

Material Manager Job Interview Questions And Answers



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Material Manager Interview Questions And Answers Guide.

Question - 1:

What is an order quantity?

Ans:

An order quantity is the amount of goods that an order requests be shipped to the store.

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Question - 2:

Explain what should be recorded in a physical count of inventory?

Ans:

When conducting a physical inventory the classification, location and number in stock of a good should be recorded.

[View All Answers](#)

Question - 3:

Tell me can forecasting help in controlling inventory?

Ans:

Yes, through the use of forecasts inventory levels can be set to meet the demands while keeping levels as low as possible.

[View All Answers](#)

Question - 4:

Tell me what are important steps in procurement life cycle?

Ans:

Procurement Process starts with gathering requirements, then creating a purchase requisition and then we create a formal document that has to be sent to vendor i.e. purchase order. After this goods will be supplied by vendor and goods receipt is done along with invoice verification. Then vendor is paid for supplied goods and services.

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Question - 5:

What is lead time?

Ans:

Lead time is the period of time from which a order for goods is placed until it is received by the store. Lead time is an important consideration for determining when orders should be placed.

[View All Answers](#)

Question - 6:

What is demand?

Ans:

Demand is the quantity that customers are willing to buy. Demand can be found through forecasting and is needed to find the EOQ level.

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Question - 7:

What types of forecasting can I do?

Ans:

There are two types of forecasting qualitative and quantitative. Qualitative uses personal opinions to determine forecasts. Quantitative uses numerical data and statistical modeling to determine forecasts.



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Question - 8:

What is forecasting?

Ans:

Forecasting is the process of estimating the future demand of a product.

[View All Answers](#)

Question - 9:

What are batches and how are they searched?

Ans:

A batch is a collection of similar items from your stock that have the same characteristics. For example, all food items produced on a particular day belong to one batch.

Batches are searched using the standard facility (match code, key F4) based on the batch names or other properties that distinguish them from others.

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Question - 10:

What makes a good forecasting model?

Ans:

A good forecast model will have reasonable costs. the accuracy of its forecasts will allow good decision making. The model will have ample data available for its use and a relevant time span. The model finally will have a low interference level.

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Question - 11:

What are the various functions /features in Purchasing?

Ans:

The purchasing view consists of RFQ / Quotation, Purchase Requisition (PR), Purchase Order (PO), Master Data that has several fields like info record, source list, conditions, vendors etc. and finally Outline Agreements.

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Question - 12:

Tell us what is a RFQ and how it is different from quotation?

Ans:

RFQ is request for quotation and it is a form of invitation that is sent to vendors to submit quotation indicating pricing and their terms and conditions while quotation is a reply by a vendor in response to request for quotation.

[View All Answers](#)

Question - 13:

When should reorders be placed?

Ans:

Times for reordering goods vary dependent on the control system you use and its lead time. In fixed order quantities reorders should be placed when the safety stock is reached. In fixed period systems the reordering is done at set time periods. In just in time systems reordering is based on matching the demand with supply. For just in time a close watch on inventory levels is needed so that reorders are placed before goods are out of stock.

[View All Answers](#)

Question - 14:

Tell us what are transactions that will cause change in stock?

Ans:

Goods receipt and goods issue will cause change in stock as goods receipt will increase warehouse stock and goods issue will decrease warehouse stock.

[View All Answers](#)

Question - 15:

If inventory controls are followed, what can I expect?

Ans:

By following your inventory policy you should be able to realize important advantages in inventory control. The first is reduced costs for inventories, along with reduced amounts of inventory. Theft and shrinkage should also be reduced if inventory policy is followed. The final benefit will be increased profits for the store.

[View All Answers](#)

Question - 16:

What is material type?

Ans:

Materials with some common attributes are grouped together and they are assigned to a material type. This will differentiate materials and allow organization to



manage different materials in systematic manner in accordance to company's requirement.

[View All Answers](#)

Question - 17:

What are the different kinds of special stocks available?

Ans:

Special stocks available are consignment stocks (from vendor), subcontracting stocks (to sub-contractor), project stocks, pipeline materials, sales order stocks, stock transfer and third party.

