

Chapter 2 Operations and Supply Chain Strategy

Multiple Choice Questions

1. At Disney, "making people happy" is an example of:
 - A. Operations Mission
 - B. Corporate Strategy
 - C. Business Strategy
 - D. Operations Strategy

2. The four elements that form the heart of operations strategy include:
 - A. Mission, distinctive competence, objectives, and internal analysis
 - B. Mission, distinctive competence, internal analysis, and external analysis
 - C. Mission, objectives, internal analysis, and external analysis
 - D. Mission, distinctive competence, objectives, and strategic decisions

3. According to Michael Porter, the generic types of business strategies include:
 - A. Differentiation, low cost, focus
 - B. High-price, high quality, fast delivery
 - C. Focus, quality, imitation
 - D. All of the above

4. The four common objectives of operations are:
 - A. Quality, delivery, cost, and innovation
 - B. Quality, cost, flexibility, and agility
 - C. Quality, cost, delivery, and flexibility
 - D. Cost, quality, capacity, and flexibility
 - E. Quality, cost, capacity, and delivery

5. An example under the capacity area of strategic decisions in operations would be:

- A. Centralize or decentralized warehouse
- B. One large or several small facilities
- C. Handmade or machine-made
- D. High levels or low levels of inventory

6. The operation objectives of quality, cost, delivery, and flexibility are:

- A. Mutually exclusive
- B. Independent of each other
- C. Connected
- D. Unique

7. In the product imitator strategy, the order winner is usually _____, while in the product innovator strategy, the order winner is usually _____.

- A. Flexibility, price
- B. Flexibility, quality
- C. Quality, price
- D. Price, flexibility

8. Make or buy is an example of what type of strategic decision?

- A. Inventory
- B. Process
- C. Quality
- D. Capacity

9. Which of the following is NOT a characteristic of a global corporation?
- A. Facilities and plants are located on a country-by-country basis
 - B. Global product design and process technology are used
 - C. Logistics and inventory control systems are global in nature
 - D. Organized into divisions that have global responsibility for the marketing, R&D, and operations functions
10. Another term used for operations objectives is:
- A. Order winners
 - B. Order qualifiers
 - C. Competitive priorities
 - D. Distinctive competence
11. Which of the following illustrates a distinctive competence?
- A. Patented technology
 - B. A successful business strategy
 - C. Ten applications for each open position
 - D. Low cost production
12. Supply Chain Strategy focuses, in part, on:
- A. Purchasing and logistics
 - B. Customers
 - C. Information flow
 - D. All of the above
13. A decision is made that suppliers will be chosen based on quality rather than cost. This is an example of which of the following?
- A. Objective
 - B. Mission
 - C. Distinctive Competence
 - D. Strategic decision

14. Next year's goal is to fill 99% of all orders from stock. This is an example of which of the following?

- A. Objective
- B. Mission
- C. Distinctive competence
- D. Strategic decision

15. A company uses proprietary computer software to offer services that other companies have not been able to emulate. These services have enabled Marketing to enter new markets and have caused new organizational structures to be formed. This is an example of which of the following?

- A. Objective
- B. Mission
- C. Distinctive competence
- D. Strategic decision

16. Which operations objective does the author suggest as the basis for improvement in the other operations objectives?

- A. Cost
- B. Quality
- C. Delivery
- D. Flexibility

17. Which of the following statements about operations objectives is NOT true?

- A. Focusing attention on improving quality frequently results in lower costs
- B. Reducing costs often causes improvement in quality
- C. Each of the operations objectives can be improved nearly simultaneously
- D. Reducing the time necessary to produce and deliver a product will result in greater flexibility

18. Which of the following is NOT a characteristic of a distinctive competence?

- A. Could be based on human resources that are difficult to imitate
- B. Could be based on proprietary technology
- C. Cannot be copied easily
- D. None of the above

19. A global corporation has which of the following characteristics?

- A. A separate subsidiary or division for each country where it does business
- B. Demand based on a worldwide versus a local basis
- C. Products designed for each individual marketplace
- D. Both a and c

True / False Questions

20. McDonald's distinctive competence has changed over time from continuous improvement of the transformation system and brand to the unique service and supply chain transformation system.

True False

21. A corporate strategy drives the business strategy, which in turn drives the operations strategy in an organization.

True False

22. The business strategy can be derived from a firm's distinctive competence that is difficult for competitors to copy or imitate.

