***Supply Chain Management, 6e* (Chopra/Meindl)**
Chapter 2 Supply Chain Performance: Achieving Strategic Fit and Scope

2.1 True/False Questions

1) A company's competitive strategy defines the set of customer needs that it seeks to satisfy through its products and services.
Answer: TRUE
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

2) The value chain emphasizes the close relationship between all the functional strategies within a company.
Answer: TRUE
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

3) A company's product development strategy defines the set of customer needs that it seeks to satisfy through its products and services.
Answer: FALSE
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

4) A company's product development strategy specifies the portfolio of new products that it will try to develop.
Answer: TRUE
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

5) Supply chain strategy specifies what the operations, distribution, and service functions, whether performed in-house or outsourced, should do particularly well.
Answer: TRUE
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

6) A company's supply chain strategy determines the nature of procurement and transportation of materials as well as the manufacture and distribution of the product.
Answer: TRUE
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

7) The degree of supply chain responsiveness should be consistent with the implied uncertainty.
Answer: TRUE
Diff: 1
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

8) To achieve complete strategic fit, a firm must ensure that all functions in the value chain have diverse strategies that support functional goals.
Answer: FALSE
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

9) Because demand and supply characteristics change, the supply chain strategy must change over the product life cycle if a company is to continue achieving strategic fit.
Answer: TRUE
Diff: 1
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

10) To retain strategic fit, supply chain strategy must be adjusted over the life cycle of a product and as the competitive landscape changes.
Answer: TRUE
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

11) The intercompany scope of strategic fit is no longer relevant today because the competitive playing field has shifted from company versus company to supply chain versus supply chain.
Answer: FALSE
Diff: 1
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

12) The interoperation scope has each stage of the supply chain devising its strategy independently.
Answer: FALSE
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

13) Intraoperation scope resulted in minimal supply chain surplus.
Answer: TRUE
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

14) An example of intrafunctional scope is that outsourcing a key component is reasonable if the savings in staying current in technology results in improved performance in other areas of R&D that permit improved overall performance.
Answer: TRUE
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

15) If all functional strategies are deliberately aligned with each other and with the overall competitive strategy, then the company profit will be maximized.
Answer: TRUE
Diff: 3
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

16) Intercompany scope is broader than intrafunctional scope.
Answer: TRUE
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

17) Monolithic Lumber has purchased timber from Bunyan Axe, the same wholly-owned subsidiary, for the last two centuries and plans to do so for another two centuries. It is crucial that Monolithic continue to demonstrate an agile company scope.
Answer: FALSE
Diff: 1
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

18) Greater product variety and shorter life cycles result in shorter windows of opportunity for a supply chain to achieve fit.
Answer: TRUE
Diff: 1
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

19) Globalization has increased the opportunities and decreased the risks for supply chains.
Answer: FALSE
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

20) Over the past several decades, the supply chains of most firms have become easier to coordinate.
Answer: FALSE
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

2.2 Multiple Choice Questions

1) A company's competitive strategy
A) defines the set of customer needs that it seeks to satisfy through its products and services.
B) specifies the portfolio of new products that it will try to develop.
C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.
D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.
Answer: A
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

2) The value that potential customers place on product cost and delivery time determines a company's
A) customer needs.
B) competitive strategy.
C) supply chain surplus.
D) product life cycle.
Answer: B
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

3) The value chain in a company begins with
A) the customer.
B) marketing and sales.
C) new product development.
D) operations.
Answer: C
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

4) Seven-Eleven in Japan's operations and distribution strategy focuses on
A) convenience in the form of easy access to stores.
B) constantly adding new products and services.
C) low cost for gasoline, which drives traffic to the store.
D) being responsive and having an excellent information infrastructure.
Answer: D
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

5) Which element in the value chain is responsible for transforming inputs into outputs?
A) Operations
B) Marketing
C) Distribution
D) All elements of the value chain do this.
Answer: A
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

6) Which of these services facilitates the function of the value chain but is not considered a core element of the supply chain?
A) Marketing
B) Information Technology
C) Distribution
D) Service
Answer: B
Diff: 3
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

