What Is ISM?
Institute for Supply Management® (ISM®) is the first supply management institute in the world. Founded in 1915, ISM’s mission is to enhance the value and performance of procurement and supply chain management practitioners and their organizations worldwide. By executing and extending its mission through education, research, standards of excellence and information dissemination — including the renowned monthly ISM Report On Business® — ISM maintains a strong global influence among individuals and organizations. ISM is a not-for-profit educational association that serves professionals with an interest in supply management who live and work in more than 80 countries. ISM offers the Certified Professional in Supply Management® (CPSM®) and Certified Professional in Supplier Diversity® (CPSD™) certifications.

Certified Professional in Supply Management® (CPSM®) Program
The Certified Professional in Supply Management® (CPSM®) certification is designed to lead the profession by emphasizing the major components of supply management. Endorsed by business leaders and thought-leaders across the globe, the knowledge, skills and abilities represented in the CPSM® reflect the expanded education, skills and experience needed to excel in strategic supply management.

Why You Should Pursue the CPSM® Certification
Demand for strategic supply professionals is on the rise as managers take on more pivotal roles within organizations. Since the early 1990s, the profession has witnessed a growing focus on accomplishing strategic goals related to cost and value. In order to be professionally competitive, supply managers must acquire the necessary strategic skills that add value and enable effective alignment with key business functions at the senior management level.

CPSM® Requirements
The criteria for earning the CPSM® certification is:
- Three years of full-time, professional supply management experience (nonclerical, nonsupport) with a bachelor’s degree from regionally accredited institution or international equivalent

OR

- Five years of full-time, professional supply management experience (nonclerical, nonsupport) without a qualified bachelor’s degree

AND

- Successfully pass three CPSM® Exams, OR, if you are a C.P.M. in good standing, pass the Bridge Exam

Current C.P.M.s may take the Bridge Exam to attain the CPSM®. The Bridge is a single exam covering contemporary subject matter and material not covered in the C.P.M. Exam, but found within the content of the three CPSM® Exams. The Bridge Exam is available to register for through the end of 2014.

To recertify, CPSM’s must earn 60 Continuing Education Hours (CEHs) during their three-year certification period.

Candidates may submit their work experience to ISM before taking any exams to see if they qualify for the CPSM®. To download the form, go to www.ism.ws and select Certification, then Certification Forms. There is a US$25 charge for this service.

How to Get Started
Determine which exams you are eligible for — 1, 2, 3 or the Bridge — and the study method and materials you want to use for preparation. You may register for as many exams as you like at one time. Exam registrations are valid for one year.

To take your exam, you must first register with ISM. Registration is available in the following ways:

Online: www.ism.ws; select Certification. Choose Certified Professional in Supply Management®, then register for CPSM® exams.

Phone: Call ISM Customer Service at 800/888-6276 or +1 480/752-6276, option 8. Please have credit card number and ISM Member ID number ready.

Fax: Transmit completed registration form with credit card information to +1 480/752-2299.

Mail: Complete the registration form and mail with check or credit card information to ISM Exam Registration, 2055 E. Centennial Circle, Tempe, AZ 85284-1898.

Re-Testing Exams: There is a required 30-day minimum waiting period before you re-take an exam.

Exam Fees: US$329* per exam/ISM members US$199 per exam.

*Nonmember price includes one year of ISM Direct membership.

Registrations are valid for one full year from the date you register with ISM. Once you have registered with ISM, you will receive an email confirmation within 24 hours that will include scheduling instructions with Pearson VUE Testing Centers.
Once you have passed the exams and you have included the required documentation, you may apply for your CPSM®. The CPSM® application is available on the ISM website. Select Certification, then Certification Forms. You may also call ISM Customer Service at 800/888-6276 or +1 480/752-6276, option 8, to have one emailed to you.

**Studying for the Exam/Preparation Materials**

There are a variety of ways to prepare for the exam. Please note that ISM does not require the purchase or use of our study materials. Here are some suggestions for study materials:

- Review the CPSM® Study Guide and ISM Professional Series.
- Take the practice test(s) in the CPSM® Diagnostic Kit to find areas that need strengthening.
- Study the CPSM® Supplementary Reading List and at least one supply management college text.
- Take supply management courses at a local college or university.
- Read various procurement, supply, business and trade publications.

Regardless of the study methods selected, each candidate should be aware of the need to use a variety of sources for study. Please remember: The CPSM® Study Guide provides a general overview of the subjects covered in the exam. It is not meant to serve as a substitute for major textbooks in the field. The exam may include material NOT covered in detail in the Study Guide.

