

Certified in Transformation for Supply Chain (CTSC)

APICS CTSC

Version Demo

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QUESTION NO: 1

Where are Transform and Return costs often captured in the supply chain, respectively?

- A. Supply chain fixed assets and accounts receivable
- B. Cost of goods sold (COGS) and claims
- C. Supply chain fixed assets and accounts payable
- D. Cost of goods sold (COGS) and warranty

ANSWER: B

Explanation:

Cost of goods sold (COGS) and claims is correct because it aligns with how these cost categories are normally represented in supply-chain performance analysis. Transform costs arise as materials are converted into finished goods. They include the directly attributable resources consumed during production or processing, such as material inputs, manufacturing labor, production energy, and related conversion overhead. Since these expenditures are incurred to make the products ultimately sold, they are commonly accumulated and recognized in cost of goods sold when the associated products are sold.

Return costs arise when products move back through the supply chain because of defects, customer dissatisfaction, excess inventory, recalls, or other return events. The related activities can include return transportation, receipt, inspection, disposition, repair, replacement, recycling, and administrative processing. These costs are often tracked through claims because claims provide a practical financial mechanism for recording and settling costs associated with returned, damaged, defective, or nonconforming products. This distinction supports visibility into the cost of making products versus the cost of resolving product-return events, consistent with SCOR's end-to-end supply-chain process and performance perspective. See ASCM's overview of the [SCOR Digital Standard](#) and its [APICS Dictionary](#) resource.

QUESTION NO: 2

A transformation will centralize purchasing activities that are currently performed by plant-level buyers. Plant managers are concerned that the new model will slow urgent local purchases. What should the transformation team do first to manage this concern?

- A. Announce the centralized purchasing structure to all affected employees.
- B. Conduct a stakeholder impact assessment of the changed roles, decisions, and service requirements.
- C. Train plant buyers on the new procurement system before redesigning the process.
- D. Allow each plant to retain independent purchasing authority.

ANSWER: B

Explanation:

Conduct a stakeholder impact assessment of the changed roles, decisions, and service requirements. The team must identify how the centralization model changes responsibilities, approval rights, response expectations, and escalation needs for plant personnel. This provides the evidence needed to design appropriate service levels, governance, communications, and training.

Announcing the new structure without understanding local impacts is likely to increase resistance. Training buyers before roles and processes are defined does not address the concern. Allowing every plant to retain independent purchasing authority would undermine the intended operating-model change without evaluating whether targeted exceptions are needed.

QUESTION NO: 3

When sharing performance metrics with customers, management needs to:

- A. avoid too many metrics in the report.
- B. consider any discrepancies within the survey feedback.
- C. provide a balanced and comprehensive set of metrics.
- D. ensure metrics are linked to business strategy.

ANSWER: C

Explanation:

Management should **provide a balanced and comprehensive set of metrics**. Customer-facing performance reporting needs to present an integrated view of how the supply chain delivers customer value, rather than emphasizing only a narrow operational result. A balanced set typically includes measures relevant to service and delivery performance, quality, cost, responsiveness or flexibility, and improvement or innovation. The specific measures should be meaningful to the customer relationship and aligned with agreed expectations, service requirements, and strategic objectives. Comprehensive reporting also supports transparent conversations about performance trends, trade-offs, risks, and jointly owned improvement opportunities. This approach helps customers understand overall performance in context and enables both organizations to use evidence in collaborative governance and continuous-improvement discussions. APICS-aligned supply chain performance management emphasizes selecting measures that reflect customer needs and support strategic decision-making across the end-to-end supply chain. The ASCM SCOR Digital Standard similarly frames performance measurement around multiple customer-relevant performance attributes, rather than a single metric, including reliability, responsiveness, agility, cost, and asset management efficiency. See the [ASCM SCOR Digital Standard](#) and the [ASCM CTSC credential overview](#).

QUESTION NO: 4

A company is considering a packaging redesign that reduces material use but increases product damage during distribution. Which analysis would best support a sustainable supply chain decision?

