



Free Questions for LEAD

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## Question 1

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Question Type: MultipleChoice

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Using an outsourced freight firm's transportation services rather than delivering products to customers directly is an example of which of the following risk management strategies?

Options:

- A- Avoidance
- B- Mitigation
- C- Assumption
- D- Transference



Answer:

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D

Explanation:

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Risk Management Strategy: Using an outsourced freight firm's transportation services transfers the risk associated with transportation from the company to the outsourced provider.

Definition of Transference: Risk transference involves shifting the responsibility and consequences of a risk to another party, often through contracts or insurance.

Application: By outsourcing transportation, the company relies on the freight firm to manage and mitigate risks related to delivery, such as delays, damage, or loss of goods.

Benefits: This strategy can reduce the company's direct exposure to transportation risks and leverage the expertise and resources of specialized freight firms.

Reference: Risk management frameworks, such as ISO 31000 and the PMBOK Guide, discuss risk transference as a viable strategy for managing specific types of risks by shifting them to third parties.

## Question 2

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Question Type: MultipleChoice

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A buyer for TUV, Inc. transfers to headquarters from one of the company's subsidiaries. The buyer creates performance concerns for the department by ignoring policies regarding attendance,

failing to document transactions properly and lacking focus. The department manager learns that the buyer did not receive training following the transfer because TUV's policies and procedures at headquarters differ only slightly from those within the divisions. Given this situation, which of the following is the BEST course of action for the department manager to take?

### Options:

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- A- Admonish the employee for not meeting expectations
- B- Request that human resources (HR) conduct a gap analysis
- C- Provide the buyer with additional training
- D- Revise performance evaluation criteria for transferred employees

### Answer:

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C

### Explanation:

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**Identifying the Root Cause:** The buyer's performance issues stem from a lack of understanding of the policies and procedures at headquarters, indicating a need for additional training.

**Training and Development:** Providing the buyer with comprehensive training will address the gaps in knowledge and align the buyer's practices with the company's expectations and standards.

**Performance Improvement:** Proper training ensures that the buyer understands the importance of attendance, accurate documentation, and focus, leading to improved performance and adherence to company policies.

**Long-term Benefits:** Investing in training supports employee development, increases job satisfaction, and reduces the likelihood of similar issues in the future.

**Reference:** Best practices in human resource management and organizational behavior emphasize the importance of training and development in managing performance issues. Sources include 'Human Resource Management' by Gary Dessler and guidelines from the Society for Human Resource Management (SHRM).

## Question 3

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**Question Type:** MultipleChoice

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After analyzing its relationships with other departments, supply management decides to revise

its stocking levels and order forecasting in order to streamline processes and reduce costs. Which of the following is the BEST way for the supply management organization to introduce these changes to the departments involved?

### Options:

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- A- Meet with internal customers to address any changes that might impact their operations
- B- Demonstrate the long-term savings to be realized
- C- Obtain endorsements from other departments
- D- Use best-in-class comparisons to show how the new policies will advance the organization

### Answer:

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A

### Explanation:

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**Introducing Changes:** Revising stocking levels and order forecasting can significantly impact various departments within the organization.

**Engagement with Internal Customers:** Meeting with internal customers ensures that their concerns and operational needs are addressed, facilitating smoother implementation and greater acceptance of the changes.

**Collaboration and Communication:** This approach promotes transparency, builds trust, and allows for collaborative problem-solving to mitigate any negative impacts on other departments.

**Long-term Success:** Engaging internal customers helps align the changes with overall organizational goals and ensures that all stakeholders are on board and supportive.

**Reference:** Change management literature, such as John Kotter's 'Leading Change' and resources from the Prosci Change Management Institute, emphasize the importance of stakeholder engagement and communication in successful change initiatives.

## Question 4

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**Question Type:** MultipleChoice

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Two large industrial organizations with global operations merge. Prior to the merger, the two companies had individual buyers at each manufacturing location, and these buyers were very successful. In the newly merged company, a sourcing team is established, with commodity managers reporting to the chief purchasing officer (CPO). Saving money has always been a top

priority of the procurement staff, but the CPO is concerned about the new company's culture, as the commodity manager role didn't exist in either of the two companies prior to the merger.