**The CPSM® Exam**

The CPSM® examination process consists of three separate exams which together cover the main components of supply management. Exam content addresses today’s supply environment and workplace complexities, such as risk, strategic sourcing, technology and the increased skills needed for supply professionals to drive value in their organizations.

The CPSM® Exam is a professional certification test. The exam will NOT evaluate or gauge how “good” you are or will be as a supply management professional. It also does not indicate whether one candidate is a better supply management professional than another candidate. It is not designed to rank candidates against each other.

The likelihood of passing the exam is in no way affected by the performance of other candidates. Your standing on the exam remains the same regardless of how well the other candidates score on the test. There are no quotas or “curves” used on this exam.

CPSM® Exam scores are valid for four years.

**Who Should Take the CPSM® Exam**

Candidates who meet the CPSM® educational and work experience requirements are eligible to take the CPSM® Exam. Testing for any other reason, other than part of ISM recertification, is strictly prohibited.

**How the CPSM® Exams Are Constructed**

As a prime example of an occupational test, it is important to note that the CPSM® Exams are not “final exams” in the field of supply management. The exams are not designed to cover the content of any particular course or curriculum in the area of supply management. Rather, they are designed to reflect the knowledge areas needed to perform the important occupational duties of professionals employed in the field of supply management. In developing the CPSM® Examination Specifications, ISM drew upon the knowledge, expertise and skill sets of supply management professionals who were at the manager level or above from organizations with revenues of more than US$1 billion. The professionals came from various industries and areas within supply management to determine the content of the examinations.

**Number of Questions and Length of Time Allotted for Each Exam**

Exams 1, 2 and 3 each contain 15 questions that are given solely for research purposes — they are not used in the determination of your score. All questions appearing on the Bridge Exam will be used in determining your score. Note that the unscored questions are in undisclosed and varied locations throughout the test. You should therefore perform to the best of your ability on all questions.

- **Exams 1 and 2:** 2 hours, 45 minutes are allowed to complete each exam.
- **Exam 3 and Bridge:** 3 hours are allowed to complete each exam.

**Computer Exam Test Site Information**

Pearson VUE is a worldwide provider of technology-based solutions for testing and certification needs. Some locations have weekend or evening hours available. Visit www.pearsonvue.com/ism for details.

**Computer Exam Confirmation**

After ISM receives your registration, you will receive an email confirmation within 24 hours (this may be delayed if registering by phone, fax or mail) containing the following:

1. Scheduling instructions with Pearson VUE Testing Centers
2. Your candidate ID number
3. Instructions for items to take to the exam (please read carefully)

**Making Your Appointment**

Once you receive your confirmation from ISM, please wait at least 12 hours before attempting to schedule your exam(s). Appointment dates are given on a first-come, first-served basis. We recommend you schedule your appointment as soon as you are able in order to get your desired date.

To schedule your exam, please use the Pearson VUE scheduling link in your confirmation email. You may also call Pearson VUE toll-free at 888/273-2971. When calling to schedule, please have your ISM candidate ID number that was provided in your confirmation. **You must wait 30 days before re-taking an exam.**

**Note:** Pearson VUE conducts other tests unrelated to ISM and can experience heavy volume during certain months. Plan to schedule well in advance for your exam, especially if you are planning to take multiple exams in one day.

**Canceling/Rescheduling Your Appointment**

You must contact Pearson VUE by email or phone at least 24 hours prior to your scheduled exam start time (local testing center time) or you will forfeit your exam fees. For example, an exam scheduled on Tuesday at 10 a.m. must be cancelled or rescheduled before 10 a.m. on Monday. If you contacted Pearson VUE on Monday at 10:15 a.m., you would forfeit your exam fees.
To Reschedule An Exam
Please cancel existing appointments with Pearson VUE first, then email your request to ISM at custsvc@ism.ws or submit it by fax to +1 480/752-2999. You will be re-registered and receive a new confirmation within 24 to 48 hours to schedule your exam.

Computerized Testing
Q: How much computer experience is needed to test?
A: No experience is necessary. Candidates receive an online tutorial on the testing process. There is also a test center administrator available.

Q: Can I review my answers during the test?
A: Candidates may flag questions to be reviewed after all questions have been answered. If time remains, you may return to questions marked for review or may change an answer. All marked and unmarked questions are graded when the test ends, even if the candidate has not marked a response to each question.

Special Accommodations
If you have a disability that would prevent you taking the CPSM® Exam under standard conditions, you may request special accommodations. Please contact ISM Certification for more information.