[View All Answers](#)

Question - 18:

Suppose If I get a discount will it effect the EOQ model?

Ans:

Yes, a discount will cause the basic EOQ model to fail. To use a discount in determine a EOQ you must use the EOQ model with quantity discounts.

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Question - 19:

What is material and vendor data available at all organizational levels?

Ans:

Yes, material and vendor data is available at all levels as it is normally created for company and it is valid for the levels below company.

[View All Answers](#)

Question - 20:

Explain how stock is being transferred from one plant to another plant?

Ans:

Stock within plants is transferred with the help of stock transport order. One plant order the goods internally from another plant(receiving plant/issuing plant) with the help of stock transport order.

[View All Answers](#)

Question - 21:

What is release procedure?

Ans:

Release procedure means approval of documents like purchase orders and purchase requisition manually by the criteria defined in the configuration.

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Question - 22:

What is the EOQ formula?

Ans:

The EOQ formula is the square root of 2 times demand times order completion cost divided by carrying cost. The mathematical formula is square root of $2DS/C$.

[View All Answers](#)

Question - 23:

When should a physical inventory be taken?

Ans:

A inventory should be taken at least once a year. If items are perishable, seasonal or highly demanded a inventory should be taken more often.

[View All Answers](#)

Question - 24:

Tell me what do you mean by consignment stock?

Ans:

In Consignment, material is available at our store premises, however it still belongs to the vendor(seller)/Owner of the material. If you utilize the material from consignment stocks, then you have to pay to the vendor.

[View All Answers](#)

Question - 25:

Does the model always work?

Ans:

No, the model only works for those cases that meet its assumptions.

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Question - 26:



How do you create a pricing procedure?

Ans:

The steps involved in creating a pricing procedure are:

1. Create condition tables
2. Create access sequence according to the various condition tables
3. Create condition types
4. Assign access sequence to condition type
5. Create the pricing procedure
6. List down all the condition types in order so as to suit the business and pricing requirements.

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Question - 27:

If you have multiple line items in purchase order, can you release line by line that purchase order?

Ans:

No, release is done only at header level in a combined way for all line items in case of purchase order.

[View All Answers](#)

Question - 28:

What is the difference between a contract and scheduling agreement?

Ans:

While a scheduling agreement is for consignment, subcontracting and stock transfer, a contract is for Standard items and can be limited to a certain quantity or value. A contract can be created centrally with different pricing conditions for every plant whereas a scheduling agreement needs to be created at that particular plant location. In a contract, only time-dependant conditions can be created whereas in a scheduling agreement, you can have time-dependant or time-independent conditions subject to the customizations in the document type.

[View All Answers](#)

Question - 29:

Can a computer help in forecasting future demand?

Ans:

Yes, In the market today there are many computer software packages that can compute forecasted demand for goods held in inventory.

[View All Answers](#)

Question - 30:

Explain the importance of EOQ?

Ans:

The EOQ level is the point at which stocking costs are at their lowest point for a given item.

[View All Answers](#)

Question - 31:

What is source list?

Ans:

Source list include list of possible sources of supply for a material over a given framework of time. A particular material can be ordered from different vendors in different time intervals. This information can be maintained in a source list.

[View All Answers](#)

Question - 32:

What makes EOQ work for inventory control?

Ans:

The EOQ works if its four assumptions match the case it is used on. The assumptions are: A. Annual demand, carrying costs and ordering costs can be estimated. B. Inventory level is divided by 2, no safety stock, goods used uniformly and are gone by next order. C. Stock-out, customer responsiveness and other costs not considered. D. No quantity discounts.

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Question - 33:

What does EOQ stand for?

Ans:

EOQ stands for Economic Order Quantity.

[View All Answers](#)

Question - 34:

How is shelf-life managed in SAP? Explain the full-cycle?

