

1. Which of the following is a key necessity of inventory in process management?

- a) Minimizing cycle time
- b) Maximizing excess inventory
- c) Reducing safety stock levels
- d) Ignoring deterministic demand

Answer: a) Minimizing cycle time

Explanation: Inventory in process management aims to minimize cycle time by ensuring smooth flow and reducing idle time in production processes.

2. What problem is associated with excessive inventory in supply chain management?

- a) Increased cycle time
- b) Decreased holding costs
- c) Enhanced production flexibility
- d) Risk of obsolescence and wastage

Answer: d) Risk of obsolescence and wastage

Explanation: Excessive inventory leads to higher holding costs and increases the risk of products becoming obsolete or wasted.

3. The Classical Economic Order Quantity (EOQ) model is primarily concerned with:

- a) Minimizing inventory holding costs
- b) Maximizing order frequency
- c) Ignoring demand variability
- d) Overestimating safety stock levels

Answer: a) Minimizing inventory holding costs

Explanation: The EOQ model calculates the optimal order quantity that minimizes the total inventory holding costs.

4. Which analysis technique categorizes items based on their relative importance to inventory management?

- a) VED analysis
- b) MRP analysis
- c) Cycle counting analysis
- d) Economic batch quantity analysis

Answer: a) VED analysis

Explanation: VED analysis categorizes items as vital, essential, and desirable based on their importance for inventory management.

5. Lot sizing in Material Requirements Planning (MRP) is concerned with:

- a) Minimizing production costs
- b) Maximizing order frequency
- c) Determining the optimal batch size
- d) Reducing lead times

Answer: c) Determining the optimal batch size

Explanation: Lot sizing in MRP involves determining the most efficient batch size for ordering materials to meet production requirements while minimizing costs.

6. What is the primary objective of Just-in-Time (JIT) manufacturing?

- a) Maximizing inventory levels
- b) Minimizing production flexibility
- c) Reducing waste and lead times
- d) Ignoring supplier relationships

Answer: c) Reducing waste and lead times

Explanation: JIT manufacturing aims to eliminate waste, minimize lead times, and improve efficiency by producing only what is needed, when it is needed.

7. How does the evolution from MRP to ERP enhance supply chain management?

- a) By focusing solely on production processes
- b) By integrating various business functions
- c) By reducing the need for inventory management
- d) By ignoring technological advancements

Answer: b) By integrating various business functions

Explanation: ERP systems integrate various business functions, including inventory management, finance, human resources, and customer relationship management, to improve overall supply chain management.

8. ABC analysis classifies inventory items based on:

- a) Shelf life
- b) Movement frequency
- c) Size and weight
- d) Demand variability

Answer: b) Movement frequency

Explanation: ABC analysis categorizes inventory items based on their movement frequency, with category A representing high-value items with frequent movement, category B representing moderate-value items with moderate movement, and category C representing low-value items with infrequent movement.

9. How does linking MRP with JIT benefit manufacturing operations?

- a) By increasing inventory levels
- b) By reducing production lead times
- c) By ignoring production scheduling
- d) By maximizing batch sizes

Answer: b) By reducing production lead times

Explanation: Linking MRP with JIT helps to synchronize production schedules with demand, reducing lead times and improving overall efficiency.

10. What role does e-business play in modern supply chain management?

- a) Reducing reliance on technology
- b) Limiting communication with suppliers
- c) Enhancing visibility and collaboration
- d) Ignoring customer demands

Answer: c) Enhancing visibility and collaboration

Explanation: E-business facilitates real-time communication, collaboration, and visibility among supply chain partners, leading to improved efficiency and responsiveness to customer demands.

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