

Chapter 02 Test Bank - Static KEY

1. An operations and supply chain strategy must be integrated with the organization's corporate strategy.

TRUE

Operations and supply chain strategy is concerned with setting broad policies and plans for using the resources of a firm and must be integrated with corporate strategy.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 1 Easy

Learning Objective: 02-01

Topic: What is Operations and Supply Chain Strategy?

2. One of the competitive dimensions that form the competitive position of a company when planning their strategies is cost.

TRUE

The major competitive dimensions that form the competitive position of a firm include cost (or price).

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 1 Easy

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

3. One of the competitive dimensions that form the competitive position of a company when planning their strategies is delivery speed.

TRUE

The major competitive dimensions that form the competitive position of a firm include delivery speed.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 1 Easy

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

4. One of the competitive dimensions that form the competitive position of a company when planning their strategies is making the best trade-off.

FALSE

The major competitive dimensions that form the competitive position of a firm do not include making the best trade-off.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 1 Easy

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

5. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio is called flexibility.

FALSE

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

6. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio it is called straddling.

TRUE

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

7. By following a straddling strategy, firms can broaden their capabilities and effectively compete with more focused firms in markets requiring low cost for success.

FALSE

Straddling is a risky strategy that often results in failure. More focused firms can effectively compete with a straddling firm in each segment the straddling firm enters.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

8. An order winner is a set of criteria that differentiates the products or services of one firm from another.

TRUE

An order winner is a criterion that differentiates the products or services of one firm from those of another.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

9. An order winner is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

FALSE

An order qualifier is a screening criterion that permits a firm's products to even be considered as possible candidates for purchase.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?*

10. An order qualifier is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

TRUE

An order qualifier is a screening criterion that permits a firm's products to even be considered as possible candidates for purchase.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?*

11. Activity-system maps show how a company's strategy is delivered through a set of tailored activities.

TRUE

Activity-system maps such as the one for IKEA show how a company's strategy is delivered through a set of tailored activities.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-03
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities— IKEA'S Strategy*

12. (p. 34) Activity-system maps are useful in understanding how well a system of activities fits the overall company's strategy.

TRUE

This type of map can be useful in understanding how good the fit is between the system of activities and the company's strategy.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Difficulty: 1 Easy
Learning Objective: 02-03
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities— IKEA'S Strategy*

13. Activity-system maps depict the geographic reach of a company's business strategies.

FALSE

Activity system maps are conceptual have nothing to do with the physical geographic reach of a company.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-03

Topic: Strategies Are Implemented Using Operations and Supply Chain Activities — IKEA'S Strategy

14. An operations strategy must resist change because of the long term nature of equipment and personnel investments.

FALSE

Since the goals of the larger organization change over time, the operations strategy must be designed to anticipate future needs.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Understand
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

15. Operations and supply strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.

TRUE

Operations and supply chain strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

16. Infrastructure decisions within operations strategy include the selection of the appropriate technology, the role of inventory, and the location of facilities.

FALSE

Process design includes selecting the appropriate technology, sizing the process over time, determining the role of inventory in the process, and locating the process.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

17. Infrastructure decisions within operations strategy include the selection of the logic associated with the planning and control systems

TRUE

The infrastructure decisions involve the logic associated with the planning and control systems, quality assurance and control approaches, work payment structure, and organization of the operations and supply functions.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 2 Medium

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

18. Once an operations strategy is adopted and articulated, the primary emphasis becomes perfecting the system of activities that make up the strategy through detailed refinements over a long period of time.

FALSE

A firm's operations capabilities can be viewed as a portfolio best suited to adapting to the changing product and/or service needs of a firm's customers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 2 Medium

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

19. The job of operations and supply chain strategy is to deliver the most feature-rich, highest quality product at the lowest price within specified parameters of delivery time and customization.