- A. Compare the purchase price of the current and redesigned packaging.
- B. Evaluate the total ecological, ethical, and economic effects across the product life cycle.
- C. Select the redesign that uses the least packaging material.
- D. Measure the change in warehouse labor required to handle the packaging.

ANSWER: B

Explanation:

Evaluate the total ecological, ethical, and economic effects across the product life cycle. Reducing packaging material may improve one environmental measure, but the resulting damage can increase waste, returns, replacement production, transportation, and customer dissatisfaction. A sustainable decision requires evaluation of the full set of impacts and trade-offs across the value chain.

Comparing only packaging-material cost or only the weight of the package would ignore important downstream consequences. Choosing the redesign solely because it reduces material use treats sustainability as a single-factor environmental issue rather than a balanced transformation objective.

QUESTION NO: 5

In order to build organizational support to extend the supply chain initiative to the greater value chain, the core team should:

- A. define the scope of the greater value chain.
- B. gain consensus for a pilot project.
- C. identify value chain improvement roles.
- D. determine whether other supply chain transformation is needed.

ANSWER: A

Explanation:

“define the scope of the greater value chain.” is correct because extending a transformation initiative beyond the organization’s immediate supply chain requires a shared understanding of the system that creates customer value. The core team first needs to establish the initiative’s boundaries: which external partners and stakeholder groups are relevant, which end-to-end processes and value flows are involved, what customer outcomes are in scope, and where interorganizational dependencies exist. This creates a fact-based foundation for discussing the initiative with leaders and potential collaborators. It also makes the anticipated value, required participation, governance implications, and possible effects on each stakeholder visible. That clarity is essential for building organizational support, since executives and functional leaders can assess the strategic relevance of the proposed extension before resources or commitments are requested. Scope definition therefore turns a broad concept—expanding to the greater value chain—into an understandable, governable transformation opportunity that can be communicated consistently across the enterprise and its ecosystem. This aligns with ASCM’s CTSC program focus on leading end-to-end supply chain transformation and connecting strategy, people, processes, and technology across the value network. See [ASCM’s CTSC certification overview](#) and the [ASCM Dictionary](#) for ASCM terminology and transformation context.

QUESTION NO: 6

Which of the following characteristics best describes a competitive supply chain?

- A. Optimized to attain maximum profitability
- B. Fully integrated to maximize cost effectiveness and efficiency
- C. Delivers a customer value proposition superior to competitors
- D. Designed to offer a fast-selling option to customers

ANSWER: C

Explanation:

A competitive supply chain delivers a customer value proposition superior to competitors. Supply-chain competitiveness is not defined by a single internal measure such as cost efficiency, integration, speed, or profitability in isolation. Instead, it concerns the supply chain’s ability to provide the particular combination of value attributes that its target customers value more highly than available alternatives. Those attributes can include dependable availability, responsiveness, quality, customization, innovation, convenience, visibility, responsible sourcing, or an appropriate total cost-to-serve. The required capabilities, processes, technologies, partner relationships, and performance measures should therefore be aligned with the chosen customer value proposition. This alignment enables the organization to compete in its intended market rather than merely optimize an operational metric. A competitive supply chain also requires ongoing monitoring and improvement because customer expectations, market conditions, and competitor capabilities change over time. This customer-focused view is consistent with ASCM’s supply chain learning framework, which emphasizes designing and managing supply chains to deliver customer value and business outcomes. See [ASCM’s CTSC certification overview](#) and [ASCM certifications and credentials](#).

QUESTION NO: 7

In the SCOR model, the analysis of indicators of supply chain's performance from level 1 through 3 is referred to as:

- A. metrics attribution.

- B. metrics decomposition.
- C. performance cascading.
- D. performance classification.