Test Center Protocol and Dismissal From Exam
Plan to arrive 30 minutes before your exam time. If you are more that 15 minutes late, you will be considered a nonrefundable “no show.” Candidates cannot bring personal items into the testing room. Items such as a cellphone, BlackBerry or PDA are prohibited.

A candidate may be dismissed from the exam, at the discretion of the proctor, for improper or disruptive behavior. Grounds for dismissal include:

• Creating a disturbance
• Giving or receiving help
• Attempting to remove test materials or notes from the examination room
• Impersonating another candidate
• Falsifying identification

I.D. Requirements
For your exam, you must bring one valid photo I.D. with a signature that EXACTLY matches the name on your exam registration.

If the name on your I.D. is different from the name on your exam registration, please contact ISM immediately.

If you are unable to produce a valid I.D. matching the name shown on your confirmation on the day of your exam, you will not be allowed to test and all registration fees will be forfeited.

Your I.D. MUST be one of the following: Driver’s License*; Passport*; Military I.D.*; Official State, Government or National I.D.; Employee I.D.; Student I.D.; Photo Credit Card

No other forms of I.D. will be accepted.

*Driver’s License, Passport and Military I.D.s that have a digital signature encoded will only be accepted as valid I.D. if accompanied by another valid I.D. with signature.

Exam 1:
Foundation of Supply Management
165 questions • 150 scored • 2 hours, 45 minutes

Section A. Contracting and Negotiation (32 questions)
1A1 Prepare solicitations for competitive bids, quotations and proposals with pertinent specifications, terms and conditions (6 questions)
1A2 Prepare for and develop strategies and tactics for negotiations, including definition of roles and responsibilities of team members (8 questions)
1A3 Lead/conduct/support negotiations with suppliers to obtain desired results (8 questions)
1A4 Manage the preparation and/or issuance of contracts/purchase orders/agreements (8 questions)
1A5 Administer contracts/purchase orders from award to completion or termination (4 questions)

Section B. Cost and Finance (32 questions)
1B1 Prepare and/or administer a supply management department budget (6 questions)
1B2 Develop cost management program strategies for purchases (6 questions)
1B3 Identify savings potential opportunities and strategies for specific categories through spend analysis (7 questions)
1B4 Perform cost/benefit analyses on acquisitions (8 questions)
1B5 Develop financing and leveraging strategies for purchases (6 questions)

Section C. International (17 questions)
1C1 Identify and assess international markets to source goods and services (7 questions)
1C2 Develop international sources of materials and services (8 questions)
1C3 Develop and maintain documentation regarding cross-border transactions (4 questions)

Section D. Social Responsibility (14 questions)
1D1 Develop and act upon a code of business conduct for the supply management function and external suppliers (5 questions)
1D2 Establish and monitor environmentally responsible and compliant programs throughout the supply chain and life cycle (5 questions)
1D3 Implement, monitor and promote organizational and supply chain safety policies and procedures (4 questions)

Section E. Sourcing (20 questions)
1E1 Analyze potential sources of goods or services (6 questions)
1E2 Evaluate competitive offerings to determine the overall best offer for a product/service (7 questions)
1E3 Plan and communicate sourcing and supply strategies based on forecasted data (7 questions)

Section F. Supplier Relationship Management (35 questions)
1F1 Identify opportunities and benefits for rationalizing supply base (6 questions)
1F2 Develop/manage effective relationships with suppliers (8 questions)
1F3 Develop/Implement a supplier diversity program (5 questions)
1F4 Develop new supplier qualification plans and reports to assure components, materials and suppliers meet specified requirements (regulatory, safety, reliability, quality) (6 questions)
1F5 Conduct supplier performance evaluations (6 questions)
1F6 Develop and execute supplier exit strategies (4 questions)

