

## Chapter 2: Operations and Supply Chain Strategies

### Test Bank

#### Multiple Choice

1. A firm's strategy on how to compete results from decisions made at \_\_\_\_\_.

- A. the corporate level
- B. the functional level
- C. the business level
- D. the divisional level

Ans: C

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Levels of Strategic Planning

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

2. A functional strategy is \_\_\_\_\_.

- A. at a higher level than the department-level strategy
- B. at a lower level than the department-level strategy
- C. the same as the department-level strategy
- D. often referred to as a tactic

Ans: C

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Levels of Strategic Planning

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

3. Corporate strategy is formulated by \_\_\_\_\_.

- A. the organization's top managers
- B. the entire organization
- C. third-party consultants
- D. people in charge of marketing and manufacturing

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Corporate Strategy

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

4. Corporate strategy asks, \_\_\_\_\_?

- A. which industries should we enter
- B. what products should we offer
- C. at what price should we sell these products
- D. in which markets should we advertise

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application

Answer Location: Corporate Strategy

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

5. Among the different strategies, corporate strategy \_\_\_\_\_.

- A. is the broadest in scope
- B. has the shortest time horizon
- C. guides the operations in a given function
- D. is focused on developing core competencies in a strategic business unit

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application

Answer Location: Corporate Strategy

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

6. Corporate strategy guides decisions about \_\_\_\_\_.

- A. what businesses to acquire
- B. how to compete in a business
- C. what products to offer
- D. how to design a given product

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application

Answer Location: Corporate Strategy

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

7. The allocation of resources between different strategic business units of the corporation is guided by \_\_\_\_\_.

- A. corporate strategy

- B. business strategy
- C. departmental strategy
- D. divisional strategy

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Analysis

Answer Location: Corporate Strategy

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

8. The hierarchy of strategies implies that a higher level strategy \_\_\_\_\_.

- A. guides the strategy below it
- B. is guided by the internal environment
- C. guides tactical decisions in different businesses
- D. is responsible for product design

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Analysis

Answer Location: Corporate Strategy

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

9. The SCOR model \_\_\_\_\_.

- A. has 42 key indicators
- B. uses metrics organized in a hierarchical structure
- C. was developed during World War II
- D. was originally used by Henry Ford

Ans: B

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

10. Sustainability in the context of creating environmental value refers to \_\_\_\_\_.

- A. ensuring a steady and long-term stream of revenues
- B. ensuring a steady and long-term stream of profits
- C. ensuring that current operations do not deplete resources now and for the future
- D. ensuring a steady and long-term stream of sales

Ans: C

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

11. A company that creates economic value but exploits the environment and natural resources may \_\_\_\_\_.

- A. run out of raw materials required for its operations
- B. overprice its products
- C. be forced to offer products of poor quality
- D. have high production costs

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

12. Companies that do not include environmental costs into the cost of production \_\_\_\_\_.

- A. have an advantage over those companies that do so
- B. may face serious problems in the long run
- C. are conscientious corporate citizens
- D. are likely to have high production costs

Ans: B

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Analysis

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

13. In 2001, Nike admitted that it used child labor to produce its expensive sportswear products, while paying the children just pennies a day. This is an example of \_\_\_\_\_.

- A. creating economic value in the short run
- B. being a conscientious corporate citizen
- C. being socially responsible
- D. following a sustainable manufacturing practice

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

14. In 2001, Nike admitted that it used child labor to produce its expensive sportswear products while paying the children just pennies a day. In doing so, Nike \_\_\_\_\_.

- A. deprived some children of the opportunity to have a childhood as in developed economies
- B. provided society with opportunities to have a more educated population
- C. created new consumers with the ability to purchase products and services
- D. showed it was being socially responsible

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

15. Multinational companies that contract with factories in countries such as Sudan and Pakistan should ensure that \_\_\_\_\_.

