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Global Logistics Strategy

CIPS L6M10

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Topic Break Down

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QUESTION NO: 1

A consumer-goods company receives high volumes of customer returns. Many items can be resold, refurbished or recycled, but the current process sends all returns to one warehouse where they remain unclassified for weeks.

Which actions would improve reverse-logistics value recovery? **Select three.**

- A. Capture return-authorisation information before collection
- B. Inspect and grade returned items promptly
- C. Apply defined disposition rules for resale, repair, recycling or disposal
- D. Mix unclassified returns with new saleable inventory
- E. Dispose of all returns immediately on receipt

ANSWER: A B C

Explanation:

Capturing return-authorisation information before collection, inspecting and grading items promptly, and applying clear disposition rules are key actions. They provide visibility of the reason for return and item condition, enable rapid sorting, and direct products to the recovery option that preserves the highest feasible value, such as resale, repair, refurbishment or recycling.

Mixing unclassified returns with new saleable stock weakens traceability and stock control. Automatic disposal would destroy value where products remain suitable for recovery.

QUESTION NO: 2

A logistics company wants to reduce greenhouse-gas emissions from its road-freight operations while maintaining required customer service levels.

Which actions would directly reduce emissions generated by the transport operation? **Select three.**

- A. Increase vehicle and container utilisation
- B. Optimise routes to reduce unnecessary distance and empty running
- C. Shift suitable flows to a lower-emission transport mode
- D. Purchase carbon offsets while retaining existing transport practices
- E. Use express road services as the standard delivery option
- F. Increase empty vehicle movements to improve schedule flexibility

ANSWER: A B C

Explanation:

Improving vehicle utilisation, reducing unnecessary distance through route optimisation, and shifting suitable freight to a lower-emission transport mode all reduce emissions generated by the logistics operation. These measures lower fuel use or carbon intensity per unit moved while retaining a focus on operational efficiency.

Buying carbon offsets may compensate for emissions elsewhere but does not directly reduce emissions from the company's own freight activity. Increasing empty running and using premium express services as the standard option would normally increase transport emissions and cost.

QUESTION NO: 3

Under what conditions does the United Nations Convention on Contracts for the International Sale of Goods (CISG) typically apply to international sales contracts?

- A. When both parties have their places of business in different contracting countries
- B. When the contract is exclusively for the sale of services
- C. When the transacting parties explicitly choose the CISG in their contract
- D. When the transacting parties have not specified any applicable law

ANSWER: A

Explanation:

The CISG typically applies to a contract for the international sale of goods when the parties have their places of business in different countries and both of those countries are Contracting States. This is the Convention's principal direct-application rule. It provides a predictable, internationally harmonised legal framework for qualifying cross-border goods transactions, without requiring the parties to include a separate choice-of-law clause. The relevant connection is a party's *place of business*, rather than residence or nationality; where a party has more than one place of business, the place with the closest relationship to the contract and its performance is used. The Convention also contains further routes to application, including where private-international-law rules lead to the law of a Contracting State, subject to applicable declarations. For the standard factual situation described in the question, however, the decisive condition is that both parties' relevant places of business are in different Contracting States. Article 1 sets out this scope, while Article 10 explains how the relevant place of business is determined. See the official [UNCITRAL CISG text](#) and [UNCITRAL CISG status information](#).

QUESTION NO: 4

A procurement professional is tasked with optimizing the global pipeline for a multinational organization. They want to eliminate non-value-adding processes and improve efficiency. What technique should they consider using?

- A. Increasing the number of supply partners
- B. Value stream mapping
- C. Implementing cloud-based technologies
- D. Conducting physical visits to suppliers

ANSWER: B

Explanation:

Value stream mapping is the appropriate technique because it provides a visual, end-to-end representation of the activities, information flows and material flows involved in delivering a product or service. In a global logistics pipeline, this enables the procurement professional to distinguish activities that add value from delays, duplication, unnecessary hand-offs, excess inventory, rework and other forms of waste. Mapping the current state across organisational and geographic boundaries creates a shared evidence base for stakeholders, allowing them to identify bottlenecks and design a more efficient future-state process. It is particularly useful where multiple suppliers, transport stages, internal functions and distribution locations create complexity and obscure the true causes of lead-time or cost problems. The technique originates in lean thinking, where value is defined from the customer perspective and process steps are examined to improve flow. Once the map has identified non-value-adding work, the organisation can prioritise changes that shorten lead times, reduce total pipeline cost, improve responsiveness and support more reliable service outcomes. This makes value stream mapping a structured process-improvement tool rather than merely a technology or supplier-management intervention. Further guidance on value-stream mapping and its use in identifying waste is available from the [Lean Enterprise Institute](#) and the [US National Institute of Standards and Technology](#).