Biometrics
Pearson VUE uses biometrics in various test centers worldwide. Biometrics are automated methods of recognizing a person based on a physical characteristic, and are primarily used to combat identity fraud. One method involves the examinee placing a palm on a scanner, which results in an electronic palm-vein print.
Exam 2:
Effective Supply Management Performance
165 questions • 150 scored • 2 hours, 45 minutes
Section A.
Forecasting (19 questions)
2A1 Perform analysis and provide data on current and future and global/domestic market conditions, benchmarks and industry trends to management and/or user departments (6 questions)
2A2 Develop supply forecasts in light of economic, competitive, technology and market and currency trends and conditions that affect procurement (7 questions)
2A3 Manage forecasted data with suppliers (6 questions)
Section B.
Logistics (19 questions)
2B1 Design/modify logistics facility layouts and equipment designs to support business model, increase productivity and lower operating costs (4 questions)
2B2 Direct traffic/distribution policies and procedures to ensure optimum flow of material and consolidation of freight (5 questions)
2B3 Manage international transportation, invoicing and documentation functions to ensure corporate compliance with all governmental import, export, hazmat and air freight regulations (5 questions)
2B4 Manage the resolution of delivery/receiving problems including freight loss and damage claims (5 questions)
Section C.
Materials and Inventory Management (19 questions)
2C1 Develop/implement a material and/or service standardization program (6 questions)
2C2 Develop/implement a warehouse and inventory management system (4 questions)
2C3 Coordinate and/or monitor the movement of equipment and assets within the organization (4 questions)
2C4 Develop, oversee and execute multichannel disposition plan for excess inventory and finished goods (5 questions)
Section D.
Organization/Department Assessment (26 questions)
2D1 Monitor work against business plans and take action to resolve variances or adjusts plans as appropriate (7 questions)
2D2 Develop performance criteria and evaluate supply management staff performance (6 questions)
2D3 Develop tools and processes to measure, report and improve compliance with supply management policies (7 questions)
2D4 Analyze and resolve issues raised in supply management audit reports (6 questions)
Section E.
Planning (15 questions)
2E1 Implement or utilize requirements planning (xRP – e.g., ERP, MRP, MRP II, DRP, DRP II, WMS) to align supply management and operations activities to support organizational strategy (8 questions)
2E2 Develop, implement, maintain and monitor the forecasting, operations planning, scheduling and inventory control functions to ensure optimum use of capacity and resources (7 questions)
Section F.
Product Development (12 questions)
2F1 Participate in product/service development or specification/requirement changes that support organizational merchandising and marketing efforts to meet customer needs (6 questions)
2F2 Manage ramp-up strategy and implementation to full-scale production for new product introductions (6 questions)
Section G.
Project Management (19 questions)
2G1 Perform project management activities representing the supply management organization (9 questions)
2G2 Implement a continuous improvement process within the supply chain in accordance with organizational objectives (10 questions)
Section H.
Quality (21 questions)
2H1 Develop/administer a supplier certification program (6 questions)
2H2 Develop measurements for continuous quality improvement and target setting (8 questions)
2H3 Develop, measure and evaluate quality requirements to continuously improve supplier performance (7 questions)

Exam 3:
Leadership in Supply Management
190 questions • 165 scored • 3 hours
Section A.
Leadership (96 questions)
3A1 Represent the supply management organization in decisions related to the organization-wide or project objective setting, budgeting, staffing and policies (6 questions)
3A2 Develop and implement business plans that will meet customer service, corporate profit and return-on-equity goals (6 questions)
3A3 Develop, implement and monitor a strategic supply management plan and operating plan based on market conditions, business needs and available resources (5 questions)
3A4 Plan/develop/provide operating policies, guidelines and procedures; modify as necessary in order to achieve the optimal structure (5 questions)
3A5 Develop/implement changes to the organization’s supply management policies as needed (6 questions)
3A6 Participate in company acquisitions, and/or mergers, and/or divestitures to assure the continuity of supply and capture synergy opportunities (6 questions)
3A7 Represent the supply management organization in meetings with corporations, government agencies, professional associations and other organizations (6 questions)
3A8 Lead or participate in cross-functional and/or multifunctional teams (e.g., project management, process improvement, international teams) (8 questions)
3A9 Disseminate information and promote training related to supply management policies and procedures (5 questions)
3A10 Market the value of strategic sourcing and sourcing strategies and initiatives to management and internal customers (5 questions)
3A11 Evaluate the supply management organizational structure and modify as necessary in order to achieve the optimal structure (5 questions)
3A12 Hire, develop, retain, promote and/or dismiss supply management personnel (5 questions)
3A13 Supervise and lead human resources to achieve initiatives (5 questions)
3A14 Conduct/authorize job training for the professional development of the staff (5 questions)
3A15 Develop/manage/evaluate/measure relationships with internal departments (5 questions)
3A16 Develop/utilize criteria for evaluating supply management department performance (5 questions)
3A17 Conduct role design evaluation and potential job redesign requirements (5 questions)
3A18 Create and manage a succession plan, allocating work assignments in such a way as to provide career development and growth opportunities (4 questions)
Section B.
Risk and Compliance (32 questions)
3B1 Develop, implement and manage a risk profile and strategies in accordance with existing contracts, applicable laws, regulations and organizational policy (4 questions)
3B2 Develop and implement a risk management and/or claims management program (i.e., copyright violation, patent infringement, harassment) (3 questions)
3B3 Implement supply management processes in consideration of legal issues (5 questions)
3B4 Develop/implement/maintain a database/physical filing system of relevant information (3 questions)
3B5 Verify the existence, accuracy and completeness of relevant financial transactions and commitments to third parties (4 questions)
3B6 Assess risk from end of life-cycle issues in the marketplace and establish proper risk mitigation contingency plans for all components in the product (5 questions)
3B7 Manage and control the storage/disposal of hazardous/regulated materials and related documentation (4 questions)
3B8 Comply with programs that prevent and respond to discrimination or harassment (4 questions)
Section C.
Strategic Sourcing (37 questions)
3C1 Establish and execute strategic sourcing plans, in congruence with organizational objectives and sourcing strategies (7 questions)
3C2 Establish and standardize strategic sourcing procedures and business process improvements (6 questions)
3C3 Identify, evaluate, select and implement technologies that support supply management functions throughout the organization (6 questions)
3C4 Leverage spend through identification, prioritization, development and execution of strategies (7 questions)
3C5 Conduct analysis to determine insourcing or outsourcing strategy (6 questions)
3C6 Create new systems and process improvements to help the organization meet sales goals (5 questions)
Scoring, Equating and Scaling

