

# Purchase Planner Job Interview Questions And Answers



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## Purchase Planner Interview Questions And Answers Guide.

### Question - 1:

What is Reciprocal trading?

#### Ans:

Reciprocal trading provides participating nations with equivalent competitive trading opportunities based on mutual agreements negotiated to adjust tariffs, duties, and customs restrictions in order to increase foreign trade and improve border-to-border relationships among participating countries.

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### Question - 2:

What is Counter trading?

#### Ans:

Counter trading offers cash poor countries and organizations greater access to the world markets by offering them an alternate method of acquiring goods.

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### Question - 3:

Define benchmarking?

#### Ans:

The continuous process of measuring a company's products, services, costs, and practices against those of competitors or organizations that display "best in class" achievements.

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### Question - 4:

Define two-step procurement?

#### Ans:

A bidding procedure usually consisting of two competitive steps. Step one consists of a technical proposal for furnishing the product or service and the second step consists of a comparison of costs. Bidding then proceeds as in conventional sealed bid procedures.

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### Question - 5:

Which process can be used to determine a vendor's price reasonableness when lack of pricing information available?

#### Ans:

When there is a lack of pricing information available to determine price reasonableness, a cost analysis could be performed to evaluate and verify a vendor's cost data and proposed profit.

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### Question - 6:

Why purchasing cards are so much popular nowadays?

#### Ans:

Purchasing cards are a purchasing tool many progressive companies use to purchase and pay for low dollar purchases. Purchasing cards reduce the cost of doing business while preserving purchasing controls.

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### Question - 7:

Define life cycle costing?

#### Ans:

Life cycle costing is the total cost of purchasing, operating, maintaining, supporting and disposing of a product.



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**Question - 8:**

Is it proper to use term "and/or" in agreements?

**Ans:**

The term "and/or" should not be used in agreements. Ambiguity arises when this term is used because of the many possible variations this term can create. It is more exact to use the terms "and" and "or" separately. The term "and" means both, the term "or" means either.

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**Question - 9:**

Annual requirements contract to deliver file cabinets each month was issued. The contract did not say anything about who bears cost of uncrating and setting up cabinets in offices. The supplier has uncrated and set up cabinets first four months of contract. Now, supplier is refusing to uncrate and set up cabinets unless he can increase his price. Can I force supplier to continue to uncrate and set up cabinets in offices at same contract price?

**Ans:**

The supplier has to uncrate and set up the cabinets at no additional cost as the supplier has shown by course of his performance during the first four months of the contract that his intention was to uncrate and set up the cabinets.

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**Question - 10:**

What is sealed bid?

**Ans:**

The procurement process by which a bid is submitted in a sealed envelope to prevent disclosure of its contents before the deadline for the submission of all bids.

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**Question - 11:**

What is bonded warehouse?

**Ans:**

A warehouse operated under U.S. Customs supervision to store imported goods.

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**Question - 12:**

How inventory turns calculated?

**Ans:**

A method used to calculate inventory turns is to divide the average inventory level into the annual cost of goods.

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**Question - 13:**

Suppose if I would like to stop taking annual physical inventories. Is there an alternative to physical inventories?

**Ans:**

You can use cycle counts on a cyclic schedule rather than taking physical inventories. The most effective cycle counts are those conducted on a daily basis.

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**Question - 14:**

Is it important to track inventory turns?

**Ans:**

Inventories represent a sizable investment for businesses. The higher the inventory turns, the lower the inventory carrying costs.

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**Question - 15:**

When risk of loss pass to a buyer when goods are purchased FOB the buyer's plant?

**Ans:**

Risk of loss passes to the buyer when the goods are delivered at the buyer's plant.

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**Question - 16:**

What is "good faith" in contracting?

**Ans:**

Under the UCC good faith means honesty in fact in the conduct or transactions concerned.

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**Question - 17:**



Are the vendors bound by the requirements contracts awarded to two different vendors for the same set of requirements without disclosing this information to both vendors?

**Ans:**

Requirements contracts must be awarded in good faith. In this case, the courts will determine that those contracts were executed in bad faith and neither vendor will be bound by their contract.

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**Question - 18:**

Described disadvantaged business?

**Ans:**

A small business which is owned or controlled by a majority of persons, not limited to members of minority groups, who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social disadvantages.

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**Question - 19:**

If purchase order is sent out unsigned is a valid?

**Ans:**

An unsigned purchase order is valid. The company logo on the purchase order is considered as the signature.

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**Question - 20:**

What is Cost-Reimbursement contract?

