 - (2) Lean mid passage
 - (3) **Lean fundamentals**
 - (4) None of the above
12. The ability to produce in small lot sizes is dependent on _____.
- (1) Longer production cycles
 - (2) **Short production cycles and rapid changeover capacity**
 - (3) Work-in-process inventory levels
 - (4) Raw material stock availability

13. Lean balance and training is _____.

- (1) Full utilization of all lines all the time
- (2) Worker trained to do only one repetitive job all the time
- (3) **Abandoning full utilization of all lines all the time and cross training of labour**
- (4) None of the above

14. Every plant has a bottle neck and whenever one is opened another appears.

- (1) **True**
- (2) False

15. _____ is becoming a major hub for procurement outsourcing.

- (1) Vietnam
- (2) India
- (3) **Philippines**
- (4) Taiwan