While the content of the CPSM® Exam remains consistent from form to form, the questions used in the exam are continually being updated. For example, a test form taken on one occasion will contain different questions from a test form taken on another occasion. Because of this, the level of difficulty will vary slightly from form to form. To compensate for these variations, a statistical procedure known as test equating is used to correct for differences in test form difficulty.

As an example, suppose that there are two forms of Exam 1: Form A and Form B. Suppose it is established that in order to pass Form A, a person must get 100 out of 150 questions correct. Furthermore, suppose that Form B is somewhat easier than Form A. To compensate for this difference, the passing score for Form B is adjusted to prevent any “bonus” being given to candidates taking Form B. Thus, it may be established that a candidate must get a score of 110 out of 150 on Form B in order to pass. This is what is done in test equating — it holds candidates to the same standard in terms of difficulty regardless of the form taken.

To maintain consistency in test scoring, a second statistical procedure called scaling is used. Scaling on the CPSM® Exam converts all scores to a scale ranging from 100 to 600, with the passing score set at 400. Scores received from ISM are reported as scaled scores in increments of 10. If your scaled score on any particular exam is in the range of 100 to 390, you’ve failed that exam. If your scaled score is in the range of 400 to 600, you’ve passed that exam.

Task Scores and Weighting Process for Tasks

A group of practitioners and subject-matter experts (SMEs) determined the weight of each task area compared to all other task areas in a particular module. The final weight assigned to each task determines the number of questions on the exam from each task.

Value of Each Exam Question

Candidates receive one point for a correct answer and zero points for an incorrect answer. Sample questions are not used to determine scores. Candidates are advised to choose an answer for every exam question, even if they are unsure of the correct answer.

What if I Fail?

Your score report will indicate “pass” or “fail” for each exam taken. The score report includes a scaled score and the number of questions answered correctly out of the total number related to each task. Reviewing the number of questions answered correctly for each task for a failed exam provides a general idea of the areas that gave the candidate the most trouble. This may help in planning a course of study during the required 30-day waiting period to re-test.

Cancellation of Scores

The candidate hereby agrees and understands that certification may be denied or revoked, or CPSM® Exam scores may be invalidated by the Certification Committee of ISM, in the event that the committee determines that (A) an individual has (i) falsified or misrepresented information on the registration form or information provided is in error, including documentation of Continuing Education Hours (CEHs) for recertification; (ii) participated in an unauthorized disclosure of Exam questions, information or materials; (iii) plagiarized questions and/or answers on the Exam; (iv) mailed, received, relayed in any fashion or used copies of the Exam materials, questions or answers without authorization from ISM; (v) retained the Exam materials after the examination; (vi) engaged in cheating or other misconduct or unprofessional behavior with respect to taking, administering or preparation for the Exam; or (vii) failed to adhere to the Principles and Standards of Ethical Supply Management Conduct, or (B) (i) there is a testing irregularity with respect to the Exam; (ii) there is a reason to question the Exam score’s validity; or (iii) the Exam score was the result of unusual or questionable circumstances.

The candidate grants ISM authority to make any and all inquiries, investigations or other communications that may be necessary for the committee to, grant, deny, revoke or invalidate scores. The candidate agrees to be bound by the terms and conditions set forth herein and by any and all policies and procedures of ISM applicable to the Certified Professional in Supply Management® program.

Retention of Score Reports

Candidates are responsible for retention of their original score reports. Score reports are required when applying for CPSM® original certification or recertification. Scores are valid for four years from the exam date.