- A. children are not employed in these factories
- B. cost of production is maintained at low levels using whatever means necessary
- C. children do not work more than 70 hr per week
- D. children employed in these factories have appropriate safety equipment

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Analysis

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

16. Social sustainability practices of companies \_\_\_\_\_.

- A. are hard to quantify in terms of costs
- B. are the same across the globe
- C. are usually followed by all companies in different countries
- D. are consistently monitored by local governments

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Analysis

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

17. For those companies that have a single business, \_\_\_\_\_.

- A. there is almost no distinction between a business and a divisional strategy
- B. there is no need for a functional strategy
- C. strategy and tactics are the same

D. there is no need for outsourcing

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Business Unit Strategies

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

18. In a corporation that has many businesses, the corporation needs one \_\_\_\_\_.

A. corporate strategy

B. business strategy

C. functional strategy

D. divisional strategy

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Business Unit Strategies

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

19. Core competencies \_\_\_\_\_.

A. are also known as competitive strengths within a business unit

B. refer to the skills a business needs to acquire

C. are not relevant for a diversified organization

D. can be outsourced

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Business Unit Strategies

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

20. An SBU can achieve synergy by \_\_\_\_\_.

A. aligning its activities with its functional strategy

B. coordinating and integrating its activities with the corporate strategy of the firm

C. developing new core competencies

D. reducing the extent of outsourcing

Ans: B

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application  
Answer Location: Business Unit Strategies  
Difficulty Level: Medium  
TOP: AACSB: Application of knowledge

21. The strategy applied in areas such as marketing, operations, finance, and accounting is known as \_\_\_\_\_.

- A. divisional strategy
- B. synergistic strategy
- C. corporate strategy
- D. functional strategy

Ans: D

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Knowledge  
Answer Location: Functional Strategies  
Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

22. McDonald's decision to offer value meals \_\_\_\_\_.

- A. is a classic example of corporate strategy
- B. captures the essence of business strategy
- C. is an example of a research and development strategy
- D. is part of its marketing strategy

Ans: D

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application  
Answer Location: Functional Strategies  
Difficulty Level: Medium

TOP: AACSB: Application of knowledge

23. A firm's operations strategy \_\_\_\_\_.

- A. guides a firm in using its operational resources effectively to help it achieve a competitive advantage
- B. provides a road map for decisions regarding business acquisitions or divestitures that the firm's operations managers make
- C. is directly influenced by a firm's corporate strategy
- D. directly influences a firm's corporate strategy

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Analysis  
Answer Location: Formulating and Evaluating Operations Strategies  
Difficulty Level: Hard

TOP: AACSB: Analytical thinking

24. Contingency planning \_\_\_\_\_.
- A. is time-consuming and expensive
  - B. should be avoided
  - C. is not essential as it will not be used in most cases
  - D. is not time-consuming

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Risk Management Strategies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

25. Companies today have to compete across multiple attributes for a firm's core competencies, as a consequence of \_\_\_\_\_.
- A. fewer customer expectations
  - B. increasing globalization
  - C. increasing government regulation
  - D. greater employee expectations

Ans: B

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

26. A firm can improve its operational capabilities by \_\_\_\_\_.
- A. leveraging only its own current resources
  - B. leveraging the resources of its supply chain partners
  - C. by focusing only on economic value
  - D. by focusing only on both social and economic value

Ans: B

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

27. The manufacturing mission depends a great deal on \_\_\_\_\_.
- A. product factors
  - B. corporate strategy
  - C. the board of directors



D. government regulations

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Knowledge

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

28. Which of the following terms is incorrectly paired with its description?

A. Plan: recognize an opportunity for a financial investment.

B. Do: test the change by implementing a small-scale pilot study.

C. Check: review/analyze test results and identify lessons learned.

D. Act: take action based on what was learned from the previous step.

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Knowledge

Answer Location: Continuous Service Improvement

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

29. Computers and smartphones have very short product life cycles. This means \_\_\_\_\_.

A. they need to be replaced only at long intervals

B. for these products, new technology is introduced frequently

C. consumers usually buy only one unit in their lifetimes

D. there are few repeat customers for these products

Ans: B

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

30. Customers for a company are \_\_\_\_\_.

A. the people and groups that consume a firm's products or services

B. the people and groups that supply a firm's products or services

C. the people and groups that finance a firm's products or services

D. the people and groups that produce a firm's products or services

Ans: A

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Comprehension

Answer Location: Customers

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

31. Of the many customers a company may have, it is important that a company identifies those customers who \_\_\_\_\_.

- A. pay for its products
- B. advertise its products
- C. are critical for the company's survival
- D. are occasional users of the company's products

