Chapter 01

Operations and Supply Chain Management

**True / False Questions**

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| 1. | Efficiency means doing the right things to create the most value for the company.    True    False |

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| 2. | Effectiveness means doing the right things to create the most value for the company.    True    False |

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| 3. | A doctor completes a surgical procedure on a patient without error. The patient dies anyway. In operations management terms, we could refer to this doctor as being efficient but not effective.    True    False |

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| 4. | A worker can be efficient without being effective.    True    False |

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| 5. | A process can be effective without being efficient.    True    False |

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| 6. | Operations and supply chain management is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services.    True    False |

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| 7. | The term "value" refers to the relationship between quality and the price paid by the consumer.    True    False |

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| 8. | Attempting to balance the desire to efficiently use resources while providing a highly effective service may create conflict between the two goals.    True    False |

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| 9. | Central to the concept of operations strategy are the notions of operations focus and trade-offs.    True    False |

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| 10. | OSCM is concerned with management of the trickiest parts of the system that produces a good or delivers a service.    True    False |

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| 11. | OSCM is a functional field of business with clear line management responsibilities.    True    False |

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| 12. | The supply network as can be thought of as a pipeline through which cash, material and information flows.    True    False |

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| 13. | Supply networks cannot be constructed for every product or service.    True    False |

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| 14. | "Operations" refers to manufacturing and service processes used to transform resources employed by a firm into products desired by customers.    True    False |

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| 15. | "Supply Chain" refers to processes that move information and material to and from the manufacturing and service processes of the firm.    True    False |

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| 16. | "Supply Chain" includes only inbound freight and inventory.    True    False |

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| 17. | It is critical that a sustainable strategy meet the needs of shareholders and employees. It is also highly desirable that it preserves the environment.    True    False |

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| 18. | Planning is where a firm must determine how anticipated demand will be met with available resources.    True    False |

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| 19. | Although planning involves determining how the various supply chain processes (sourcing, making, delivering, and returning) will be met, planning itself is not considered a supply chain process.    True    False |

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| 20. | The supply chain processes mentioned in the textbook are: planning, sourcing, delivering, and returning.    True    False |

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| 21. | All managers should understand the basic principles that guide the design of transformation processes.    True    False |

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| 22. | Operations and supply management changes constantly because of the dynamic nature of competing in global business and the constant evolution of information technology.    True    False |

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| 23. | Internet technology has made the sharing of reliable real-time information expensive.    True    False |

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| 24. | Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has had little impact on Operations and Supply Chain Management.    True    False |

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| 25. | Use of systems like point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has made it more difficult to understand what all the information is saying.    True    False |

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| 26. | Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, and delivering.    True    False |

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| 27. | A major aspect of planning involves developing a set of metrics to monitor the supply chain.    True    False |

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| 28. | Returning involves processes for receiving worn-out, defective, and excess products back from customers but does not involve support for customers who have problems with the product.    True    False |

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| 29. | Delivering is not considered in supply chain analysis when outside carriers are contracted to move products to customers.    True    False |

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| 30. | Services are intangible processes that cannot be weighed or measured.    True    False |

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| 31. | Service innovations can be patented.    True    False |

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| 32. | Services are homogeneous.    True    False |

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| 33. | Services are defined and evaluated as a package of features that affect the five senses.    True    False |

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| 34. | Automobiles and appliances are classified as "pure goods."    True    False |

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| 35. | Core service providers integrate tangible goods into their product.    True    False |

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| 36. | "Product-service bundling" refers to a company building service activities into its product offerings for its customers.    True    False |

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| 37. | In contrast to careers in finance and marketing, careers in OSCM involve hands-on involvement with people and processes.    True    False |

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| 38. | A bank branch manager position is not an OSCM-type of job.    True    False |

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| 39. | A supply chain manager is an OSCM job while a purchasing manager is not.    True    False |

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| 40. | Just in time (JIT) production was a major breakthrough in manufacturing philosophy pioneered by the Japanese.    True    False |

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| 41. | Lean manufacturing refers to just in time production coupled with total quality control.    True    False |

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| 42. | The Baldrige National Quality Award was started under the direction of the National Institute of Standards and Technology.    True    False |

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| 43. | The approach that advocates making revolutionary changes as opposed to evolutionary changes is called creation theory.    True    False |

