



630-007

(C.P.M. Module 3: Value Enhancement Strategies)

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Question: 1

What does the payment term "2% 10/net 30" mean?

- A. There is a 2% discount off the final price if paid within 10 business days from the date of the invoice. If not, the balance is due in 30 days from the date of the invoice.
- B. Two percent of the invoice is due within 10 days from the date of the invoice. The balance is due within 30 days from the date of the invoice.
- C. There is a 2% discount off the final price if paid within 10 days from the date of acceptance. The balance is due within 30 days of the date of the invoice.
- D. There is a 2% discount off the final price if paid within 10 days from the date of the invoice. If not, the balance is due in 30 days from the date of the invoice

Answer: D

Question: 2

Early supplier involvement (ESI) is advantageous PRIMARILY for which of the following reasons?

- A. It requires supplier input into product reconfiguration.
- B. It reduces the need for new technology.
- C. It ensures lower prices.
- D. It promotes higher quality

Answer: D

Question: 3

A technique for reducing financial risk when purchasing globally is to use

- A. currency contracts
- B. global market analysis
- C. inventory stockpiling
- D. offshore offices

Answer: A

Question: 4

Buyer Smith receives a requisition from XYZ, Inc.'s accounting department for a new photocopier. The current equipment needs immediate replacement, but has a residual value of \$600. XYZ has instituted a freeze on capital spending for all non-manufacturing related equipment. Smith calls a local distributor, who offers to lease XYZ a copier with one year free maintenance and supplies. The costs of such maintenance agreements typically average about \$.01 per copy. The distributor also offers XYZ \$450 for its current equipment. Given this

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information, which of the following is the BEST course of action for Smith to take?

- A. Sign a third-party lease through a bank based on 100,000 copies per month
- B. Sign an operating lease through a bank based on 100,000 copies per month
- C. Purchase the equipment through a bank based on 100,000 copies per month
- D. Sign a capital lease through a bank based on 100,000 copies per month

Answer: B

Question: 5

Which of the following is the BEST way for a manufacturer to work with a supplier to increase sales volume and subsequently increase profitable sales?

- A. Long-term agreement
- B. Price based cost-plus contract
- C. A supplier-coordinated program
- D. A reduced learning curve

Answer: B

Question: 6

Which of the following is the BEST reason for its acquisition of inventory due to changes in demand?

- A. Excess
- B. Obsolete
- C. Scrap
- D. Surplus

Answer: B

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