FALSE

Operations and supply chain strategy is concerned with setting broad policies and plans for using the resources of a firm and must be integrated with corporate strategy.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 2 Medium

Learning Objective: 02-01

Topic: What is Operations and Supply Chain Strategy?

20. Productivity is a relative measure.

TRUE

Productivity is what we call a relative measure. In other words, to be meaningful, it needs to be compared with something else.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 1 Easy

Learning Objective: 02-05

Topic: Productivity Measurement

21. In a partial measure of productivity the denominator of the ratio would include all resources used or all inputs.

FALSE

In a partial measure of productivity the denominator includes only a single input.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-05
Topic: Productivity Measurement*

22. In a multifactor measure of productivity the numerator of the ratio would include all resources used or all inputs.

FALSE

In a multi-factor measure of productivity the denominator includes several but not all inputs.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-05
Topic: Productivity Measurement*

23. The triple bottom line considers evaluating the firm against social, economic, and environmental criteria.

TRUE

The triple bottom line considers evaluating the firm against social, economic, and environmental criteria.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-01
Topic: A Sustainable Operations and Supply Chain Strategy*

24. Sustainability means meeting a firm's current needs without excessively compromising the ability of future generations to meet their own needs.

FALSE

By adding "sustainability" to the concept (of strategy), we add the requirement to meet these current needs without compromising the ability of future generations to meet their own needs. (Excessively is not mentioned.)

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-01
Topic: A Sustainable Operations and Supply Chain Strategy*

25. The social impact of the triple bottom line concept pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

TRUE

"Social" pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-01*

Topic: A Sustainable Operations and Supply Chain Strategy

26. A firm's business practices toward its labor force pertain mainly to the economic aspect of the triple bottom line concept.

FALSE

"Social" pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-01*

Topic: A Sustainable Operations and Supply Chain Strategy

27. According to the economic aspect of the triple bottom line concept, the firm is required to compensate shareholders by paying dividends and growing the value of their common stock faster than their competitors.

FALSE

The firm is obligated to compensate shareholders who provide capital through stock purchases and other financial instruments via a competitive return on investment.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-01*

Topic: A Sustainable Operations and Supply Chain Strategy

28. Within a sustainability framework, the economic dimension of the triple bottom line concept goes beyond just profit for the firm but also provides lasting economic benefit to society.

TRUE

Within a sustainability framework, this (economic) dimension goes beyond just profit for the firm but also provides lasting economic benefit to society.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-01*

Topic: A Sustainable Operations and Supply Chain Strategy

29. Within a sustainability framework, the environmental dimension of the triple bottom line concept has to do with labor, the community, and the region in which a firm conducts its business.

FALSE

"Social" pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 2 Medium

Learning Objective: 02-01

Topic: A Sustainable Operations and Supply Chain Strategy

30. Which of the following is not a major strategic operational competitive dimension that forms a company's competitive position?

- A. Cost or price
- B. Delivery speed
- C. Delivery reliability
- D.** Management acumen
- E. Coping with changes in demand

The operational competitive dimensions that form a company's competitive position are listed in the text. Management acumen is not mentioned.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 2 Medium

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

31. A major competitive dimension that forms a company's strategic operational competitive position in their strategic planning is which of the following?

- A.** Cost or price
- B. Focus
- C. Automation
- D. Straddling
- E. Activity-system mapping

Cost or Price is one of the competitive dimensions mentioned in the text.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Bloom's: Remember

Difficulty: 2 Medium

Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

32. When developing an operations and supply chain strategy, which of the following is an important product-specific criterion to consider?

- A. Technical liaison
- B. Learning curve
- C. Competitor's product performance
- D. Production lot-size
- E. Total quality management

Technical liaison and support. A supplier may be expected to provide technical assistance for product development, particularly during the early stages of design and manufacturing.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

33. In development of an operations and supply chain strategy, which of the following may be an important product-specific criteria to consider?