Ans: C

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Analysis

Answer Location: Customers

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

32. CSFs \_\_\_\_\_.

- A. refers to critical success factors
- B. are usually outsourced
- C. are regulated by a government agency
- D. do not impact the success of the firm

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Comprehension

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

33. A company's core competencies are \_\_\_\_\_.

- A. also known as competitive priorities
- B. usually outsourced
- C. regulated by the local government
- D. required by the ISO

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

34. Which of the following terms is correctly paired with its description?

- A. Critical success factors (CSFs): strategic factors that a company requires to compete in a given industry.
- B. Core competencies: factors that identify the firm as belonging to an industry.
- C. Business strategy: strategy that governs mergers and acquisitions.
- D. Corporate strategy: strategy that governs day-to-day operations.

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Analysis

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

35. A firm can produce at a lower cost than its competitors by \_\_\_\_\_.

- A. achieving economies of scale
- B. increasing the cost of raw materials and labor
- C. using cheap raw materials and inputs
- D. cutting corners in production

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Price

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

36. Product development cycle time is \_\_\_\_\_.

- A. the time it takes to conceptualize, produce, and deliver a product or service
- B. the time it takes to receive supplies from the time these are ordered
- C. the time it takes to deliver a product or service
- D. the time it takes to manufacture a product or service

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Application

Answer Location: Core Competencies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

37. Getting the products in the hands of the customer by the promised delivery date is the responsibility of \_\_\_\_\_.

- A. the manufacturing firm and the firm's supply chain partners
- B. the firm only
- C. the firm's supply chain partners only
- D. the retailer

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Application

Answer Location: Core Competencies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

38. ERP stands for \_\_\_\_\_.

- A. enterprise resource planning
- B. emergency research planning
- C. enterprise resource and production
- D. emergency resource planning

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Core Competencies

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

39. Product innovation is the development and introduction of a brand-new product or service or the improvement of an existing product or service achieved through \_\_\_\_\_.

- A. design changes
- B. increase in time to manufacture
- C. increase in time to order supplies
- D. increase in time to inspect quality

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Core Competencies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

40. Process innovation \_\_\_\_\_.

- A. is the development and introduction of a brand-new product or service through changes in product design
- B. is the development and introduction of a brand-new product or service through changes in materials and components used in the product
- C. refers to the way materials are ordered and delivered to a company
- D. refers to the changes in the way in which product is produced or a service is delivered within the firm or across a supply chain.

Ans: D

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Core Competencies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

41. eBay's transformation of e-commerce and online auctions and Amazon enabling the purchase of books online are examples of \_\_\_\_\_.

- A. product innovation
- B. process innovation
- C. innovation in materials
- D. innovation in equipment manufacture

Ans: B

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Core Competencies

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

42. In the context of operations management, *flexibility* can refer to \_\_\_\_\_.

- A. a firm's ability to produce a range of different products and services
- B. a firm's ability to remain unwavering in its commitment to business strategy
- C. a firm's ability to remain unwavering in its commitment to functional strategy
- D. a firm's ability to remain unwavering in its commitment to corporate strategy

Ans: C

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Comprehension

Answer Location: Core Competencies

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

43. Which of the following statements correctly pairs the term with its description?

- A. Order winner: competitive criterion that must be present in a product for it to be a viable competitor in the marketplace.
- B. Order qualifier: competitive criterion of a product that causes a customer to choose it instead of a competitor's product.
- C. Order winner: competitive criterion of a product that causes a customer to choose it instead of a competitor's product.