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| 44. | The approach that advocates making revolutionary changes as opposed to evolutionary changes is called "business process reengineering."    True    False |

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| 45. | Business process reengineering, which seeks revolutionary change, is contrasted with total quality management which commonly advocates incremental change.    True    False |

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| 46. | The "triple bottom line" relates to the economic, employee, and environmental impact of a firm's strategy.    True    False |

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| 47. | Sustainability is the ability to maintain profits in a system.    True    False |

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| 48. | Raising senior management awareness of OSCM as a competitive weapon is not an important issue.    True    False |

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| 49. | "Green belt" programs are coordinated public works projects aimed a placing an environmentally friendly zone around major cities.    True    False |

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| 50. | Green and black belt programs teach six-sigma quality tools to managers at many corporations.    True    False |

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| 51. | The central idea of supply chain management is to apply a total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer.    True    False |

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| 52. | The term "electronic commerce" refers to the buying and selling of electronic products and devices.    True    False |

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| 53. | The term "electronic commerce" refers to the use of the internet as an essential element of business activity.    True    False |

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| 54. | SSME is an acronym standing for "Service Sector Management Economics."    True    False |

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| 55. | Science Management and Engineering aims to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations.    True    False |

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| 56. | "Business Analytics" involves the analysis of data through a unique combination of linear programming, game theory and queuing theory to better solve business problems.    True    False |

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| 57. | The mathematical results of Business Analytics are used to automate decision-making and eliminate the decision maker.    True    False |

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| 58. | Operations and supply chain strategy are not important issues to investors who tend to focus on growth, dividends and earnings per share.    True    False |

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| 59. | Investors pay close attention to efficiency and productivity measures like net income per employee because they are interested in how well the firm manages its workforce relations.    True    False |

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| 60. | During a recession, efficient firms often have an opportunity to increase market share while maintaining profitability.    True    False |

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| 61. | Wall Street analysts are not particularly concerned with how efficient companies are from an operations and supply management view.    True    False |

**Multiple Choice Questions**

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| 62. | One reason for studying operations and supply chain management (OSCM) is which of the following?      |  |  | | --- | --- | | A. | OSCM is essential for understanding organizational behavior |  |  |  | | --- | --- | | B. | Most business graduates do OSCM work regardless of their job title |  |  |  | | --- | --- | | C. | All managers should understand the basic principles that guide the design of transformation processes. |  |  |  | | --- | --- | | D. | OSCM is a required course in all business degree programs |  |  |  | | --- | --- | | E. | OSCM is the most rigorous business discipline | |

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| 63. | The Goods-Services Continuum consists of which set of the following categories?      |  |  | | --- | --- | | A. | No goods, some goods, even mix, some service, no service |  |  |  | | --- | --- | | B. | Pure goods, core goods, core services, pure services |  |  |  | | --- | --- | | C. | No service, some service, good service, excellent service |  |  |  | | --- | --- | | D. | Self-service, help desk service, face-to-face service, service-with-a-simle |  |  |  | | --- | --- | | E. | None of the above | |

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| 64. | Which of the following are defined as core goods?      |  |  | | --- | --- | | A. | Chemicals |  |  |  | | --- | --- | | B. | Airlines |  |  |  | | --- | --- | | C. | Data storage systems |  |  |  | | --- | --- | | D. | Hotels |  |  |  | | --- | --- | | E. | None of the above | |

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| 65. | Current issues in OSCM do not include:      |  |  | | --- | --- | | A. | Coordinating relationships between organizations. |  |  |  | | --- | --- | | B. | Making senior management aware that OSCM can be a competitive weapon. |  |  |  | | --- | --- | | C. | The triple bottom line. |  |  |  | | --- | --- | | D. | Managing customer touch points. |  |  |  | | --- | --- | | E. | Increasing global supply chain employment. | |

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| 66. | Which of the following are not listed in the text as jobs in OSCM?      |  |  | | --- | --- | | A. | Department store manager |  |  |  | | --- | --- | | B. | Project manager |  |  |  | | --- | --- | | C. | Hospital administrator |  |  |  | | --- | --- | | D. | Data Center manager |  |  |  | | --- | --- | | E. | Call center manager | |

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| 67. | Which of the following is not a characteristic that distinguishes services from goods?      |  |  | | --- | --- | | A. | Service jobs are unskilled. |  |  |  | | --- | --- | | B. | A service is intangible. |  |  |  | | --- | --- | | C. | Services are perishable |  |  |  | | --- | --- | | D. | Services are heterogeneous |  |  |  | | --- | --- | | E. | None of the above | |