QUESTION NO: 5

In a return transaction within the reverse logistics process, who are the two primary participants?

Customers
Competitors
Distributors
Suppliers

- A. 1 and 2
- B. 2 and 3
- C. 3 and 4
- D. 1 and 4

ANSWER: D

Explanation:

The correct answer is **1 and 4**: customers and suppliers. A return transaction is a core reverse-logistics activity in which a product, packaging item, or material moves back upstream from the user or customer towards the organisation that supplied it. The customer initiates the return, for example because an item is defective, unwanted, damaged, recalled, or has reached the end of its useful life. The supplier then receives and manages the returned item, deciding whether it should be inspected, repaired, refurbished, reused, recycled, disposed of, or credited. This direct relationship is fundamental to establishing return authorisation, transport arrangements, product-condition information, and financial settlement such as refunds or replacement goods. Although distributors or specialist logistics providers can physically handle, consolidate, or process returns, they may act as intermediaries rather than being the two primary parties to the return transaction itself. Effective reverse logistics therefore requires clear supplier return policies and accessible customer return channels, enabling the recovery of value while maintaining customer service. The UK government's waste framework describes the importance of reuse, recycling and recovery in managing materials after use: [Waste duty of care code of practice](#). Further background on reverse logistics and returns management is available from the [CIPS Logistics Management knowledge hub](#).

QUESTION NO: 6

In the context of virtual centralization for information dissemination in a global supply chain, what is one of the challenges commonly associated with this approach?

- A. Reduced risk of duplication
- B. Perception of the virtual team as 'gatekeepers'
- C. Greater recognition of value delivered by the team
- D. Increased ease of establishing information technology standards

ANSWER: B

Explanation:

Perception of the virtual team as 'gatekeepers' is a recognised challenge of virtual centralization. In this model, information management and dissemination are coordinated through a geographically distributed central team rather than being handled independently across locations. Although this can improve consistency and coordination, stakeholders may feel that access to information is controlled by an intermediary team. If local supply-chain participants see that team as restricting, filtering, or delaying information rather than enabling timely access, trust and collaboration can suffer. The virtual team must therefore establish clear service expectations, transparent information-sharing rules, responsive communication channels, and strong relationships with regional stakeholders. These measures help position it as a collaborative facilitator that connects supply-chain partners and supports decisions, rather than as a barrier between people and the information they need. This challenge is particularly important in global logistics, where timely, accurate visibility supports coordination across multiple countries, carriers, suppliers, and internal functions. CIPS guidance on global logistics emphasises the strategic importance of effective information flows and collaboration across supply networks; see [CIPS Global Standard](#). The value of integrated, timely supply-chain information is also reflected in the [CIPS logistics resources](#).

QUESTION NO: 7

A company has set a target to reduce emissions from its outbound freight operations. It wants measures that reduce emissions generated per unit shipped, rather than measures that only compensate for emissions elsewhere.

Which actions should the company prioritise? **Select three.**

- A. Improve vehicle and container utilisation
- B. Reduce empty running through route and network planning
- C. Shift suitable freight to lower-emission transport modes
- D. Purchase carbon offsets for all freight emissions
- E. Increase safety stock in every distribution centre

ANSWER: A B C

Explanation:

Improving vehicle and container utilisation, reducing empty running through route and network planning, and shifting suitable freight from higher-emission modes to lower-emission modes can directly reduce the emissions intensity of freight movement. These actions reduce unnecessary distance, fuel use, or emissions per tonne-kilometre while retaining the logistics purpose of the network.

Purchasing carbon offsets may support a wider climate strategy but does not directly reduce emissions generated by the transport activity. Increasing safety stock can increase storage and inventory exposure and does not necessarily improve freight emissions performance.

QUESTION NO: 8

A multinational organisation is creating a virtually centralised logistics-planning team to support regional operations. It wants to achieve consistent global processes without preventing local teams from responding to market and regulatory requirements.

Which practices should the organisation adopt? **Select three.**

- A. Use common data definitions and reporting standards
- B. Define central and regional decision rights clearly
- C. Establish regular communication and escalation routines
- D. Remove regional input from all logistics decisions
- E. Allow each region to maintain incompatible information systems
- F. Rely only on informal communication between team members

ANSWER: A B C

Explanation:

Common data definitions, clearly defined decision rights, and structured communication routines are appropriate practices for virtual centralisation. They enable consistent reporting and planning while making clear which decisions are made centrally and which remain with regional teams. Regular communication also reduces the risk that the central team is perceived as an inaccessible gatekeeper.