7) A company's product development strategy
A) defines the set of customer needs that it seeks to satisfy through its products and services.
B) specifies the portfolio of new products that it will try to develop.
C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.
D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.
Answer: B
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

8) A company's marketing and sales strategy
A) defines the set of customer needs that it seeks to satisfy through its products and services.
B) specifies the portfolio of new products that it will try to develop.
C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.
D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.
Answer: C
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

9) A company's supply chain strategy
A) defines the set of customer needs that it seeks to satisfy through its products and services.
B) specifies the portfolio of new products that it will try to develop.
C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.
D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.
Answer: D
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

10) The value chain consists of direct and indirect activities. Which of the following is an indirect activity for an enterprise?
A) Marketing
B) Distribution
C) Human Resources
D) Service
Answer: C
Diff: 3
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

11) A ________ strategy specifies the portfolio of new products that a company will try to develop.
A) Product Development
B) Marketing and Sales
C) Supply Chain
D) Finance
Answer: A
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

12) A ________ strategy specifies how the market will be segmented and how the product will be positioned, priced, and promoted.
A) Product Development
B) Marketing and Sales
C) Supply Chain
D) Finance
Answer: B
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

13) Which of the following determines the nature of procurement of raw materials, transportation of materials to and from the company, manufacture of the product or operation to provide the service, and distribution of the product to the customer along with follow-up service?
A) Competitive strategy
B) Product development strategy
C) Marketing and sales strategy
D) Supply chain strategy
Answer: D
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

14) Which of the following defines the set of customer needs that a company seeks to satisfy through its products and services?
A) Competitive strategy
B) Product development strategy
C) Marketing and sales strategy
D) Supply chain strategy
Answer: A
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

15) Which of the following specifies the portfolio of new products that a company will try to develop?
A) Competitive strategy
B) Product development strategy
C) Marketing and sales strategy
D) Supply chain strategy
Answer: B
Diff: 1
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

16) A supply chain strategy involves decisions regarding all of the following except
A) inventory.
B) transportation.
C) new product development.
D) operating facilities.
Answer: C
Diff: 2
Topic: 2.1 Competitive and Supply Chain Strategies
AACSB: Application of knowledge
Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

17) The uncertainty of customer demand for a product is the
A) rate of strategic uncertainty.
B) demand uncertainty.
C) implied demand uncertainty.
D) average forecast error.
Answer: B
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

18) The uncertainty that exists due to the portion of demand that the supply chain is required to meet is the
A) rate of strategic uncertainty.
B) demand uncertainty.
C) implied demand uncertainty.
D) average forecast error.
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

19) Which of the following customer needs will cause implied uncertainty of demand to increase?
A) Product margin
B) Lead time decreases
C) Average stockout rate
D) Average forced season end markdown
Answer: B
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

20) The first step in achieving strategic fit between competitive and supply chain strategies is to
A) understand the supply chain and map it on the responsiveness spectrum.
B) understand customers and supply chain uncertainty.
C) match supply chain responsiveness with the implied uncertainty of demand.
D) ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness.
Answer: B
Diff: 3
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

21) The second step in achieving strategic fit between competitive and supply chain strategies is to
A) understand the supply chain and map it on the responsiveness spectrum.
B) understand customers and supply chain uncertainty.
C) match supply chain responsiveness with the implied uncertainty of demand.
D) ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness.
Answer: A
Diff: 3
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

22) The final step in achieving strategic fit between competitive and supply chain strategies is to
A) understand the supply chain and map it on the responsiveness spectrum.
B) understand customers and supply chain uncertainty.
C) match supply chain responsiveness with the implied uncertainty of demand.
D) combine customer and supply chain uncertainty and map it on the implied uncertainty spectrum.
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

23) Supply chain responsiveness includes the ability to do which of the following?
A) Handle supply uncertainty
B) Understand customers and supply chain uncertainty
C) Match supply chain responsiveness with the implied uncertainty of demand
D) Ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness
Answer: A
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