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| 68. | Which of the following is not a way that operations and supply processes are categorized?      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Return |  |  |  | | --- | --- | | C. | Delivery |  |  |  | | --- | --- | | D. | Selecting |  |  |  | | --- | --- | | E. | Making | |

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| 69. | One of the "package of features" that make up a service is:      |  |  | | --- | --- | | A. | Appearance |  |  |  | | --- | --- | | B. | Facilitating goods |  |  |  | | --- | --- | | C. | Packaging |  |  |  | | --- | --- | | D. | Cost |  |  |  | | --- | --- | | E. | Implied use | |

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| 70. | Which of the following is not a measure of operations and supply chain management efficiency used by Wall Street?      |  |  | | --- | --- | | A. | Inventory turnover |  |  |  | | --- | --- | | B. | Revenue per employee |  |  |  | | --- | --- | | C. | Receivable turnover |  |  |  | | --- | --- | | D. | Earnings per share |  |  |  | | --- | --- | | E. | Asset turnover | |

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| 71. | Which of the following is a measure of operations and supply management efficiency used by Wall Street?      |  |  | | --- | --- | | A. | Dividend payout ratio |  |  |  | | --- | --- | | B. | Current ratio |  |  |  | | --- | --- | | C. | Receivable turnover |  |  |  | | --- | --- | | D. | Earnings per share growth |  |  |  | | --- | --- | | E. | Financial leverage | |

**Fill in the Blank Questions**

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| 72. | The ability to maintain balance in a system is referred to as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 73. | Processes that are used to transform resources into products are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 74. | What are the five categories of supply chain processes?  1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 75. | Doing something at the lowest possible cost is called: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 76. | Value is the ratio of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 77. | A pipeline through which material and information flows is a conception of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 78. | List five OSCM job titles.  1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 79. | What are four current issues in operations and supply management that are discussed in the textbook?  1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 80. | What is a total systems approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer called? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 81. | What is a major industry and university program aiming to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations called? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 82. | The use of the internet as an essential element of business activity is called what? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 83. | Name five common measures of operations and supply management efficiency used by Wall Street.  1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Essay Questions**

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| 84. | Discuss the role of efficiency and effectiveness in the creation of value. |

Chapter 01 Operations and Supply Chain Management Answer Key

**True / False Questions**

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| 1. *(p. 10)* | Efficiency means doing the right things to create the most value for the company.    **FALSE**  Efficiency means doing something at the lowest possible cost. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 2. *(p. 10)* | Effectiveness means doing the right things to create the most value for the company.    **TRUE**  Effectiveness means doing the right things to create the most value for the company. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 3. *(p. 10)* | A doctor completes a surgical procedure on a patient without error. The patient dies anyway. In operations management terms, we could refer to this doctor as being efficient but not effective.    **TRUE**  Efficiency means doing something at the lowest possible cost. Effectiveness means doing the right things to create the most value. The doctor performed the surgery without error. Because the patient died, no value was created. |

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| *AACSB: Analytic Blooms: Analyze Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 4. *(p. 11)* | A worker can be efficient without being effective.    **TRUE**  Efficiency means doing something at the lowest possible cost. Effectiveness means doing the right things to create the most value. These are different things. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 5. *(p. 11)* | A process can be effective without being efficient.    **TRUE**  Often, maximizing effectiveness and efficiency at the same time creates conflict between the two goals. "Being efficient" at the customer service counter at a local store or bank means using the smallest number of clerks possible at the counter. Being effective, though, means minimizing the amount of time customers need to wait in line. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 6. *(p. 4)* | Operations and supply chain management is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services.    **TRUE**  Operations and supply chain management is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 7. *(p. 11)* | The term "value" refers to the relationship between quality and the price paid by the consumer.    **TRUE**  Related to efficiency and effectiveness is the concept of value, which can be metaphorically defined as quality divided by price. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 8. *(p. 10)* | Attempting to balance the desire to efficiently use resources while providing a highly effective service may create conflict between the two goals.    **TRUE**  Often maximizing effectiveness and efficiency at the same time creates conflict between the two goals. |