Which of the following should the CPO be MOST concerned with to ensure the success of the new commodity managers?

Options:

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- A- Cost containment
- B- Optimization effort
- C- Cost avoidance
- D- Riskmanagement



Answer:

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D

Explanation:

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**Merger Context:** The merger has created a new structure with commodity managers, a role that didn't previously exist in either company. This restructuring can introduce various risks, including operational disruptions and cultural integration challenges.

**Risk Management Focus:** The CPO should prioritize risk management to ensure the transition to commodity managers is smooth and successful. This includes identifying potential risks, developing mitigation strategies, and monitoring implementation.

**Risks to Consider:** Potential risks include resistance to change, lack of clear role definitions, and integration of different corporate cultures.

**Importance of Risk Management:** Effective risk management helps in anticipating and addressing issues that could derail the integration process and ensures that the new structure supports the company's strategic goals.

**Reference:** Best practices in merger integration and change management literature, including 'Making Mergers Work' by Price Pritchett and the Project Management Institute's (PMI) guidelines on risk management, emphasize the importance of focusing on risk management in such transitions.

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## Question 5

Question Type: MultipleChoice

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A highly-customized computer part needed to complete the assembly of a product would be classified as which of the following?

Options:

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- A- Fixed cost
- B- Target cost
- C- Direct cost
- D- Variable cost

Answer:

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C



Explanation:

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**Definition of Direct Cost:** Direct costs are expenses that can be directly attributed to the production of a specific product or service. This includes raw materials, labor, and any other costs directly associated with manufacturing.

**Highly-Customized Computer Part:** The customized nature of the computer part makes it a direct cost because it is a specific component needed for the product assembly.

**Relevance to Production:** Since the part is essential for the assembly of the product, its cost is directly traceable to the product, fitting the definition of a direct cost.

**Reference:** Cost accounting literature, such as 'Cost Accounting: A Managerial Emphasis' by Charles T. Horngren, defines and discusses the classification of direct costs and their importance in product costing.



## Question 6

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**Question Type:** MultipleChoice

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A cross-functional team for a specialty art materials manufacturer is analyzing several hobby painting sets, each made at a different location. The supply manager asks the team to discuss packaging needs. As brainstorming progresses, a few team members comment that many paint jars look quite similar, and one member asks whether distinctive labels could be used to differentiate various types of paint. This change is implemented, saving costs through larger volumes and minimized shortages. Which of the following BEST describes what process the supply manager has facilitated?

### Options:

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- A- Aggregation
- B- Internal negotiations
- C- Contribution to profit
- D- Synergy

### Answer:

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A

### Explanation:

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Understanding the Scenario: The cross-functional team identifies that using distinctive labels for different types of paint can save costs by increasing order volumes and minimizing shortages.

Definition of Aggregation: Aggregation in supply chain management refers to combining orders for similar items to achieve cost savings through economies of scale.

Implementation: By standardizing the labels and increasing order volumes, the team is effectively aggregating their purchasing needs, leading to lower per-unit costs and reduced risk of shortages.

Cost Savings: Aggregation leverages larger order quantities to negotiate better pricing and terms with suppliers, thus contributing to cost savings and operational efficiency.

Reference: Supply chain management literature, such as 'Supply Chain Management: Strategy, Planning, and Operation' by Sunil Chopra and Peter Meindl, highlights aggregation as a key strategy for achieving cost savings and efficiency in procurement.

## Question 7

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Question Type: MultipleChoice

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Which of the following is an example of an organization mission statement?

### Options:

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- A- 'Enhance our reputation in a demanding and rapidly changing field'
- B- 'Offer innovative customer service responsive to our market's needs'
- C- 'Update procedure manuals and reference materials for all divisions'
- D- 'Hire, train and retain skilled staff members to represent us'

### Answer:

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B

### Explanation:

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**Understanding Mission Statements:** A mission statement defines the organization's purpose, core values, and primary objectives, providing direction and guiding decision-making processes.