Ans:

In SAP, there are basically two types of shelf-life:



1. Total Shelf Life - In case the total shelf life is maintained, then it's mandatory to enter the minimum shelf life also. During the process of Goods Receipt (GR), the user will have to enter the manufactured date of the item so that the expiry date is automatically calculated by the system.
2. Minimum Shelf Life - The date of minimum durability of the item are specified by using date markings like 'use-by' or 'best-before'. During the process of Goods Receipt (GR), the user will have to enter the date of GR so that the system can check if the material is usable according to the requirements in material master. If the minimum remaining shelf life condition is not satisfied, then the system will not accept the goods receipt.

[View All Answers](#)

Question - 35:

Explain what is invoice verification?

Ans:

Once goods are procured from vendor and placed in company's premises through goods receipt then we need to pay to vendor for acquired goods and services. The amount to be paid along with details of material is provided by vendor in form of document that is known as invoice. Before paying to vendor we need to verify the invoice. This process of verifying invoice and paying to vendor is known as invoice verification.

[View All Answers](#)

Question - 36:

Explain what do you mean by reservation?

Ans:

Sometimes, stock need to be blocked in advance so that it can be available at a particular point of time. This is known as reservation. Reservation ensures that stock is available and it can be used when required. Reserved quantity can be viewed by tcode MMBE.

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Question - 37:

Basic Materials Manager job interview questions:

Ans:

- * Explain how you would be an asset to this organization?
- * Tell me about a suggestion you have made?
- * Why do you think you would do well at this job?
- * What irritates you about co-workers?
- * What is more important to you: the money or the work?
- * What kind of person would you refuse to work with?
- * What would your previous supervisor say your strongest point is?
- * Tell me about a problem you had with a supervisor?
- * Tell me about your ability to work under pressure?
- * Explain what has disappointed you most about a previous job?
- * What motivates you to do your best on the job?
- * Do your skills match this job or another job more closely?
- * How would you know you were successful on this job?
- * Would you be willing to relocate if required?
- * Are you willing to put the interests of the organization ahead of your own?
- * Describe your management style?
- * What have you learned from mistakes on the job?
- * Do you have any blind spots?
- * If you were hiring a person for this job, what would you look for?
- * Do you think you are overqualified for this position?
- * How do you propose to compensate for your lack of experience?
- * What qualities do you look for in a boss?
- * Tell me about a time when you helped resolve a dispute between others.
- * What position do you prefer on a team working on a project?
- * What has been your biggest professional disappointment?

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Question - 38:

Operational and Situational Materials Manager Job Interview Questions:

Ans:

- * How many people have you managed before?
- * What were your responsibilities at your previous warehouse position?
- * What interests you about working for our facility?
- * How do you stay updated on your professional and technical knowledge?
- * What was your role in controlling inventory levels at your previous facility?
- * What's unique about the kinds of materials we store at this facility?
- * What has been your role in maintaining the equipment and physical condition of a warehouse?
- * What would you do if you had to hire a lot of people under a tight deadline?
- * What do you consider when you schedule employee work shifts?
- * What's your approach to communicating with senior management?
- * How comfortable are you working with employees from a different race/culture?
- * How would you give feedback to an underperforming employee?
- * How would you handle a conflict between two employees?
- * Describe a time you made an unpopular decision. How did you handle the feedback?
- * Describe a time you worked on a complex project with your team. How did you work together to meet your goals?

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Question - 39:

Role-specific Materials Manager Job Interview Questions:

Ans:

- * Walk me through the purchasing process
- * What criteria do you use to evaluate a supplier?
- * What is a QPL (Qualified Products List)?
- * How do you go about finding new suppliers?
- * What is your supervisory experience?
- * Have you used a vendor management software?
- * What is a purchase requisition and how would you process it?
- * What is your experience with contract management?
- * What are some questions you could ask when getting supplier references?
- * Are you familiar with UCC (Uniform Commercial Code)?

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Question - 40:

Materials Manager interview questions for General job interview:

Ans:

- * What is more important to you: the money or the work as Materials Manager?
- * Tell about a problem that you solved in a unique or unusual way.
- * How do you keep yourself and your teammates motivated?
- * What motivates your best work?
- * Do you find your job exciting or boring?
- * Describe a situation when you had to convince others.
- * What is the difference between a good position and an excellent one?