- A. Focus
- B. Production lot-size
- C. Supplier after-sale support
- D. Learning curve
- E. Total quality management

An important competitive dimension may be the ability of a firm to support its product after the sale

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

34. When a company seeks to match the benefits of a successful position while maintaining its existing position in offering customers a variety of differing services, what is this process called?

- A. Operations capability analysis
- B. Straddling
- C. Order qualifying
- D. Order winning
- E. Inter-functional analysis

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-02
Topic: What is Operations and Supply Chain Strategy?

35. (p. 34) An activity-system map is which of the following?

- A. A network guide to route airlines
- B. A listing of activities that make up a project
- C.** A diagram that shows how a company's strategy is delivered to customers
- D. A facility layout schematic noting what is done where
- E. A timeline displaying major planned events

Activity-system maps show how a company's strategy is delivered through a set of tailored activities.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Difficulty: 1 Easy
Learning Objective: 02-03

Topic: Strategies Are Implemented Using Operations and Supply Chain Activities— IKEA'S Strategy

36. Which of the following is a partial measure of productivity?

- A.** Output / Materials
- B. Output / (Labor + Capital + Energy)
- C. Output / All resources used
- D. Output / Inputs
- E. All of these

Answer A is correct. Answer B is a multifactor measure of productivity while C & D are measures of total productivity.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-05
Topic: Productivity Measurement

37. Which of the following is a multifactor measure of productivity?

- A. Output / (Materials)
- B.** Output / (Labor + Capital + Energy)
- C. Output / All resources used
- D. Output / Inputs
- E. All of these

Answer B is correct. Answer A is a partial measure of productivity while C & D are measures of total productivity.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-05
Topic: Productivity Measurement

38. Which of the following is a total measure of productivity?

- A. Output / Materials
- B. Output / (Labor + Capital + Energy)
- C. Output / Labor
- D. Output / Inputs**
- E. All of these

Answer D is correct. Answer A is a partial measure of productivity, Answer B is a multifactor measure of productivity while C is a measure of total productivity.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 1 Easy
Learning Objective: 02-05
Topic: Productivity Measurement

39. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, what kind of productivity measure could you use to compute productivity?

- A. Partial measure**
- B. Multifactor measure
- C. Total measure
- D. Global measure
- E. All of these

Answer A is correct. Without measures of other inputs only a partial output measure is possible.

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 1 Easy
Learning Objective: 02-05
Topic: Productivity Measurement

40. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, and the total materials used were 425 units, what kind of productivity measure could you use to compute productivity?

- A. Partial measure
- B. Multifactor measure
- C. Total measure
- D. A and B above**
- E. B and C above

Answer D is the most correct of the answers. You could use either a partial or a multifactor measure or both kinds of measure.

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 1 Easy
Learning Objective: 02-05
Topic: Productivity Measurement

41. The total output from a production system in one day is 500 units and the total labor necessary to produce the 500 units is 350 hours. Using the appropriate productivity measure, which of the following numbers represents the resulting productivity ratio?

- A. 1.000
- B. 1.428**
- C. 0.700
- D. 0.411
- E. None of these

500 units divided by 350 hours =1.428.

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05
Topic: Productivity Measurement

42. The total output from a production system in one day is 900 units and the total labor necessary to produce the 900 units is 900 hours. Using the appropriate productivity measure, what is the resulting productivity ratio?

- A. 1.000**
- B. 1.428
- C. 0.700
- D. 0.411
- E. None of these

Answer A is 900 units divided by 900 hours equals 1.0 units per hour.

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05
Topic: Productivity Measurement

43. Larry's Auto Body Repair Shop had revenues that averaged \$60,000 per week in April and \$50,000 per week in May. During both months, the shop employed six full-time (40 hours/week) workers. In April the firm also had four part-time workers working 25 hours per week but in May there were only two part-time workers and they only worked 10 hours per week. What is the percentage change in labor productivity from April to May for Larry's Auto Body Repair?