D. Order winner: competitive criterion of a product that causes a customer to reject it instead of a competitor's product.

Ans: C

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Flexibility

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

44. In the automobile industry during the late 1980s and early 1990s, the order-winning quality criterion was \_\_\_\_\_.

A. quality

B. cost

C. volume

D. materials used

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

45. Maintaining the appropriate fit among the four critical elements--customers, product factors, operational CSFs or capabilities, and core competencies--is \_\_\_\_\_.

A. part of developing and refining an operations strategy

B. a temporary process

C. an annual event

D. the function of corporate strategy

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

46. If a firm's products are no longer properly aligned with changing market trends, the firm can \_\_\_\_\_.

A. sell its products to customers in another market who do value its products

B. make new investments to upgrade its manufacturing facilities

C. acquire new suppliers

D. reorganize its product distribution processes

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Maintaining the Fit Among Critical Elements

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

47. Strategic structural decisions are \_\_\_\_\_.

A. long-term decisions about a firm's capacity and facilities

B. short-term decisions about a firm's processes and technology

C. long-term decisions about a firm's processes and technology

D. short-term decisions about product design

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Comprehension

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

48. Infrastructural decisions include decisions about \_\_\_\_\_.

A. the kind of products to offer

B. materials management and control

C. the markets in which to offer products

D. product design

Ans: B

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Comprehension

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

49. The question *What production planning procedures and decision rules should be in place?* addresses \_\_\_\_\_.

A. process innovation

B. sales and operations planning

C. control systems

D. product innovation

Ans: B

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Table 2.2: Infrastructural Decisions in Operations Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

50. What makes one company superior to another is the extent to which \_\_\_\_\_.

- A. the company's operations are guided by the firm's infrastructure
- B. there is a match between the company's infrastructural and structural decisions and its core competencies
- C. the choice of products the firm will manufacture is determined by its capacity to manufacture these products
- D. the choice of markets the firm will serve is determined by its capacity to manufacture products for these markets

Ans: B

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

51. The performance of an operations strategy is judged by how well \_\_\_\_\_.

- A. it supports the firm's corporate and business strategies
- B. it supports the firm's corporate tactics
- C. it influences business strategy
- D. it influences corporate strategy

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

52. The strategic profit model (SPM) \_\_\_\_\_.

- A. is also known as the Monsanto Model
- B. provides a visual representation of an organization's financial performance
- C. analyzes the firm's operations
- D. guides the firm's corporate strategy

Ans: B



KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Strategic Profit Model (SPM)

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

53. According to the SPM, \_\_\_\_\_.

A. every task performed in every area of a firm has an impact on the firm's bottom line

B. every task performed in every area of a firm has an impact on the firm's product quality

C. every task performed in every area of a firm has an impact on the firm's production capability

D. every task performed in every area of a firm has an impact on the morale of the firm's employees

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Strategic Profit Model (SPM)

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

54. The drawback of the SPM is \_\_\_\_\_.

A. it is difficult to use

B. it considers only operational measures

C. nonfinancial measures are not factored into the model

D. it requires 5–10 years of historical data

Ans: C

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Balanced Scorecard

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

55. The balanced scorecard \_\_\_\_\_.

A. is focused only on financial measures

B. is useful only for manufacturing organizations

C. is used by profit, nonprofit, and governmental organizations worldwide

D. was very popular in the 1940s

Ans: C

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Balanced Scorecard

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

56. The balanced scorecard \_\_\_\_\_.

- A. provides a framework of performance measurements
- B. guides planners on different sources of financing
- C. guides planners on product design
- D. is very useful for identifying new markets

Ans: C

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Balanced Scorecard

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

57. Which of the following options presents the right sequence of activities in developing a strategic plan for services?

- A. First, identify the target market for the firm's services; second, determine the firm's core competency; third, define its mission and its high-level corporate goals and objectives.
- B. First, determine the firm's core competency; second, identify the target market for the firm's services; third, define its mission and its high-level corporate goals and objectives.
- C. First, define its mission and its high-level corporate goals and objectives; second, determine the firm's core competency; third, identify the target market for the firm's services.
- D. First, determine the firm's core competency; second, define its mission and its high-level corporate goals and objectives; third, identify the target market for the firm's service.