True False

23. Imitative products have low profit margins and fairly predictable demand.

True False

Essay Questions

24. Think of an example of a manufacturing (e.g., 3M) or service (e.g., Southwest Airlines) firm. Briefly discuss in your own words the operations mission, order winner, order qualifiers and distinctive competence of the chosen firm(s).

25. Describe the five focused initiatives with which a company should start its sustainability journey?

26. How do the operations strategic decisions differ for a product imitator strategy versus a product innovator strategy?

Chapter 2 Operations and Supply Chain Strategy **Answer Key**

Multiple Choice Questions

1. At Disney, "making people happy" is an example of:

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Difficulty: Easy

2. The four elements that form the heart of operations strategy include:

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- B. Mission, distinctive competence, internal analysis, and external analysis
- C. Mission, objectives, internal analysis, and external analysis
- D.** Mission, distinctive competence, objectives, and strategic decisions

Difficulty: Easy

3. According to Michael Porter, the generic types of business strategies include:

- A.** Differentiation, low cost, focus
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Difficulty: Moderate

4. The four common objectives of operations are:

- A. Quality, delivery, cost, and innovation
- B. Quality, cost, flexibility, and agility
- C. Quality, cost, delivery, and flexibility**
- D. Cost, quality, capacity, and flexibility

Difficulty: Easy

5. An example under the capacity area of strategic decisions in operations would be:

- A. Centralize or decentralized warehouse
- B. One large or several small facilities**
- C. Handmade or machine-made
- D. High levels or low levels of inventory

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6. The operation objectives of quality, cost, delivery, and flexibility are:

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- D. Unique

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7. In the product imitator strategy, the order winner is usually _____, while in the product innovator strategy, the order winner is usually _____.

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- C. Quality, price
- D.** Price, flexibility

Difficulty: Moderate

8. Make or buy is an example of what type of strategic decision?

- A. Inventory
- B.** Process
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Difficulty: Hard

9. Which of the following is NOT a characteristic of a global corporation?

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- C. Logistics and inventory control systems are global in nature
- D. Organized into divisions that have global responsibility for the marketing, R&D, and operations functions

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- B. Order qualifiers
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- D. Distinctive competence

Difficulty: Moderate

11. Which of the following illustrates a distinctive competence?

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Difficulty: Easy

12. Supply Chain Strategy focuses, in part, on:

- A. Purchasing and logistics
- B. Customers
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- D. All of the above**

Difficulty: Moderate

13. A decision is made that suppliers will be chosen based on quality rather than cost. This is an example of which of the following?

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Difficulty: Hard

16. Which operations objective does the author suggest as the basis for improvement in the other operations objectives?

- A. Cost
- B.** Quality
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- D. Flexibility

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17. Which of the following statements about operations objectives is NOT true?
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Difficulty: Easy

True / False Questions

20. McDonald's distinctive competence has changed over time from continuous improvement of the transformation system and brand to the unique service and supply chain transformation system.

FALSE

Difficulty: Moderate

21. A corporate strategy drives the business strategy, which in turn drives the operations strategy in an organization.

TRUE

Difficulty: Easy

22. The business strategy can be derived from a firm's distinctive competence that is difficult for competitors to copy or imitate.

TRUE

Difficulty: Easy

23. Imitative products have low profit margins and fairly predictable demand.

TRUE

Difficulty: Easy

Essay Questions

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Southwest Airlines

Operations Mission: "The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit." (adopted from southwestairlines.com)

Order Winner: High quality of service provided (fewer customer complaints), Low Price per ticket.

Order qualifier: Safe and comfortable travel

Distinctive Competence: Quick turnaround times, Point-to-Point Operations (No Hub and Spoke concept), Single Fleet of Airplanes (Boeing 737 aircrafts and hence maintenance is easier).

Difficulty: Moderate

25. Describe five focused initiatives with which a company should start its sustainability journey?

- (1) Eliminate air, water, and landfill pollution.
 - (2) Reduce energy consumption.
 - (3) Measure and minimize transportation and total carbon footprint.
 - (4) Work with suppliers to use recyclable and biodegradable packaging.
 - (5) Incorporate product re-use, end-of-life return, and recycling.
- (Refer to Section 2.8 of the text)

Difficulty: Moderate

26. How do the operations strategic decisions differ for a product imitator strategy versus a product innovator strategy?

Superior processes vs. superior products.

Dedicated automation vs. flexible automation.

Slow reaction to changes vs. fast reaction to changes.

Economies of scale vs. economies of scope.

Workforce involvement vs. use of new product development teams.

(Refer to Section 2.4 of the text)

Difficulty: Moderate