ANSWER: B

Explanation:

metrics decomposition. is the SCOR term for examining supply-chain performance measures progressively from Level 1 through Level 3. This structured analysis starts with Level 1, where performance attributes and strategic, end-to-end measures provide an overall view of supply-chain outcomes. It then drills down through Level 2 process categories and Level 3 process elements to identify the operational drivers underlying the observed performance. In a transformation setting, this decomposition lets a team move from a high-level performance gap to the specific processes, activities, and measurable factors that need attention. It therefore supports fact-based diagnosis, prioritization of improvement work, and alignment between strategic supply-chain objectives and operational measures. SCOR is designed as a process-reference model that links performance measurement with process analysis and improvement, making this hierarchical treatment of metrics central to its use. The Association for Supply Chain Management describes SCOR as a framework for assessing and improving supply-chain management, including performance measurement: [ASCM SCOR resources](#). Additional SCOR documentation and model materials are available through the [Supply Chain Council SCOR-DS resources](#).

QUESTION NO: 8

A pilot of a new warehouse automation process has achieved strong results at one site. The pilot relied on local data corrections, an experienced project team, and a temporary manual exception process. Before expanding to other sites, the company should first:

- A. Deploy the pilot configuration immediately to all remaining sites.
- B. Validate and standardize the process, data, and exception-management requirements.
- C. Purchase additional automation equipment for each remaining site.
- D. Extend the pilot period until the warehouse achieves still higher throughput.

ANSWER: B

Explanation:

Validate and standardize the process, data, and exception-management requirements. A successful pilot does not automatically demonstrate that a solution can be scaled. The company must determine which local conditions and workarounds enabled the result, resolve them in the target design, and define repeatable requirements for implementation at other sites.

Immediate deployment may replicate hidden defects and create inconsistent outcomes. Adding equipment does not address data and process dependencies. Measuring pilot results again can provide more confidence, but it does not establish the standardized operating model needed for sustainable scale.

QUESTION NO: 9

One of the most important steps that leadership can take in developing talent for a digital supply chain transformation process is to:

- A. assign performance metrics to all employees with considerable emphasis on technological skills.
- B. create a balanced scorecard and communicate downstream to all functions and interested parties.
- C. offer structured pay incentives to employees that demonstrate exemplary digital skills.
- D. invest in building data-centric supply chain communities with relevant skills.

ANSWER: D

Explanation:

Investing in building data-centric supply chain communities with relevant skills is a foundational leadership action because digital supply chain transformation depends on people's ability to use data collaboratively in everyday decisions. A data-centric community connects supply chain practitioners, analytics specialists, technology teams, and business leaders around shared practices, common data literacy, and real operational challenges. It creates an environment in which employees can develop skills such as interpreting data, using analytics tools, communicating insights, and applying digital capabilities to planning, sourcing, manufacturing, logistics, and customer service.

Leadership support is essential because it provides the time, resources, governance, learning opportunities, and cross-functional access needed for such communities to become sustainable rather than isolated training events. Communities also help retain and spread knowledge: experienced employees can mentor colleagues, reusable analytical methods can be shared, and successful use cases can be scaled across the supply chain. This directly strengthens the organization's talent pipeline and its capacity to adopt digital ways of working over time. ASCM emphasizes that supply chain transformation requires both digital capabilities and a workforce prepared to use them effectively. See [ASCM's CTSC certification overview](#) and the [ASCM learning and development resources](#).

QUESTION NO: 10

A company is selecting a new supplier for a high-volume consumer product. One supplier offers the lowest price and lower transportation emissions, but its labor-practice controls cannot be verified. Which action best supports a sustainable supply chain decision?

- A. Select the supplier with the lowest total purchase price.
- B. Select the supplier with the lowest transportation emissions.
- C. Delay the decision until all suppliers offer identical terms.
- D. Evaluate the supplier against ecological, ethical, and economic criteria.

ANSWER: D

Explanation:

Evaluate the supplier against ecological, ethical, and economic criteria is correct because sustainable supply chain decisions require balanced consideration of environmental effects, social and ethical practices, and long-term economic viability. The supplier's lower price and emissions do not offset an unverified ethical risk without further assessment and appropriate controls.