24) Supply chain responsiveness includes the ability to do which of the following?
A) Understand customers and supply chain
B) Meet a very high service level
C) Match supply chain responsiveness with the implied uncertainty of demand
D) Ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness
Answer: B
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

25) Supply chain responsiveness includes the ability to do which of the following?
A) Understand customers and supply chain
B) Match supply chain responsiveness with the implied uncertainty of demand
C) Meet short lead times
D) Ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

26) The cost of making and delivering a product to the customer is referred to as
A) supply chain responsiveness.
B) supply chain efficiency.
C) cost-responsiveness efficient frontier.
D) implied uncertainty.
Answer: B
Diff: 1
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

27) The curve that shows the lowest possible cost for a given level of responsiveness is referred to as the
A) supply chain responsiveness curve.
B) supply chain efficiency curve.
C) cost-responsiveness efficient frontier.
D) responsiveness spectrum.
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

28) A firm that is not on the cost-responsiveness efficient frontier can improve
A) both responsiveness and cost performance.
B) only responsiveness.
C) only cost performance.
D) responsiveness, but not cost performance.
Answer: A
Diff: 1
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

29) A graph with two axes with implied uncertainty along the horizontal axis and responsiveness along the vertical axis is referred to as the
A) implied uncertainty spectrum.
B) responsiveness spectrum.
C) uncertainty/responsiveness map.
D) zone of strategic fit.
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

30) The relationship where increasing implied uncertainty from customers and supply sources is best served by increasing responsiveness from the supply chain is known as the
A) implied uncertainty spectrum.
B) responsiveness spectrum.
C) uncertainty/responsiveness map.
D) zone of strategic fit.
Answer: D
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

31) The drive for strategic fit should come from
A) the supply chain manager.
B) the strategic planning department.
C) the highest levels of the organization, such as the CEO.
D) middle management.
Answer: C
Diff: 3
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

32) The preferable supply chain strategy for a firm that sells multiple products and serves customer segments with very different needs is to
A) set up independent supply chains for each different product or customer segment.
B) set up a supply chain that meets the needs of the highest volume product or customer segment.
C) tailor the supply chain to best meet the needs of each product's demand.
D) set up a supply chain that meets the needs of the customer segment with the highest implied uncertainty.
Answer: C
Diff: 3
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

33) Which of the following would be a demand and supply characteristic toward the beginning stages of a product's life cycle?
A) Demand has become more certain and supply is predictable.
B) Margins are lower due to an increase in competitive pressure.
C) Product availability is crucial to capturing the market.
D) Price becomes a significant factor in customer choice.
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

34) Between 1993 and 2006, Dell's competitive strategy was to provide a large variety of customizable products at a reasonable price. Given the focus on customization, Dell's supply chain was designed to
A) be responsive.
B) provide a different product.
C) operate on a low-cost basis.
D) provide sustainable products.
Answer: A
Diff: 3
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

35) For a company to achieve strategic fit, it must accomplish the following keys:
A) All functional strategies must fit together to form a coordinated overall strategy.
B) The different functions in a company must appropriately structure their processes and resources to be able to execute these strategies successfully
C) The overall supply chain must operate at the lowest cost possible to achieve success.
D) The design of the overall supply chain and the role of each stage must be aligned to support the supply chain strategy.
Answer: C
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

36) Efficient supply chains
A) respond quickly to demand.
B) have higher margins because price is not a prime customer driver.
C) maintain buffer inventory to deal with demand/supply uncertainty.
D) maximize performance at a minimum cost.
Answer: D
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

37) The functions and stages that devise an integrated strategy with a shared objective are referred to as
A) competitive strategy.
B) supply chain strategy.
C) scope of strategic fit.
D) scope of marketing strategy.
Answer: C
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

38) With the ________ view, firms attempt to align all operations within a function. In this view, all supply chain functions including sourcing, manufacturing, warehousing, and transportation must align their strategy to minimize total functional cost.
A) Intrafunctional scope
B) Intraoperation scope
C) Interfunctional scope
D) Intercompany scope
Answer: B
Diff: 3
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