Removing all local input would ignore market-specific requirements. Allowing each region to use incompatible systems would undermine the purpose of centralisation, while relying solely on informal communication makes accountability and information quality difficult to manage.

QUESTION NO: 9

Mr. Mark works as a customer service manager for an e-commerce company called "**ShopSmart.**" ShopSmart sells a wide range of products online, and Mark's team is responsible for addressing customer inquiries and issues. Below are five customer cases that need to be resolved. For each case, find the **solution for the issue** and select **preventive measures** .

Customer 1 : Jane ordered a birthday gift for her daughter, but it arrived two days late, missing the special day. She had meticulously planned a surprise celebration, and the late delivery disrupted her plans. As a result, her daughter was left disappointed, and Jane is seeking not only a solution to the delayed delivery but also a way to make it up to her daughter.

Customer 2 : Jack received a defective electronic gadget he ordered, and it's not functioning correctly. Jack wants to know how ShopSmart can rectify this situation and ensure that he receives a fully functional replacement or a refund.

Customer 3 : Sarah received her order, but some items from her purchase were missing. Sarah is seeking a solution to get the missing items as soon as possible to avoid disappointment and inconvenience.

Customer 4 : Mike noticed a billing discrepancy on his credit card statement related to a recent purchase. He's a loyal customer and has never encountered such an issue before. Mike is concerned about the erroneous charges on his statement and is looking for a prompt resolution and clarification regarding the billing error.

Customer 5 : Emily wants a refund for a dress she ordered online, but it doesn't fit as expected. The dress size was not in line with ShopSmart's sizing chart, and Emily wants to return the dress and receive a refund promptly. She's looking for a hassle-free return process and a full refund for the purchase.

Q: How can Customer 1 Jane's issue be resolved?

Answer Options:

- A. Refund the extra charges
- B. Replacement or refund
- C. Ensure a simple return process
- D. Special offer for the next purchase
- E. Immediate shipping of the missing items

ANSWER: D

Explanation:

Special offer for the next purchase is the appropriate resolution because Jane's problem is a service failure: the promised delivery did not occur in time for the specific occasion for which the gift was bought. Although delivery after the birthday cannot restore the missed event, ShopSmart should acknowledge the inconvenience and loss of value caused by the delay, apologise promptly, and provide a meaningful goodwill gesture such as a discount, voucher, or gift card for a future order. This form of service recovery recognises Jane's disappointment and helps restore trust in the retailer's customer service. Effective complaint handling should be timely, fair, customer-focused and proportionate to the impact of the failure. A future-purchase offer is particularly suitable where the customer has received the ordered item but has suffered inconvenience and disappointment as a result of late fulfilment. In operational terms, ShopSmart should also record the incident and review the order's fulfilment and carrier-tracking history so that delivery-performance trends can be monitored and future late deliveries reduced. This aligns with the importance of customer satisfaction, reliable fulfilment and responsive handling of complaints in logistics service quality. See the [CIPS Level 6 Professional Diploma overview](#) and the UK government's guidance on [returns and refunds](#).

QUESTION NO: 10

Which type of packaging is suitable for palletized cargoes secured to the pallet?

- A. Wooden boxes
- B. Shrink-wrapping
- C. Stackable and nestable heavy-duty plastic crates

D. Flat wrapping

ANSWER: B

Explanation:

Shrink-wrapping is suitable for palletized cargo because a polymer film is placed around the loaded pallet and then heated so that it contracts tightly around the goods and pallet. This creates a unit load: individual cartons, bags, or other packs are held together as one stable handling unit. The wrapping helps prevent movement, shifting, and separation of the load during lifting, storage, and transport, while also offering a degree of protection against dust, moisture, and minor handling damage. It is especially useful where goods need to remain securely attached to a standard pallet through multiple logistics stages, including warehouse handling and vehicle movement. Effective pallet wrapping should be combined with sound load-building practices, such as even weight distribution, suitable pallet condition, and an appropriate wrapping pattern and film specification for the load. The UK Health and Safety Executive identifies wrapping as one method used to secure pallet loads and stresses that the load must remain stable throughout handling and transport. Guidance on safe palletised distribution is available from the [UK Health and Safety Executive](#) and the [HSE guidance on loading and unloading vehicles](#).

QUESTION NO: 11

A manufacturer imports a critical component through one congested port. A closure at that port would stop production within five days. The logistics manager wants to improve network resilience without permanently duplicating the entire distribution operation.