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Question - 41:

Materials Manager Phone interview questions:

Ans:

- * Does a leader need power or authority? How do you influence people?
- * What are the qualities of a good Materials Manager?
- * How do you evaluate your ability to handle conflict?
- * Describe a situation in which you had to collect information.
- * What relevant Materials Manager experience do you have?
- * Would you rather write a report or give it verbally?
- * What was the most difficult period in your life, and how did you deal with it?
- * What do you do if you disagree with your boss?
- * What are your long-term goals or Materials Manager career plans?
- * Do you ever take work home with you?
- * Do you prefer to work in a small, medium or large company?
- * Did you feel you progressed satisfactorily in your last Materials Manager job?
- * Give me examples of projects/tasks you started on your own.
- * Who has impacted you most in your career and how?
- * What were the steps you needed to take to achieve goals?
- * How do you go about setting goals with subordinates?
- * What do you know about this Materials Manager job?
- * Give me an example that best describes your organizational skills.
- * What do you find are the most difficult decisions to make?
- * What features of your previous jobs have you disliked?
- * What performance standards do you have for your unit?

Highlight past situations where you've managed frustration effectively. Talk about the job and the company for which you are being interviewed. The interviewer is looking for work-related strengths.

[View All Answers](#)

Question - 42:

Materials Manager interview questions for Informational interview:

Ans:

- * What are the techniques that you use to clarify obscure message meanings?
- * Try to define processes and methodologies you use in your Materials Manager job.
- * What would be your ideal working environment?
- * What is the most difficult situation you have faced?
- * Can you describe a time when your work as Materials Manager was criticized?
- * What three character traits would your friends use to describe you?
- * What is your expected salary?

[View All Answers](#)

Question - 43:

Tough Materials Manager Phone interview questions:

Ans:

- * What motivates you to do a good job?
- * On taking this Materials Manager job, what would be your major contribution?



- * How long will it take for you to make a significant contribution?
 - * How do you feel about taking no for an answer?
 - * Do you know anyone who works as Materials Manager at this company?
 - * Give me examples of projects/tasks you started on your own.
 - * Situation where others disagreed with your ideas.
- Orient your answer toward opportunities rather than personal security.
This is your chance to show your depth and dimension as a person.
Make sure to have a specific idea of where you envision yourself in five, ten and even twenty years.

[View All Answers](#)

Question - 44:

Behavioral Materials Manager Job Interview Questions:

Ans:

- * Have you ever had to cancel a supplier contract? What happened?
- * Were you ever faced with a disagreement with a supplier? How did you resolve it?
- * Describe a time you achieved a significant discount to a supply contract
- * Have you ever made an unsuccessful purchase? What did you learn?
- * Tell me about a time you had to lead a team of buyers for a project. Were you successful?

[View All Answers](#)

Question - 45:

General Materials Manager job interview questions:

Ans:

- * Tell me about the most fun you have had on the job.
- * What are the most difficult decisions to make?
- * Give some examples of teamwork?
- * Do you prefer to work Independently or on a team?
- * How would you describe your work style?
- * Describe a typical work week?
- * How Will Your Greatest Strength Help You Perform?
- * Describe a time when your workload was heavy?
- * How will you achieve your goals?
- * What can you contribute to the company?
- * What challenges are you looking for?
- * Who was your best boss?
- * Have you ever had difficulty working with a manager?
- * What were your starting and final levels of compensation?
- * How do you deal with conflict?
- * How would you tackle the first 90 days?
- * Tell me about a time you faced an ethical dilemma?
- * What did you like or dislike about your previous job?
- * What was the biggest accomplishment in this position?
- * What negative thing would your last boss say about you?
- * Give me an example of a time when you had to think out of the box?
- * Tell me about your proudest achievement?
- * Tell me about a project you worked on that required heavy analytical thinking?
- * Tell me about a time when you failed?
- * Do you have any questions for me?