**Relevance to Mission Statements:** The statement 'Offer innovative customer service responsive to our market's needs' clearly outlines the organization's commitment to providing excellent customer service and adapting to market demands, aligning with the purpose and values of the company.

**Comparison with Other Options:**

Option A is more about enhancing reputation, which is an outcome rather than a mission.

Option C focuses on internal procedures rather than the overall purpose.

Option D is related to HR functions, not the broader organizational mission.

**Effectiveness:** A good mission statement is clear, concise, and focuses on the organization's key objectives and values, as seen in the correct answer.

**Reference:** The principles of crafting effective mission statements are discussed in strategic management and organizational behavior literature, including 'Strategic Management: Concepts and Cases' by Fred R. David and resources from the Balanced Scorecard Institute.

## Question 8

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**Question Type:** MultipleChoice

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Which of the following is the BEST example of a corporate social responsibility audit procedure?

### Options:

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- A- Enhancing talent management skills
- B- Creating an intranet forum to discuss organizational objectives
- C- Checking chemical safety data sheets regularly
- D- Conducting diversity awareness training



Answer:

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C

Explanation:

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Corporate Social Responsibility (CSR) Audits: CSR audits assess a company's adherence to ethical standards and regulatory requirements in areas such as environmental protection, workplace safety, and social responsibility.

Chemical Safety Data Sheets: Regularly checking chemical safety data sheets ensures that the company is compliant with safety regulations and that employees are aware of the hazards and proper handling procedures of chemicals used in operations.

Relevance to CSR: Ensuring chemical safety is a critical aspect of corporate responsibility, as it directly impacts employee health and safety and environmental protection.

Reference: This practice is supported by guidelines from organizations such as the Occupational Safety and Health Administration (OSHA) and environmental protection agencies, which emphasize the importance of regular safety audits and compliance checks.

## Question 9

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Question Type: MultipleChoice

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When prioritizing a supply management department's goals and objectives for the coming year, the department should place the MOST emphasis on which of the following?

Options:

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- A- Ways in which the department can support the organization
- B- First priorities in the functional planning process
- C- Key items identified by the business unit planning process
- D- Goals that will have greatest impact on the department

Answer:

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A

Explanation:

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**Alignment with Organizational Goals:** The supply management department's goals and objectives should align with and support the overall strategic goals of the organization.

**Impact on Business Success:** Prioritizing ways the department can support the organization ensures that supply management activities directly contribute to the company's success and competitive advantage.

**Functional Integration:** This approach fosters better integration and collaboration between the supply management department and other business units, leading to more cohesive and effective operations.

**Strategic Focus:** Emphasizing organizational support ensures that the department's goals are strategic rather than merely operational or departmental, driving broader business impact.

**Reference:** Strategic management literature, including 'Strategic Management: Concepts and Cases' by Fred R. David and resources from the Balanced Scorecard Institute, support the importance of aligning departmental goals with organizational objectives.

## Question 10

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**Question Type:** MultipleChoice

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A supply manager is looking to engage internal stakeholders. The supply manager contacts the digital marketing team to understand what projects they are working on and where procurement can add value. The digital marketing team has not dealt with procurement in the past and does not understand what support supply management can provide. Which of the following is the NEXT step supply management should take?

**Options:**

- A- Conduct a needs analysis with the digital marketing stakeholders
- B- Send the team procurement studies to demonstrate their knowledge of the field
- C- Establish rules and guidelines for departments not previously engaged
- D- Schedule time with the team's leadership to discuss engagement

**Answer:**

A

**Explanation:**

**Understanding Stakeholder Needs:** The digital marketing team has not dealt with procurement

before and may not understand the value supply management can provide. Conducting a needs analysis helps identify their specific needs and pain points.

**Building Relationships:** Engaging with the digital marketing team through a needs analysis fosters open communication and collaboration, building a foundation for a strong working relationship.

**Customized Solutions:** The insights gained from the needs analysis enable supply management to tailor their support to the specific requirements of the digital marketing team, demonstrating their value effectively.

**Effective Engagement:** This proactive approach ensures that supply management's efforts are aligned with the needs of the digital marketing team, leading to more meaningful and impactful engagement.



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