Ans: A

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: Figure 2.6: Strategic Framework for Service Operations

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

58. PDCA stands for \_\_\_\_\_.

- A. Product Development Cycle Analysis
- B. Plan, Do, Check, Act
- C. Plan, Do, Check, Analyze
- D. Please, Do, Check, Answer

Ans: B

KEY: Learning Objective: 2.3: Contrast the formulation and evaluation of operating strategies for service organizations with those for manufacturing organizations.

REF: Cognitive Domain: Knowledge

Answer Location: Continuous Service Improvement

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

59. Productivity is measured by \_\_\_\_\_.

- A. the ratio of goods and services produced to inputs
- B. the product of goods produced and inputs used
- C. the ratio of inputs to goods and services produced
- D. the addition of goods and services produced and inputs

Ans: A

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: Measuring Productivity as Part of Strategic Planning

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

60. Productivity measures include \_\_\_\_\_.

- A. inventory turnover ratios
- B. multifactor productivity measures
- C. acid test ratio
- D. earnings before interest and tax

Ans: B

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Comprehension

Answer Location: Measuring Productivity as Part of Strategic Planning

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

61. If we use 2,000 labor hours to produce 400 units of a product, then \_\_\_\_\_.

- A. using the multifactor productivity measure, we get 5 units per labor hour
- B. using the single-factor productivity measure, we get 5 units per labor hour
- C. using the multifactor productivity measure, we get 1 unit per 5 labor hours
- D. using the single-factor productivity measure, we get 1 unit per 5 labor hours

Ans: D

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Analysis

Answer Location: Measuring Productivity as Part of Strategic Planning

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

62. When calculating multifactor productivity, we need to use \_\_\_\_\_.

- A. a homogenous unit of measurement

- B. a heterogeneous unit of measurement
- C. a statistical unit of measurement
- D. a multivariate unit of measurement

Ans: A

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: Types of Productivity Measures and Their Uses

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

63. Dual sourcing refers to contracting with multiple supply sources \_\_\_\_\_.

- A. as a hedge against price decreases by a supplier
- B. as a buffer against disruptions in the supply chain
- C. as a way to quickly expand production capacity
- D. as a way to give an equal opportunity to different suppliers

Ans: B

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Risk Management Strategies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

64. The productivity index is the ratio of \_\_\_\_\_.

- A. productivity measured in a particular time period to the productivity measured in a base period
- B. productivity measured in a particular firm to the productivity measured for firms in that industry
- C. productivity measured in a particular country to the productivity measured for firms in other countries
- D. productivity measured in one part of the supply chain to the productivity measured in other parts of the supply chain

Ans: A

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: Table 2.3: Examples of Various Types of Productivity Measures

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

65. Benchmarking identifies \_\_\_\_\_.

- A. the best practices used by other firms
- B. governmental standards that a company must meet

- C. international standards that a company must meet
- D. industry standards that a company must meet

Ans: A

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: Steps to Improving Productivity

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

66. Productivity is harder to measure in the service sector because \_\_\_\_\_.

- A. inputs are difficult to assess
- B. the unit of measurement is not heterogeneous
- C. statistical samples are hard to obtain
- D. there are no government standards

Ans: A

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: Measuring Productivity in the Service Sector

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

67. Supply chain management activities \_\_\_\_\_.

- A. refer to the coordination of activities across multiple firms
- B. refer to the application of government standards
- C. refer to the application of industry standards
- D. refer to the application of international standards

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Application

Answer Location: Strategies for Supply Chains

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

68. One way a firm can structure its supply chains is \_\_\_\_\_.

- A. to outsource component manufacturing to third-party contractors
- B. to exit the industry
- C. to divest the supply chain part of its business
- D. to follow international protocols

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Application

Answer Location: Strategies for Supply Chains

Difficulty Level: Easy

TOP: AACSB: Application of knowledge

69. To ensure a good fit between the firm's supply chain strategy and the firm's overall corporate strategy, the firm needs to \_\_\_\_\_.