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Question - 46:

Materials manager interview questions:

Ans:

- * Tell me about yourself?
- * What are your biggest strengths?
- * Why did you leave your last job?
- * What are your career goals?
- * Why do you want to work here?
- * What is your greatest weakness?
- * What do co-workers say about you?
- * Are you applying for other jobs?
- * What do you know about our organization?
- * What kind of salary are you looking for?
- * How long would you expect to work for us if hired?
- * Do you know anyone who works for us?
- * Why should we hire you?
- * What Is Your Dream Job?
- * What are you looking for in a job?
- * Are you willing to work overtime? Nights? Weekends?
- * What experience do you have in this field? or Do you have any actual work experience?
- * Do you consider yourself successful?
- * What have you done to improve your knowledge in the last year?
- * Describe your work ethic?
- * Are you a team player?
- * Have you ever had to fire anyone? How did you feel about that?
- * What is your philosophy towards work?



- * If you had enough money to retire right now, would you?
- * Have you ever been asked to leave a position?

[View All Answers](#)

Question - 47:

What is SAP MM?

Ans:

SAP MM (Material Management) is the module that supports the procurement activities in an organization right from the planning and purchasing to inventory management and quality control. This module has several features and functionalities that are fully integrated with the other important modules like Finance and Control, Sales and Distribution, Production Planning etc. The procurement process consists of a chain of events that take place in order. Starting from the creation of a Purchase Requisition (PR), it moves to the authorization of PR and creation of a Purchase Order (PO). Subsequently, the Goods Receipt is generated on receipt of the goods ordered, Invoice Verification takes place and the Quality Control activities are set in motion. Thereafter, the payment is sent to the vendors for their goods /services.

[View All Answers](#)

Question - 48:

What is the importance of EOQ?

Ans:

The EOQ level is the point at which stocking costs are at their lowest point for a given item.

[View All Answers](#)

Question - 49:

What are the types of reordering systems that can be used in inventory control?

Ans:

There are several types of reordering systems, in this module we discussed three. The fixed order quantity uses fixed quantities of goods ordered at various order points to replenish inventory. The fixed order period use fixed times of reorder with various order quantities to replenish inventory to preset levels. The final system, just in time uses a constant flow of goods to match the level of demand.

[View All Answers](#)

Question - 50:

Explain what are some of the movement types for stock transport order?

Ans:

One step transfers of materials can be posted using movement type 301. Other movement types are 303, 351, 641, or 643 in the stock transport order.

[View All Answers](#)

Question - 51:

Tell us what is difference between planned and unplanned services?

Ans:

In planned services at the time of procurement specifications like quantity and price are known in advance. It means nature and scope of service is clear before procurement whereas in unplanned services at the time of procurement specifications like quantity and price are not known in advance. It means nature and scope of service is not clear before procurement. These services can be extended as per the requirement.

[View All Answers](#)

Question - 52:

Tell me what do you mean by outline agreement?

Ans:

Outline agreement is a long term purchasing agreement with vendor containing terms and conditions regarding the material that is supplied by vendor. Outline agreement are valid up to certain period of time and cover a certain predefined quantity or value.

[View All Answers](#)

Question - 53:

Are you sure you have management potential?

Ans:

Yes, I do. In my current role, I'm the most senior and experienced member of the team and, in all but my job title, I'm already undertaking many elements of a management role. The team is highly dependent on me and most of my time is taken up in supporting and managing the teams members so that they are better able to undertake their own roles. I have extremely good working relationships with my team members and seek to extract the best from them while being aware of their individual limitations. I'm also responsible for training and coaching new team members. I consequently feel that now is definitely the right time for me to take a step up to a management-level position - hence my applying for this role within your organisation.

[View All Answers](#)

Question - 54:

Explain what is inventory control?

Ans:

Inventory control is the process of reducing inventory costs while remaining responsive to customer demands. By this definition a store would want to lower its



acquisition, carrying ordering and stock-out costs to their lowest possible levels. However a store would need to have enough inventories to meet any needs of its customers.

[View All Answers](#)

Question - 55:

Tell me can you manually create purchase requisition with reference to documents such as purchase order or scheduling agreement?