39) The key weakness of the ________ view is that different functions within a firm may have conflicting objectives.
A) Intrafunctional scope
B) Intraoperation scope
C) Interfunctional scope
D) Intercompany scope
Answer: A
Diff: 3
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

40) Which of these has the broader range?
A) Intrafunctional scope
B) Intercompany scope
C) Interfunctional scope
D) Intraoperational scope
Answer: B
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

41) Scope of strategic fit refers to both the
A) function within the firm and the satisfaction of the customer.
B) satisfaction of the customer and the profits returned to the shareholders.
C) function within the firm and stages across the supply chain.
D) profits returned to the shareholders and the stages across the supply chain.
Answer: C
Diff: 3
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

42) The authors cite IKEA as achieving an intercompany scope of strategic fit which serves to
A) minimize IKEA's costs.
B) align the strategic fit with the consumer surplus.
C) minimize the costs of all supply chain elements.
D) increase the supply chain surplus.
Answer: D
Diff: 3
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

43) A company's partners in the supply chain determine
A) the company's success.
B) the scope of strategic fit.
C) the relevance of sustainability initiatives.
D) the need for customers.
Answer: A
Diff: 1
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

44) Company A and Company B of the same supply chain rely on market responsiveness to attract customers. Each company has access to the other company's designs, production schedules, and goals, and if Company A needs product overnight, Company B gladly ships it, knowing that in the long run it works to the benefit of both. Such an arrangement is an example of
A) intrafunctional scope.
B) intraoperation scope.
C) interfunctional scope.
D) intercompany scope.
Answer: D
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.

45) Increased product variety and shrinking product life cycles usually result in
A) the deliberate phase-out of older products.
B) a decrease in overall uncertainty for the supply chain.
C) an increase in the time allowed for a supply chain to develop specific competencies.
D) a deliberate proliferation in the variety of components used for all products produced.
Answer: A
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

46) Risks and opportunities have increased for supply chains due to
A) the decreasing value of the U.S. dollar.
B) increasing globalization.
C) the increasing population.
D) a decline in energy prices.
Answer: B
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

47) Over the past several decades
A) the life cycle of products has increased.
B) most firms have become more vertically integrated.
C) the number of owners per supply chain has increased.
D) product variety has decreased.
Answer: C
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

48) One motivation for companies to shed noncore functions to their supply chains has been to
A) increase supply chain membership and participation.
B) increase supply chain complexity to ease supply chain alignment.
C) maximize focus on local objectives.
D) take advantage of supplier and customer competencies that they did not possess.
Answer: D
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

49) Which of these examples ripped from the headlines of business periodicals is most accurate?
A) Netflix has two content delivery systems that are inexpensive to operate.
B) Blockbuster's reliance on streaming services was overwhelmed by a lack of bandwidth at the dawn of the 21st century.
C) Once an increase in demanded customization seized the market, Dell was unable to rely on its retail store strategy.
D) Redbox's reliance on streaming services ended Dell's run as a leader in the industry.
Answer: A
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

50) Concerns related to the environment and sustainability
A) are becoming less important to the consuming public.
B) are sometimes dictated by regulations and sometimes by perception.
C) result in increased cost for the supply chain.
D) are relevant to only the retail member of each supply chain.
Answer: B
Diff: 2
Topic: 2.4 Challenges to Achieving and Maintaining Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.4: Describe the major challenges that must be overcome to manage a supply chain successfully.

2.3 Essay Questions

1) Sketch the generic value chain for a company and briefly describe the contributions of each of its elements.
Answer: The value chain diagram from the text is:

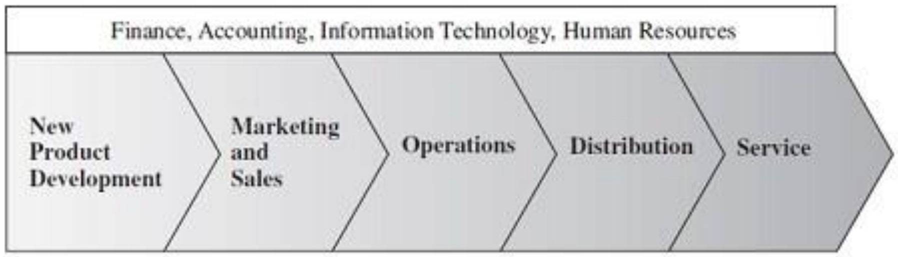

FIGURE 2-1 The Value Chain in a Company

The value chain begins with New Product Development, which creates specifications for the product. Marketing and Sales generate demand by publicizing the customer priorities that the products and services will satisfy. Marketing also brings customer input back to new product development. Operations transforms inputs to outputs to create the product according to new product specifications. Distribution either takes the product to the customer or brings the customer to the product. Service responds to customer requests during or after the sale. These are core processes or functions that must be performed for a successful sale.
Finance, accounting, information technology, and human resources support and facilitate the functioning of the value chain.
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

2) Discuss the two keys to the success or failure of a company.
Answer: A company's success or failure is thus closely linked to the following keys:
1. The competitive strategy and all functional strategies must fit together to form a coordinated overall strategy. Each functional strategy must support other functional strategies and help a firm reach its competitive strategy goal.
2. The different functions in a company must appropriately structure their processes and resources to be able to execute these strategies successfully.
Diff: 3
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

3) List and explain the three basic steps to achieving strategic fit.
Answer: There are three basic steps to achieving strategic fit:
1. Understanding the customer and supply chain uncertainty. First a company must understand the customer needs for each targeted segment and the uncertainty the supply chain faces in satisfying these needs. These needs help the company define the desired cost and service requirements. The supply chain uncertainty helps the company identify the extent of disruption and delay the supply chain must be prepared for.
2. Understanding the supply chain capabilities. There are many types of supply chains, each of which is designed to perform different tasks well. A company must understand what its supply chain is designed to do well.
3. Achieving strategic fit. If a mismatch exists between what the supply chain does particularly well and the desired customer needs, the company will either need to restructure the supply chain to support the competitive strategy or alter its strategy.
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

4) Discuss the impact of the product life cycle on strategic fit between implied demand uncertainty and supply chain responsiveness.
Answer: As products go through their life cycle, the demand characteristics and the needs of the customer segments being served change. Supply characteristics also change as the product and production technologies mature. High-tech products are particularly prone to these life cycle swings over a very compressed time span. A product goes through life cycle phases from the introductory phase, when only the leading edge of customers is interested in it and supply is uncertain, all the way to the point at which the product becomes a commodity, the market is saturated, and supply is predictable. Thus, if a company is to maintain strategic fit, its supply chain strategy must evolve as its products enter different phases. As products mature, the corresponding supply chain strategy should, in general, move from being responsive to being efficient. The key point here is that demand and supply characteristics change over a product's life cycle. Because demand and supply characteristics change, the supply chain strategy must also change over the product life cycle if a company is to continue achieving strategic fit.
Diff: 2
Topic: 2.2 Achieving Strategic Fit
AACSB: Application of knowledge
Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

5) Explain scope of strategic fit.
Answer: Scope of strategic fit refers to the functions and stages that devise an integrated strategy with a shared objective. It is a key issue relating to strategic fit in terms of supply chain stages, across which the strategic fit applies. At one extreme, every operation within each functional area devises its own independent strategy with the objective of optimizing its individual performance. In this case, the scope of strategic fit is restricted to an operation in a functional area within a stage of the supply chain. At the opposite extreme, all functional areas within all stages of the supply chain devise strategy jointly with a common objective of maximizing supply chain profit. In this case, the scope of strategic fit extends to the entire supply chain. Expanding the scope of strategic fit improves supply chain performance. The scope of strategic fit can be represented on a two-dimensional grid. Horizontally, the scope of strategic fit is considered across different supply chain stages, starting from suppliers and moving all the way along the chain to the customer. Vertically, the scope is applied to the fit achieved across different functional strategies, competitive, product development, supply chain, and marketing.
Diff: 2
Topic: 2.3 Expanding Strategic Scope
AACSB: Application of knowledge
Objective: LO 2.3: Discuss the importance of expanding the scope of strategic fit across the supply chain.