- A. know their customers and the uncertainties associated with their supply chains
- B. know the rules of international trade
- C. ensure compliance with ISO regulations
- D. ensure compliance with local government regulations

Ans: A

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application

Answer Location: Formulating Supply Chain Strategies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

70. Key performance indicators to monitor how well a firm's supply chain is working include \_\_\_\_\_.

- A. inventory turns
- B. return on investment
- C. return on assets
- D. earnings before interest, taxes, and depreciation

Ans: A

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

71. Which of the following correctly pairs the short form with its full form?

- A. DPMO: defectives per million opportunities
- B. SCOR: supply chain operations reference
- C. PDCA: prepare–direct–consolidate–act
- D. SPM: structured process management

Ans: B

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Knowledge

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

72. Offshoring of manufacturing to countries such as Brazil and Vietnam has been encouraged by \_\_\_\_\_.

- A. the need for sustainable manufacturing practices
- B. the higher transportation costs
- C. need for lower manufacturing costs
- D. the longer shipping times

Ans: C

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Integrating Operations and Supply Chain Strategies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

73. Companies successful in integrating their operations and supply chains globally possess which of the following capabilities?

- A. supply chain adaptability
- B. ability to divest a business
- C. ability to follow the dictates of corporate strategy
- D. strict adherence to ISO requirements

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Integrating Operations and Supply Chain Strategies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

74. In 2011, an earthquake and subsequent tsunami shut down the Fukushima Dai-ichi nuclear power plant in Fukushima, Japan, for months. This is an example of \_\_\_\_\_.

- A. an unforeseen event that can disrupt operational and supply chain activities
- B. the success of contingency planning
- C. the quick response by the Japanese government in rescue operations
- D. the need for ISO intervention

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Risk Management Strategies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

75. A firm's operations should have a risk management program that can anticipate \_\_\_\_\_.

- A. uncontrollable events

- B. the need to divest the business
- C. how employees can be redeployed from a business in distress
- D. the need to redeploy its resources

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Risk Management Strategies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

76. The balanced scorecard \_\_\_\_\_.

- A. was introduced by the ISO
- B. was popular in the 1970s
- C. can be used to improve the firm's internal communications
- D. is required by the U.S. government

Ans: C

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Balanced Scorecard

Difficulty Level: Easy

TOP: AACSB: Analytical thinking

77. Corporate strategy is a strategy that \_\_\_\_\_.

- A. attempts to address the fundamental question of what industries and markets the organization should enter and compete in
- B. attempts to address the fundamental question of how a company can compete in a particular industry
- C. attempts to address the fundamental question of how to position a company in a given market
- D. attempts to address the fundamental question of what advertising strategy to follow

Ans: A

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Corporate Strategy

Difficulty Level: Easy

TOP: AACSB: Analytical thinking

78. Business strategy is a strategy that \_\_\_\_\_.

- A. attempts to address the fundamental question of what industries and markets in which the organization should enter and compete



B. attempts to address the fundamental question of how a company can compete in a particular industry

C. attempts to address the fundamental question of how to improve the company's operations

D. attempts to address the fundamental question of what advertising strategy to follow

Ans: B

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Business Unit Strategies

Difficulty Level: Easy

TOP: AACSB: Analytical thinking

79. Functional strategy is a strategy that \_\_\_\_\_.

A. attempts to address the fundamental question of what industries and markets the organization should enter and compete in

B. attempts to address the fundamental question of how a company can compete in a particular industry

C. attempts to address the fundamental question of how to manage a particular function

D. attempts to address the fundamental question of what advertising strategy to follow

Ans: C

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Functional Strategies

Difficulty Level: Easy

TOP: AACSB: Analytical thinking

80. An order loser is \_\_\_\_\_.

A. a company salesman who fails to procure an order for the company's products

B. a qualifying criterion a firm fails to meet

C. an administrative person who lost an order received by the company

D. an accounting practice the company failed to follow

Ans: B

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Analysis

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Easy

TOP: AACSB: Analytical thinking

**True/False**

1. One of the performance objectives included in the “triple bottom line” is the philosophical value the company creates.

