# HCO2 Operations and Supply Chain Management Exam Version 1

**Section:** Supply Chain & Marketing • **Total Questions:** 10 • **Format:** Verified Q&A

**1. A company produces fabric that it sells to other companies. This company recently decided to purchase the distribution center that buys most of its fabric. Which strategy does this scenario demonstrate?**

**(A)** Forward vertical integration
**(B)** Lean supply chain
**(C)** Backward vertical integration
**(D)** Vendor managed inventory

**2. Which sustainability metric measures greenhouse-gas emissions across the entire product life cycle?**

**(A)** Carbon footprint
**(B)** Energy intensity
**(C)** Water usage ratio
**(D)** Waste diversion rate

**3. Which activity is part of the ‘define the problem' step of the forecasting process?**

**(A)** Ensuring that the initial model is accurate
**(B)** Reducing model dependence to a single variable
**(C)** Identifying the desired forecast outcome
**(D)** Assessing current regulatory limitations

**4. A company designed a barcode-scanning system to reduce picking errors. Which cost of quality is this?**

**(A)** External failure costs
**(B)** Internal failure costs
**(C)** Appraisal costs
**(D)** Prevention costs

**5. A company that sells building materials often had difficulty obtaining lumber from one of its suppliers. The company recently bought the lumber supplier in order to enhance coordination. Which strategy does this scenario demonstrate?**

**(A)** Forward vertical integration
**(B)** Backward vertical integration
**(C)** Vendor managed inventory
**(D)** Lean supply chain

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**6. A company designed a closet shelving system with color-coded parts to ensure proper assembly. Which cost of quality does this scenario illustrate?**

**(A)** Internal failure costs
**(B)** External failure costs
**(C)** Appraisal costs
**(D)** Prevention costs

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**7. Which aggregate planning strategy changes output by hiring and laying off workers each month?**

**(A)** Chase strategy
**(B)** Level strategy
**(C)** Mixed strategy
**(D)** Outsourcing strategy

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**8. An operations manager is weighing whether to use a new chemical that might create waste-water problems. Which issue is primarily ethical?**

**(A)** Compliance with accounting standards
**(B)** Potential environmental pollution
**(C)** Choosing an optimal inventory method
**(D)** How to optimally design a product

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**9. A manufacturing facility has only one water-treatment pump and production stops when it fails. What type of bottleneck is this?**

**(A)** Regulatory
**(B)** Labor
**(C)** Financial
**(D)** Decision-making

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**10. The leadership team funds quality training. Which aspect of TQM is demonstrated?**

**(A)** Supplier relationships

**(B)** Customer-centred focus

**(C)** Performance measures

**(D)** Management commitment