Selecting the lowest-cost supplier focuses only on economic performance, while selecting solely on emissions considers only ecological performance. Delaying the decision without defining evaluation criteria does not create a defensible sustainability assessment.

QUESTION NO: 11

An aerospace company deploying a design for quality supply chain process would benefit most from which of the following supply chain technologies?

- A. Artificial intelligence (AI) that helps schedulers flexibly adjust plans and schedules in real time to improve supply chain operational outcomes
- B. Automation and robotics used in applications requiring exacting tolerances that are beyond human capability to control manually
- C. Cloud computing that allows better information sharing and supply chain partner collaboration
- D. Software that helps supply chain personnel reduce administrative loads

ANSWER: B

Explanation:

Automation and robotics used in applications requiring exacting tolerances that are beyond human capability to control manually is the best fit for a design-for-quality process in aerospace. Design for quality builds quality requirements, controls, and verification into product and process design so that outputs consistently meet customer needs, engineering specifications, and applicable regulatory requirements. Aerospace production commonly involves safety-critical components and assemblies for which repeatability, precision, traceability, and process control are essential. Automation and robotics can execute highly controlled tasks—such as precision machining, assembly, inspection, material handling, and measurement—with consistent positioning and repeatable process parameters. This reduces variation introduced by manual execution and supports the ability to produce conforming products at the required level of accuracy. These capabilities also support reliable quality records and verification activities across the product life cycle, which are central to maintaining confidence in complex aerospace supply chains. ASCM describes quality as meeting customer requirements through planned and controlled processes, while aerospace quality-management standards emphasize product conformity and continuous improvement. See the [ASCM CTSC certification overview](#) and the [International Aerospace Quality Group's 9100 standard resources](#).

QUESTION NO: 12

Which organizational structure would be most appropriate for a small start-up company?

- A. Centralized structure
- B. Decentralized structure
- C. Matrix structure
- D. Flat structure

ANSWER: D

Explanation:

Flat structure is the most appropriate choice for a small start-up because it minimizes management layers and enables founders and team members to communicate and make decisions directly. In an early-stage organization, priorities, customer needs, product features, and operating processes can change quickly. A flatter design supports rapid information flow and cross-functional collaboration, allowing people close to the work and the customer to identify issues, coordinate actions, and respond without unnecessary approval delays. It also fits the limited headcount and resource constraints typical of a start-up: individuals often hold broad responsibilities, work across functional boundaries, and need sufficient autonomy to act on emerging opportunities. This structure can strengthen ownership, innovation, and organizational agility while avoiding the administrative cost and formality of multiple hierarchical levels. As the company expands, it may later need more defined roles, management capacity, and governance mechanisms; however, the lean, adaptive nature of a flat structure is especially well aligned with the uncertainty and speed of a small start-up environment. The U.S. Small Business Administration discusses how organizational structure clarifies authority and communication as a business grows: [SBA Business Guide](#). For an overview of flatter organizational designs and their emphasis on decentralized communication, see [Encyclopaedia Britannica: organizational structure](#).

QUESTION NO: 13

As an organization transforms its processes to be more sustainable, it should evaluate its practices in which three major categories?

- A. Suppliers, Governance, and Environment
- B. Technology, Workforce, and Strategy
- C. Ecological, Ethical, and Economic
- D. Plan, Source, and Fulfill

ANSWER: C

Explanation:

Ecological, Ethical, and Economic is correct because sustainable transformation requires an organization to assess impacts across environmental, social, and financial dimensions rather than treating sustainability as an environmental initiative alone. Ecological practices address the organization's use of natural resources and its environmental footprint, including emissions, waste, energy use, water use, and pollution prevention. Ethical practices address the people and societal dimension of operations, including human rights, safe and fair working conditions, responsible sourcing, labor practices, and impacts on communities. Economic practices ensure that sustainability initiatives are financially viable and create durable value, supporting long-term resilience, investment, responsible growth, and stakeholder confidence.