Ans: F

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Comprehension

Answer Location: Corporate Strategy

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

2. U.S. companies are ahead of companies in Europe with regard to sustainable supply chains.

Ans: F

r Describe what companies are doing to incorporate sustainability into their supply chain strategy and the problems they face in doing so.

REF: Cognitive Domain: Application

Answer Location: Sustainability Issues

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

3. The carbon footprint of a supply chain does not refer to the use of energy-efficient lighting.

Ans: F

KEY: Learning Objective: 2.7: Describe what companies are doing to incorporate sustainability into their supply chain strategy and the problems they face in doing so.

REF: Cognitive Domain: Application

Answer Location: Sustainability Issues

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

4. A functional strategy is more broad and abstract when compared to higher level strategies.

Ans: F

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application

Answer Location: Functional Strategies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

5. Until recently, operations managers had little input into a company’s corporate strategy.

Ans: T

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Knowledge

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

6. Once made, structural decisions can be easily modified.

Ans: F

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Comprehension

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

TOP: AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

7. Readily available resources is one of the critical elements of an operations strategy.

Ans: F

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Knowledge

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

8. Innovation may not be of particularly great importance for mature products when we consider innovation for products in the context of the product life cycle.

Ans: T

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Application

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

9. The ultimate goal of operations and supply chain strategies is to produce and deliver products or services that delight customers.

Ans: T

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Analysis

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

10. A company's ability to innovate is likely to be its core competency.

Ans: T

KEY: Learning Objective: 2.2: Describe how to formulate and evaluate operations strategy.

REF: Cognitive Domain: Analysis

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

11. Empathy is a common characteristic of product quality.

Ans: F

KEY: Learning Objective: 2.3: Contrast the formulation and evaluation of operating strategies for service organizations with those for manufacturing organizations.

REF: Cognitive Domain: Application

Answer Location: Core Competencies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

12. The mileage a Honda Civic car gets is important to its target market.

Ans: T

KEY: Learning Objective: 2.3: Contrast the formulation and evaluation of operating strategies for service organizations with those for manufacturing organizations.

REF: Cognitive Domain: Application

Answer Location: Core Competencies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

13. The time (or duration) for which a customer uses the product is an important core competency for a company.

Ans: F

KEY: Learning Objective: 2.3: Contrast the formulation and evaluation of operating strategies for service organizations with those for manufacturing organizations.

REF: Cognitive Domain: Analysis

Answer Location: Core Competencies

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

14. Finding new ways of advertising is an example of an innovation in operations management to gain a competitive edge.

Ans: F

KEY: Learning Objective: 2.6: Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

REF: Cognitive Domain: Application

Answer Location: Core Competencies

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

15. Order winners are more important to a firm than order qualifiers.

Ans: F

KEY: Learning Objective: 2.1: Compare the different levels of strategic planning by identifying the performance measures in each.

REF: Cognitive Domain: Application

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

16. Service operations encompasses all activities and processes required for implementing the service.

Ans: T

KEY: Learning Objective: 2.4: Compare the different types of productivity measurements by how they are strategically used.

REF: Cognitive Domain: Application

Answer Location: The Service Operations System

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

17. "If we have multiple businesses, how do we efficiently allocate resources among them?"--is a question which is intended to be answered by service operations strategy.

Ans: F

KEY: Learning Objective: 2.3: Contrast the formulation and evaluation of operating strategies for service organizations with those for manufacturing organizations.

REF: Cognitive Domain: Application

Answer Location: The Service Delivery System

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

18. "Design: the product's features and attributes" is one of the processes in the SCOR model.

Ans: F

KEY: Learning Objective: 2.5: Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

REF: Cognitive Domain: Application

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Medium

TOP: AACSB: Application of knowledge