**Ans:**

Under this type of contract, a contractor is reimbursed for costs allowed under the contract terms.

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**Question - 21:**

What words "shall" and "may" mean?

**Ans:**

The word shall denotes the imperative and the word may denotes the permissive.

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**Question - 22:**

Tell me about the statute of limitations under the UCC?

**Ans:**

The statute of limitations under the UCCC is generally four years. In certain cases, the UCC allows the statute of limitations to be reduced to a one-year minimum.

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**Question - 23:**

Is a company liable for a purchase order valued at \$100,000 placed by a purchasing agent that who has been granted authority only up to \$50,000?

**Ans:**

Purchasing agents have broad implied or apparent authority. The company would be liable for the \$50,000 purchase order.

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**Question - 24:**

Can a shipment be rejected by just simply returning it?

**Ans:**

You cannot reject a shipment by just returning it without stating why the shipment is rejected. The UCC states that you must particularize your objections to the goods.

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**Question - 25:**

Tell me is a contract that does not state any particular quantity valid?

**Ans:**

The Uniform Commercial Code (UCC) allows for the award of requirements contracts, which do not state any particular quantity. However, a requirements contract is only valid if the contract is awarded in "good faith." Sellers will normally ask for the contract to have an estimated quantity or a quantity range.

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**Question - 26:**

Give me layman's interpretation of what is a CPM is in internet online advertising?

**Ans:**



CPM (Cost Per Impressions) is the cost per thousand a web site charges for an advertisement on a web site page. Internet advertising is typically sold on a CPM basis. An impression occurs when a visitor to a web site views a page where an ad is displayed. A \$25 cpm rate represents \$25 per 1,000 displays of a web site page where an ad is displayed.

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### Question - 27:

List some questions that could help to make informative decision for Purchase Planner?

**Ans:**

1. Were you pleased with the work performed?
2. Would you do business with this supplier again?
3. How long have you been doing business with this supplier?
4. What do you like best about the work performed?
5. What do you like the least about this supplier?
6. Is there anything about the work performed that you were not happy with?
7. Was the contract completed on time?
8. Was the supplier helpful and timely when responding to your questions?
9. Were there any unexpected expenses or additional costs unrelated to change orders?
10. Were there any unexpected delays unrelated to change orders?

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### Question - 28:

Tell me whose terms and conditions govern when a supplier sends a buyer their terms and conditions after buyer phones in an order, fails to send purchase order to supplier and accepts delivery?

**Ans:**

The supplier's terms and conditions govern because the buyer did not send out the purchase order with his terms and conditions.

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### Question - 29:

When contacting supplier references, which are the questions should I ask that will elicit worthy information about the vendor?

**Ans:**

When checking supplier references, you need to collect as much information as possible to help you make a wise decision. You should interview at least three references and engage them in conversation. Verify all the information you already have about the supplier. Find out the scope of the project and how long the contract was for.

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### Question - 30:

Explain the difference between counter trade & reciprocal trading?

**Ans:**

Cash poor countries and organizations engage in counter trading by exchanging commodities of equal value. Counter trading offers cash poor countries and organizations greater access to the world markets by offering them an alternate method of acquiring goods. Reciprocal trading provides participating nations with equivalent competitive trading opportunities based on mutual agreements negotiated to adjust tariffs, duties, and customs restrictions in order to increase foreign trade and improve border-to-border relationships among participating countries.

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### Question - 31:

How purchasers find their suppliers. Are there favorite places they look?

**Ans:**

A prime source for finding new suppliers is the XYZ Register. The XYZ Register lists manufacturers by product categories and geographic location. XYZ Register supplier information can be obtained online from their website (its free), a set of their cds which can be networked within a company, and their set of catalogs. Another good source for finding suppliers is through Trade Associations, most can be accessed online. Internet search engines such as google.com which can be used to search for specific products, commodities or companies.

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### Question - 32:

How to calculate inventory turns?

**Ans:**

Inventory turns is the annual cost of the inventory issued divided by the average monthly inventory value.

The average monthly inventory value is calculated by adding the past 12 monthly inventory values and dividing the total by 12. At the end of each subsequent month, add the latest month's inventory value and delete the 12th most distant monthly inventory value.

The annual cost of issues is calculated by adding the past 12 monthly cost of inventory issues. At the end of each subsequent month, add the latest month's cost of inventory issues and delete the 12th most distant month.

Example: Annual Cost of Issues/ Average Monthly Inventory Value = Inventory Turns \$400,000/\$100,000 = 4.0 Turns.

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