Score Appeals Process

Written requests for re-scoring may be made to ISM if the candidate wishes to dispute the results of an examination score. Results of re-scoring will be final. All requests for re-scoring must be made within six months of the test date and must be submitted in writing. Re-scoring provides verification of score accuracy and does not change the determination of the correctness of a question(s). Email all appeals to certification@ism.ws.

CPSM® Recertification

To recertify, CPSM’s must earn 60 Continuing Education Hours (CEHs) during their three-year certification period. At least 40 CEHs must be educational in nature. Up to 20 CEHs may be earned in the “Contributions to the Profession” category.

Categories for earning CEHs include:
- College courses (taken or taught)
- Continuing education (taken or taught)
- Contributions to the profession
- CPSM® Exam (but only in the last year of certification or during the one-year grace period)

ISM does not need to pre-approve CEHs for recertification. Lifetime status is not offered for the CPSM®.

Please notify ISM Certification when you move or change jobs. We may attempt to notify individuals when their designation is up for renewal.
Bridge Exam:
180 questions • 180 scored • 3 hours

Contracting and Negotiation
1A1 Prepare solicitations for competitive bids, quotations and proposals with pertinent specifications, terms and conditions (1 question)
1A2 Prepare for and develop strategies and tactics for negotiations, including definition of roles and responsibilities of team members (1 question)
1A4 Manage the preparation and/or issuance of contracts/purchase orders/agreements (3 questions)

Cost-Finance
1B1 Prepare and/or administer a supply management department budget (1 question)
1B2 Develop a cost management program strategy for purchases (5 questions)
1B3 Identify savings potential and opportunities and strategies for specific categories through spend analysis (3 questions)
1B4 Perform cost/benefit analyses on acquisitions (4 questions)
1B5 Develop financing and leveraging strategies for purchases (1 question)

International
1C1 Identify and assess international markets to source goods and services (3 questions)
1C2 Develop international sources of materials and services (3 questions)
1C3 Develop and maintain documentation regarding cross-border transactions (2 questions)

Social Responsibility
1D1 Develop and act upon a code of business conduct for the supply management function and external suppliers (2 questions)
1D2 Establish and monitor environmentally responsible and compliant programs throughout the supply chain and life cycle (2 questions)
1D3 Implement, monitor and promote organizational and supply chain safety policies and procedures (1 question)

Sourcing
1E1 Analyze potential sources of goods/services (1 question)
1E2 Evaluate competitive offerings to determine the overall best offer for a product/service (1 question)

Supplier Relationship Management
1F1 Identify opportunities and benefits for rationalizing supply base (1 question)
1F2 Develop/Manage effective relationships with suppliers (2 questions)
1F4 Develop new supplier qualification plans and reports to assure components, materials and suppliers meet specified requirements (regulatory, safety, reliability, quality) (1 question)
1F6 Develop and execute supplier exit strategies (2 questions)

Forecasting
2A1 Perform analysis and provide data on current and future global/domestic market conditions, benchmarks and industry trends to management and/or user departments (3 questions)
2A2 Develop supply forecasts in light of economic, competitive, technology, market and currency trends and conditions that affect procurement (2 questions)

Logistics
2B1 Design/modify logistics facility layouts and equipment designs to support business model, increase productivity and lower operating costs (4 questions)
2B2 Direct traffic/distribution policies and procedures to ensure optimum flow of material and consolidation of freight (2 questions)
2B3 Manage international transportation, invoicing and documentation functions to ensure corporate compliance with all governmental import, export, hazardous and air freight regulations (4 questions)
2B4 Manage the resolution of delivery/receiving problems including freight loss and damage claims (2 questions)

Materials and Inventory Management
2C1 Develop/implement a material and/or service standardization program (1 question)
2C2 Develop/implement a warehouse and inventory management system (4 questions)
2C3 Coordinate and/or monitor the movement of equipment and assets within the organization (4 questions)
2C4 Develop, oversee and execute multichannel disposition plan for excess inventory and finished goods (3 questions)

Organization/Department Assessment
2D1 Monitor work against business plans and take action to resolve variances or adjusts plans as appropriate (4 questions)
2D3 Develop tools and processes to measure, report and improve compliance with supply management policies (4 questions)
2D4 Analyze and resolve issues raised in supply management audit reports (2 questions)

Planning
2E1 Implement or utilize requirements planning (e.g., ERP – e.g., ERP, MRP, MRP II, DRP, DRP II, WMS) to align supply management and operations activities to support organizational strategy (5 questions)
2E2 Develop, implement, maintain and monitor the forecasting, operations planning, scheduling and inventory control functions to ensure optimum use of capacity and resources (4 questions)