Ans:

No, purchase requisition cannot be created with either of these as it is an internal document which is controlled by purchase organization.

[View All Answers](#)

Question - 56:

Tell me what is difference between contract and scheduling agreement?

Ans:

Contract is a long term outline agreement between vendor and ordering party over predefined material or services over certain framework of time whereas scheduling agreement is a long term outline agreement between vendor and ordering party over a predefined material or service which are procured on predetermined dates over a framework of time.

[View All Answers](#)

Question - 57:

Tell us what do you mean by special stocks?

Ans:

Special stocks are stocks that are managed differently as these stocks did not belong to company and these are being kept at some particular location.

[View All Answers](#)

Question - 58:

What is a GR blocked stock and when is it used?

Ans:

The GR blocked stock is an option used in the goods receipt process when you are not sure about the quality of the goods received. In such a case, the stock is maintained as GR blocked either from a material viewpoint or exclusively for a purchase order item.

[View All Answers](#)

Question - 59:

How does the consignment cycle operate?

Ans:

The various steps in consignment cycle are:

1. Create consignment info record with proper tax code 2. Create Purchase order with item category K 3. Create output condition record for KONS (output type) 4. Authorize Goods Receipt (GR) 5. Payment is settled through MRKO transaction even if invoice verification is not done

[View All Answers](#)

Question - 60:

What do the letters in the EOQ and stocking cost formula stand for?

Ans:

The letters in the formulas represent the quantity ordered(Q), the carrying cost of a unit(C), the demand for the units(D) and the cost of completing a order(S).

[View All Answers](#)

Question - 61:

What is interference?

Ans:

Interference is a factor in forecasting demand. Interference is made up of all the factors that a forecaster has no control over. Factors that may be considered interference include natural disasters, unusual customer demands, or rare events in the business period.

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Question - 62:

How do you determine the numbers to use in the EOQ formula?

Ans:

To determine which numbers to use you must look for the following items. The number of items per order is the quantity(Q). The number of items that can be sold is D. D may be the forecast demand for that particular good. The cost of placing the order is used for S. The final number to find is the carrying cost(C) which is the cost of the item to be held in inventory.

[View All Answers](#)

Question - 63:

Can forecasting help in controlling inventory?



Ans:

Yes, through the use of forecasts inventory levels can be set to meet the demands while keeping levels as low as possible.

[View All Answers](#)

Question - 64:

Tell me what is difference between planned and unplanned services?

Ans:

In planned services at the time of procurement specifications like quantity and price are known in advance. It means nature and scope of service is clear before procurement whereas in unplanned services at the time of procurement specifications like quantity and price are not known in advance. It means nature and scope of service is not clear before procurement. These services can be extended as per the requirement.

[View All Answers](#)

Question - 65:

Explain what are the organizational levels in SAP R/3?

Ans:

The top level of the organizational structure is the client, followed by company code, which represents a unit with its own accounting unit. The next level down is plant where procurement activities take place. A plant will produce goods and makes goods available for the company. The purchasing organization is the legally responsible for procurement transactions. This group is further subdivided into purchasing groups.

[View All Answers](#)

Question - 66:

What is MRP? And how is Lot Size used?

Ans:

MRP is short for Materials Requirements Planning and it is a production planning technique that's used to manage the manufacturing process. It is basically used to determine your Material Planning procedure by specifying the various conditions like Reorder Point, Seasonal Requirement, Replenishment, Vendor Managed, Forecast Based and Master Production Scheduling (MPS). Lot size specifies the nature of material requirement in terms of Weekly, Monthly, Quantity and Maximum Replenishment.

[View All Answers](#)

Question - 67:

What is a order point?

Ans:

A order point is a point in time at which a order is placed to replenish goods in inventory.

[View All Answers](#)

Question - 68:

What are the important considerations in inventory control?

Ans:

For inventory control to work at its best a store must consider the costs of acquisition, carrying, ordering, and stock-out. the store must also look at its reordering system, its budgeting for inventory, insurance and forecasted demand.