These three categories closely align with the widely used triple-bottom-line approach, which evaluates organizational performance through environmental, social, and economic outcomes. Applying this framework during process transformation helps supply chain leaders identify trade-offs, set balanced goals, measure progress, and embed sustainability into operational and strategic decisions. ASCM's CTSC framework includes sustainability as a transformation consideration, while the United Nations describes sustainable development as balancing economic, social, and environmental needs. See [ASCM CTSC certification information](#) and the [United Nations Sustainable Development Goals](#).

QUESTION NO: 14

Organizational roles and responsibilities should focus on which of the following areas to clarify who is responsible and accountable for each supply chain activity after the transformation initiative is complete?

- A. Sales, accounting, and engineering
- B. Sales, product management, and product development
- C. Product management, product development, and quality
- D. Sales, operations, and logistics

ANSWER: D

Explanation:

Sales, operations, and logistics is correct because these areas collectively provide end-to-end accountability for the core flows that a supply chain transformation must sustain after implementation. Sales represents the demand-facing activities: maintaining customer relationships, capturing demand signals, and contributing to demand planning. Operations covers the processes that convert plans and inputs into available products or services, including sourcing, production, inventory, capacity, and quality management. Logistics governs the physical fulfillment of customer demand through warehousing, transportation, distribution, and delivery coordination. Defining roles across these connected areas makes ownership explicit at critical handoffs, supports cross-functional decision-making, and enables accountable performance management after the transformation program closes. This structure also helps an organization align responsibility for demand, supply, and delivery with customer-service and business objectives rather than treating transformation as a temporary project. APICS/ASCM's SCOR framework similarly organizes supply-chain work around integrated end-to-end process management and clearly assigned process accountability. See the [ASCM SCOR Digital Standard](#) and [ASCM CTSC certification information](#).

QUESTION NO: 15

A manufacturer serves both stable, high-volume products and highly customized products with volatile demand. Its transformation strategy calls for better customer service without an across-the-board increase in inventory. Which supply chain design approach is most appropriate?

- A. Use one inventory policy and fulfillment process for all products.
- B. Build additional finished-goods inventory for both product groups.
- C. Segment the supply chain and apply differentiated capabilities to the two product groups.
- D. Apply the service requirements of customized products to all products.

ANSWER: C

Explanation:

Segment the supply chain and apply differentiated capabilities to the two product groups. The product groups have materially different demand and fulfillment characteristics. Stable, high-volume products can be supported by efficient, standardized replenishment, while customized volatile products may require more responsive planning, flexible capacity, and different inventory or order-management policies.

A single inventory policy would ignore the different sources of uncertainty. Building inventory for all products may improve availability but conflicts with the stated constraint and can increase obsolescence. Using the same service promise and fulfillment process for both groups prevents the company from tailoring complexity to customer and product requirements.

QUESTION NO: 16

A company is developing a supply chain strategy that is more focused on creating value. Based on this approach, which of the following steps is the most important for this company to take?

- A. Assess suppliers' capabilities.
- B. Analyze the inbound flow to the company's facility.
- C. Design internal operations to meet customers' requirements.
- D. Study and benchmark the company's operations.

ANSWER: C

Explanation:

Design internal operations to meet customers' requirements is the most important step because supply chain value creation begins with a clear understanding of the value customers seek and translating that understanding into operating capabilities. A customer-centric supply chain strategy aligns processes, capacity, inventory positioning, fulfillment methods, quality controls, and service design with the needs of the selected customer segments. Requirements may include dependable lead times, product availability, customization, consistent quality, convenient delivery, responsive support, or a competitive total cost. Designing operations around these requirements enables the organization to deliver its intended value proposition reliably, rather than treating supply chain activity solely as an efficiency or cost-reduction exercise. This alignment also supports cross-functional decisions: procurement, manufacturing, logistics, and customer service can prioritize the capabilities that most directly improve the customer experience and strengthen the company's market position. ASCM describes supply chain management as the integrated planning and management of activities that create value for customers, while its SCOR framework connects customer needs with supply chain processes and performance. See [ASCM's CTSC certification overview](#) and [ASCM's SCOR framework](#).