Product Development
2F2 Manage ramp-up strategy and implementation to full-scale production for new product introductions (3 questions)

Project Management
2G1 Perform project management activities representing the supply management organization (5 questions)
2G2 Implement a continuous improvement process within the supply chain in accordance with organizational objectives (3 questions)

Quality
2H3 Develop, measure and evaluate quality requirements to continuously improve supplier performance (3 questions)

Leadership
3A1 Represent the supply management organization in decisions related to the organization-wide or project objective setting, budgeting, staffing and policies (4 questions)
3A2 Develop and implement business plans that will meet customer service, corporate profit and return on equity goals (6 questions)
3A3 Develop and monitor a strategy to plan and operate plan based on market conditions, business needs and available resources (3 questions)
3A4 Develop/Provide operating procedures, guidelines and procedures; modify as necessary in order to achieve the optimal structure (1 question)
3A5 Develop/Implement changes to the organization’s supply management policies as needed (2 questions)
3A6 Participate in company acquisitions, and/or mergers, and/or divestitures to assure the continuity of supply and capture synergy opportunities (5 questions)
3A7 Represent the supply organization in meetings with corporations, government agencies, professional associations and other organizations (2 questions)
3A10 Market the value of strategic sourcing and sourcing strategies and initiatives to management and internal customers (2 questions)
3A12 Hire, develop, retain, promote and/or dismiss supply management personnel (2 questions)
3A18 Create and manage a succession plan, allocating work assignments in such a way as to provide career development and growth opportunities (3 questions)

Risk and Compliance
3B1 Develop, implement and manage a risk profile and strategies in accordance with existing contracts, applicable laws, regulations and organizational policy (1 question)
3B2 Develop and implement a risk management and/or claims management program (i.e., copyright violation, patent infringement, harassment) (3 questions)
3B4 Develop/Implement/maintain a database/physical filing system of relevant information (1 question)
3B5 Verify the existence, accuracy and completeness of relevant financial transactions and related documentation (3 questions)
3B6 Assess risk from end of life-cycle issues in the market place and establish proper risk mitigation contingency plans for all components in the product (3 questions)
3B7 Manage and control the storage/disposal of hazardous/regulated materials and related documentation (3 questions)

Strategic Sourcing
3C1 Establish and execute strategic sourcing plans, in congruence with organizational objectives and sourcing strategies (7 questions)
3C2 Establish and standardize strategic sourcing procedures and business process improvements (6 questions)
3C3 Identify, evaluate, select and implement technologies that support supply management functions throughout the organization (6 questions)
3C4 Leverage spend through identification, prioritization, development and execution of strategies (7 questions)
3C5 Conduct analysis to determine insourcing or outsourcing strategy (5 questions)
3C6 Create new systems and process improvements to help the organization meet sales goals (4 questions)
Types of Questions in the CPSM® Exam

All of the questions used in the CPSM® Exam are of the multiple-choice type, with four options per question (labeled A, B, C and D), only one of which is correct. There are, however, several variations on this type of question appearing in the exam. The most commonly used formats are:

**Closed-Stem Item:** In this type of question, the examinee is asked a question and given four possible answers from which to choose.

Example:
Which of the following is a statement from a shipper listing contents of multiple shipments?

- (A) A manifest  Answer: A
- (B) An independent inspection certificate
- (C) A commercial invoice
- (D) A dock receipt

**Sentence Completion Item:** This question is characterized by an incomplete sentence, followed by options that represent conclusions to that sentence.

Example:
Leading supply management organizations typically include continuous improvement clauses within their contracts, in order to target cost, quality and

- (A) innovation enhancements
- (B) customer responsiveness
- (C) cycle times  Answer: D
- (D) supplier performance

**EXCEPT Format:** In this type of question, an examinee is required to recognize that there are three correct responses within the question. The respondent does this by identifying the incorrect option. A variation on this type of question is to use the word NOT instead of EXCEPT in the stem, in the form of, “Which one of the following is NOT...”

Example:
Acquiring material on consignment may allow the supply management professional to save on all of the following EXCEPT

- (A) interest costs
- (B) storage costs
- (C) cost of obsolescence  Answer: B
- (D) taxes

**MOST/LEAST/BEST Format:** This type of question requires the examinee to identify which option is better or worse than the others.

Example #1:
Which of the following forms of payment for international purchases is generally MOST favorable to the buying organization?

- (A) Cash in advance
- (B) Draft
- (C) Letter of credit
- (D) Open account  Answer: D

Example #2:
Which of the following is the LEAST important concern when contracting for the design and manufacture of a special component?