[View All Answers](#)

Question - 69:

Explain what is quota arrangement?

Ans:

A particular material can be procured from different vendors depending upon the requirement. So, total requirement of a material is distributed to different vendor's i.e. quota is assigned to each source of supply. This is known as quota arrangement.

[View All Answers](#)

Question - 70:

Explain what are Features of SAP ERP?

Ans:

SAP is an enterprise resource planning software which is produced by the German corporation. SAP is a enterprise information software that was basically designed to manage resources, information and activities that are required to complete business processes like procurement and managing orders, billing of orders and management of human resources.

[View All Answers](#)

Question - 71:

What is a release strategy? What are release groups and codes?

Ans:

The procurement process in SAP needs to be controlled by introducing authorizations at important stages. This is taken care by the release strategy, which has different codes for assigned users. For example, if the value of a PO is more than a certain pre-defined limit, then it has to be approved by the SCM manager with a certain release code. Every company will have different approval mechanisms and the release strategy can be defined by the users.

Release groups are a set of release codes that are used for authorizing a purchasing document or approving a release strategy. Release code is a 2-character ID that



allows a person to approve or clear a PR or a PO and they are controlled by a step-by-step authorization system. For example, Code 10 is assigned to the person who creates the PO, Code 20 is the release code assigned to the Purchase manager for approval. Subsequently, the Department Head will use Code 30 to approve the release strategy, followed by the Operations Director, who will use Code 40 for final approval.

[View All Answers](#)

Question - 72:

Do I need to recompute stocking costs for the EOQ level?

Ans:

Yes, in order to compare stock costs when using the EOQ model you must compute the costs for both the original level and the EOQ level of order quantities.

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Question - 73:

How can the value of inventory be determined?

Ans:

The value can be found using four methods in inventory control. The first is the specific cost in which each item's cost is added together for the inventory's value. A second method is to use the weighted average of the costs for a period to determine value. A third method is first in, first out. In this method value is measured using the latest costs of goods while working towards the beginning of the period until all goods in inventory are valued. The final method is last in, first out. In this method the costs of goods at the beginning of the period are used to determine the inventory's value much like FIFO.

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Question - 74:

Tell us what do you understand by posting period?

Ans:

Various documents like purchase order, request for quotation, goods receipt are essential documents in a business. These documents need security i.e. if any of documents is posted incorrectly then business can be affected at various concern levels. So, to secure these documents we have a concept of posting period. Posting period means it will allow you to post and make changes in the documents only in a specific time period.

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Question - 75:

Explain what is difference between purchase requisition and purchase order?

Ans:

Purchase requisition is an internal document and it is a request that is made to purchasing organization to procure certain list of material while purchase order is formal document that is given to vendor containing list of items to be procured from vendor.

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Question - 76:

Tell me what do you know about SAP?

Ans:

SAP stands for "Systems, Applications and Products in data processing". Amongst the software provider, SAP comes up as the world's third largest. 5 IBM employees founded SAP in 1972 in Walldorf, Germany.

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Question - 77:

What are the kinds of info records available?

Ans:

Standard, consignment, subcontracting and pipeline

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Question - 78:

What is total stocking cost?

Ans:

Total stocking cost is the cost to the store of holding a good in its inventory. The stocking cost consists of the carrying cost times half the quantity in inventory and the order completion cost times demand divided by the quantity. In its mathematical form the cost is represented by $TSC = (Q/2)C + (D/Q)S$.

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Question - 79:

What if there is no savings or the models produce even results?

Ans:

If there is no savings a error in the calculations may have occurred or the model does not fit your case. For instances were the total stocking costs are even you may use either order quantity.

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Question - 80:



What does inventory affect in a store?

Ans:

Inventory levels and their values can affect the income of the store, the amount of taxes paid, and the total stocking cost.

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Question - 81:

What is inventory control?

Ans:

Inventory control is the process of reducing inventory costs while remaining responsive to customer demands. By this definition a store would want to lower its acquisition, carrying ordering and stock-out costs to their lowest possible levels. However a store would need to have enough inventories to meet any needs of its customers.

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