Which actions should the manager take? **Select three.**

- A. Qualify an alternative port and inland transport route
- B. Maintain pre-agreed contingency capacity with carriers or 3PLs
- C. Map port, transport and production dependencies
- D. Increase safety stock indefinitely for all components
- E. Replace all existing component suppliers

ANSWER: A B C

Explanation:

The most appropriate actions are to qualify an alternative port and inland route, maintain pre-agreed contingency capacity with carriers or logistics providers, and map the end-to-end dependency between the port, transport links and production plan. Together, these measures create practical options for rerouting freight and enable the organisation to understand the time and capacity implications of a disruption.

Increasing routine safety stock indefinitely may be costly and can conceal the underlying single-point-of-failure risk. Replacing all suppliers is disproportionate where the immediate exposure is concentrated in the inbound logistics route rather than the source of supply.

QUESTION NO: 12

A business imports a critical material from a politically unstable region. The material has no immediate substitute, and disruption would stop production within two weeks. The business wants proportionate measures to improve supply-chain resilience.

Which actions should it take? **Select three.**

- A. Map dependencies beyond the immediate tier-one supplier
- B. Qualify an alternative source or material where feasible
- C. Develop and test transport and inventory contingency arrangements

- D. Rely solely on contractual penalties for supplier non-performance
- E. Remove the risk from senior-management reporting

ANSWER: A B C

Explanation:

Mapping the supply chain beyond the immediate supplier, qualifying an alternative source or material where feasible, and developing tested contingency arrangements for transport and inventory are appropriate resilience measures. They improve visibility of exposure, create options before disruption occurs, and establish a practical response to loss of supply or route capacity.

Relying solely on contractual penalties does not restore material availability during a geopolitical disruption. Removing risk reporting from senior management would reduce oversight of an exposure with potentially serious operational and financial consequences.

QUESTION NO: 13

Which of the following factors may influence plant performance within the supply chain network? (Select all that apply)

- A. Employee attitudes and mentality
- B. Plant structure and infrastructure
- C. Geographic location
- D. Standardization of operations
- E. Trade-offs between different performance metrics

ANSWER: A B C E

Explanation:

Plant performance is shaped by both the plant's internal operating environment and its position within the wider supply chain network. **Employee attitudes and mentality** matter because engagement, skills, management culture, and willingness to adopt improvement practices affect quality, productivity, safety, and reliability. **Plant structure and infrastructure** affect the capacity and efficiency of operations: for example, the layout, process technology, material-handling capability, maintenance arrangements, and information systems can determine throughput and operating consistency.

Geographic location is also a core network consideration. It influences access to suppliers, customers, labour, transport modes, ports, utilities, and supporting industrial services. These conditions directly affect inbound and outbound lead times, logistics cost, resilience, and the plant's ability to meet required service levels. **Trade-offs between different performance metrics** are inherent in supply-chain design and plant management. A decision that prioritises low unit cost, high utilisation, or inventory efficiency may affect responsiveness, flexibility, lead time, or service performance. Effective logistics strategy therefore requires managers to evaluate performance measures together rather than optimise one measure in isolation. This network-wide perspective is consistent with CIPS's focus on global logistics strategy and the balancing of cost, service, risk, and operational capability. See [CIPS Level 6 Professional Diploma](#) and the [OECD overview of global value and supply chains](#).

QUESTION NO: 14

What does the concept of separability of the flow of goods and the flow of ownership refer to?

- A. It signifies the ability to distinguish between the ownership of goods and their physical location.
- B. It highlights the importance of independent suppliers in foreign countries.
- C. It implies that multinational firms cannot engage in foreign direct investment.

D. It means goods and ownership must always be physically located together.

ANSWER: A

Explanation:

It signifies the ability to distinguish between the ownership of goods and their physical location. In global logistics, the physical flow concerns where products are manufactured, stored, transported, and delivered. The ownership flow concerns which legal entity holds title to, or economic control of, those products at a particular point in the transaction. These flows can follow different paths: for example, inventory may be held in a warehouse in one country while remaining owned by a supplier, parent company, or finance entity located in another country. Ownership may then transfer under the agreed contractual terms without the goods needing to move at that exact time.

This distinction is important for designing international supply chains because responsibilities for inventory, insurance, customs processes, taxation, financing, and reporting may depend on the ownership arrangement rather than solely on the goods' location. It also supports arrangements such as consignment stock and vendor-managed inventory, where possession and legal title are deliberately separated. The legal principle is reflected in the UK Sale of Goods Act, under which property passes when the parties intend it to pass: [Sale of Goods Act 1979, section 17](#). Similarly, the ICC notes that Incoterms rules address delivery, risk, and costs rather than transfer of title: [ICC Incoterms® 2020](#).