- A. -20.00%
- B. -15.82%
- C. 8.95%**
- D. 2.3%
- E. -25.00%

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05
Topic: Productivity Measurement

44. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

	<u>2015</u>	<u>2016</u>
Output:Sales	\$300,000	\$330,000
Inputs: Labor	\$40,000	\$43,000
Raw Materials:	\$45,000	\$51,000
Energy:	\$10,000	\$9,000
Capital		
	\$250,000	\$262,000
Employed:		
Other:	\$2,000	\$6,000

What is the percentage change in SunPath's total productivity measure between 2015 and 2016?

- A. -9.22
- B. 2.33
- C. -0.53
- D. 2.88**
- E. 10.39

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05
Topic: Productivity Measurement

45. Various financial data for SunPath Manufacturing for 2015 and 2016 follow.

	<u>2015</u>	<u>2016</u>
Output:Sales	\$300,000	\$330,000
Inputs: Labor	\$40,000	\$43,000
Raw Materials:	\$45,000	\$51,000
Energy:	\$10,000	\$9,000
Capital		
	\$250,000	\$262,000
Employed:		
Other:	\$2,000	\$6,000

What is the percentage change in the energy partial productivity measure for SunPath between 2015 and 2016?

- A. -9.22%
- B. 2.33%
- C. -0.53%
- D. 2.88%
- E. 22.2%**

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05
Topic: Productivity Measurement

46. Various financial data for SunPath Manufacturing for 2015 and 2016 follow.

	<u>2015</u>	<u>2016</u>
Output:Sales	\$300,000	\$330,000
Inputs: Labor	\$40,000	\$43,000
Raw Materials:	\$45,000	\$51,000
Energy:	\$10,000	\$9,000
Capital		
	\$250,000	\$262,000
Employed:		
Other:	\$2,000	\$6,000

What is the percentage change in the labor partial productivity measure for SunPath between 2015 and 2016?

- A. -9.22
- B. 2.33**
- C. -0.53
- D. 2.88
- E. 10.39

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05
Topic: Productivity Measurement

47. Various financial data for SunPath Manufacturing for 2015 and 2016 follow.

	<u>2015</u>	<u>2016</u>
Output:Sales	\$300,000	\$330,000
Inputs: Labor	\$40,000	\$43,000
Raw Materials:	\$45,000	\$51,000
Energy:	\$10,000	\$9,000
Capital		
	\$250,000	\$262,000
Employed:		
Other:	\$2,000	\$6,000

What is the percentage change in the multifactor labor and raw materials productivity measure for SunPath between 2015 and 2016?

- A. -9.22
- B. 2.33
- C. -0.53**
- D. -2.88
- E. 10.39

AACSB: Analytic
Accessibility: Keyboard Navigation
Bloom's: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05
Topic: Productivity Measurement

48. a What is meant by the term "operations effectiveness?"

- A. Products produced in sufficient volume to meet demand
- B. Products produced at the lowest price in the industry
- C. Operations that run without error and with no surprises for top management
- D. Operations that can adapt quickly and efficiently to new and evolving conditions
- E. Performing activities in a manner that best implements strategic priorities at minimum cost**

Operations effectiveness is performing activities in a manner that best implements strategic priorities at minimum cost

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-01

Topic: What is Operations and Supply Chain Strategy?

49. b Decisions that relate to the design of the processes and the infrastructure needed to support these processes relate to which OSCM concept?

- A. Sustainability
- B. Competitive dimensions of OSCM
- C. Making trade-offs
- D. integrating operations and supply chain strategy with a firm's operational capabilities**
- E. Supply chain risk

Integrating operations and supply chain strategy with a firm's operations capabilities involves decisions that relate to the design of the processes and infrastructure needed to support these processes.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Bloom's: Remember
Difficulty: 2 Medium
Learning Objective: 02-02

Topic: What is Operations and Supply Chain Strategy?

Chapter 02 Test Bank - Static Summary

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