- (A) The ownership of the design
- (B) The location of the supplier
- (C) The right to apply for a patent
- (D) The ownership of special tooling  Answer: B

**Master List Format:** This type of question is actually several questions in one. Here, the options are presented first, followed by several questions, all of which apply to those options. It is important to note that each option can be used once, more than once, or not at all by the questions.

Example (only on paper-and-pencil exams):
Questions 1-3 refer to the following cost-type contracts:

- (A) Cash-flow budget
- (B) Flexible budget
- (C) Zero-based budget
- (D) Line-item budget

Choose from the list above the type of budget that is BEST described by each of the following. A choice may be used once, more than once, or not at all.

1. In this type of budget, funds are made available as expenditures are required. Outlays are forecast over periods of time.
2. This type of budget changes depending upon varying conditions, such as increased or decreased output.
3. This type of budget is formatted to show individual expenses during the budgetary period, without tying those expenses into programs or goals.

Answers: A, B, D
Exam Process Levels

In addition to the variety of question formats previously described, the CPSM® Exam presents test questions at varying levels of difficulty or learning. These levels range from questions that require the mere recall of material to questions that require the candidate to apply his or her knowledge to a novel situation. A description of each of these levels, along with sample questions, appears below.

Recall: This is the lowest or easiest level of learning. Questions written at this level are those that demand the recall of ideas, material or phenomena related to the topic of interest. The process used to correctly answer such questions is the examinee's memory of the material. Questions in this category ask individuals to define, identify and select information.

Example #1:
The type of document used to enter into an interim agreement pending a definitive contract, so as to permit the start of delivery, is called a

(A) letter of intent
(B) purchase order
(C) customized contract
(D) standard contract

Answer: A

To correctly respond to the question above, the examinee has to recall the definition of a letter of intent.

Example #2:
The charge assessed by a railroad against a shipper that holds a rail car beyond the free time allowed is called

(A) absorption
(B) demurrage
(C) drayage
(D) dockage

Answer: B

To correctly respond to the question presented in Example #2, the examinee has to recall the definition of demurrage. For both examples, the form of the question is not much different from the way in which the actual definition of the term is stated in textbooks and other learning materials.

Comprehension: The second level of questions deals with those that test for comprehension. Questions in this category require the examinee to grasp the meaning of the material presented in some novel way. The question testing for comprehension describes some principle or fact in words different from those used in textbooks, and often uses some novel situation as a way to present an idea. In order to get it right, the examinee must recognize the principle demonstrated in the question — memory alone will not be sufficient for getting the correct answer.

Example #1:
A supply management professional decides to issue a separate purchase order for each of several items, instead of combining the items on a single purchase order. The probable result of this policy will be a decrease in the

(A) overall number of purchases made by the organization
(B) average cost of processing a purchase order
(C) number of purchasing errors
(D) amount of staff needed by purchasing

Answer: B

To correctly answer the question in this example, the examinee must recognize the consequences of using separate purchase orders. The examinee is asked to make an estimate or prediction based upon the circumstances described in the question.

Example #2:
A supply management professional orders paint from a supplier and specifies that the paint must dry tack-free in four hours, and dry hard in 12 hours. These specifications are examples of

(A) engineering specifications
(B) performance specifications
(C) restrictive specifications
(D) technical specifications

Answer: B

To answer this question correctly, the examinee not only must know the definition of performance specifications, but also must be able to recognize circumstances which illustrate this definition.

Application: Application questions measure the understanding of ideas or content to a point where the examinee can apply it to an entirely new situation. The objective of these questions is to test whether the examinee can use the knowledge in an appropriate manner in a real-life situation.

Example:
A certain byproduct of GHI Corporation's manufacturing process is expensive to dispose of and does not decompose easily. GHI's supply management professional is tasked with identifying ways to reduce disposal costs associated with this byproduct. Given this situation, which of the following is the BEST course of action for the supply professional to take?

(A) Re-engineer processes to eliminate production of the byproduct.
(B) Sell the byproduct to another manufacturer who has a need for it.
(C) Organize a team to identify potential uses for the byproduct in-house.
(D) Solicit competitive bids to identify recyclers who are more cost-competitive.

Answer: B

The distinguishing characteristic of application questions is that they present specific situations that the examinee has not encountered previously, and cannot solve on the basis of general knowledge alone. The problem presented in the question above is a novel situation, and rather than rely on memory or comprehension alone to answer it, the examinee is required to draw on knowledge and experience to identify the solution to the problem.

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Deborah Bouchoux
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