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| *AACSB: Analytic Blooms: Analyze Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 9. *(p. 18)* | Central to the concept of operations strategy are the notions of operations focus and trade-offs.    **TRUE**  Central to their thinking was the notion of factory focus and manufacturing trade-offs. Because a factory cannot excel on all performance measures, its management must devise a focused strategy, (to perform) a limited set of tasks extremely well. This requires trade-offs. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 10. *(p. 4)* | OSCM is concerned with management of the trickiest parts of the system that produces a good or delivers a service.    **FALSE**  OSCM is concerned with the management of the entire system that produces a good or delivers a service. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 11. *(p. 4)* | OSCM is a functional field of business with clear line management responsibilities.    **TRUE**  OSCM is a functional field of business with clear line management responsibilities. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 12. *(p. 6)* | The supply network as can be thought of as a pipeline through which cash, material and information flows.    **FALSE**  Think of the supply network as a pipeline through which material and information flows. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 13. *(p. 6)* | Supply networks cannot be constructed for every product or service.    **FALSE**  Networks such as this can be constructed for any product or service. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 14. *(p. 6)* | "Operations" refers to manufacturing and service processes used to transform resources employed by a firm into products desired by customers.    **TRUE**  Operations refers to manufacturing, service, and health care processes that are used to transform the resources employed by a firm into products desired by customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 15. *(p. 7)* | "Supply Chain" refers to processes that move information and material to and from the manufacturing and service processes of the firm.    **TRUE**  Supply chain refers to processes that move information and material to and from the manufacturing and service processes of the firm. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 16. *(p. 7)* | "Supply Chain" includes only inbound freight and inventory.    **FALSE**  Supply chain refers to processes that move information and material to and from the manufacturing and service processes of the firm. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 17. *(p. 6)* | It is critical that a sustainable strategy meet the needs of shareholders and employees. It is also highly desirable that it preserves the environment.    **FALSE**  A sustainable strategy that meets the needs of shareholders and employees while preserving the environment is critical. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 18. *(p. 7)* | Planning is where a firm must determine how anticipated demand will be met with available resources.    **TRUE**  Planning consists of the processes needed to operate an existing supply chain strategically. Here a firm must determine how anticipated demand will be met with available resources. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 19. *(p. 7)* | Although planning involves determining how the various supply chain processes (sourcing, making, delivering, and returning) will be met, planning itself is not considered a supply chain process.    **FALSE**  Operations and supply chain processes can be conveniently categorized…as planning, sourcing, making, delivering, and returning. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 20. *(p. 7)* | The supply chain processes mentioned in the textbook are: planning, sourcing, delivering, and returning.    **FALSE**  Operations and supply chain processes can be conveniently categorized…as planning, sourcing, making, delivering, and returning. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 21. *(p. 7)* | All managers should understand the basic principles that guide the design of transformation processes.    **TRUE**  All managers should understand the basic principles that guide the design of transformation processes. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 22. *(p. 7)* | Operations and supply management changes constantly because of the dynamic nature of competing in global business and the constant evolution of information technology.    **TRUE**  The field of operations and supply management is ever changing due to the dynamic nature of competing in global business and the constant evolution of information technology. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: What is Operations and Supply Chain Management?* |

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| 23. *(p. 7)* | Internet technology has made the sharing of reliable real-time information expensive.    **FALSE**  Internet technology has made the sharing of reliable real-time information inexpensive. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: What is Operations and Supply Chain Management?* |

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| 24. *(p. 7)* | Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has had little impact on Operations and Supply Chain Management.    **FALSE**  Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has shifted the focus to understanding both what all the information is saying and also how good are the decisions that can be made using it. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: What is Operations and Supply Chain Management?* |

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| 25. *(p. 7)* | Use of systems like point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has made it more difficult to understand what all the information is saying.    **FALSE**  Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has shifted the focus to understanding both what all the information is saying and also how good are the decisions that can be made using it. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: What is Operations and Supply Chain Management?* |

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| 26. *(p. 7)* | Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, and delivering.    **FALSE**  Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, delivering, and returning. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 27. *(p. 7)* | A major aspect of planning involves developing a set of metrics to monitor the supply chain.    **TRUE**  A major aspect of planning is developing a set of metrics to monitor the supply chain so that it is efficient and delivers high quality and value to customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 28. *(p. 8)* | Returning involves processes for receiving worn-out, defective, and excess products back from customers but does not involve support for customers who have problems with the product.    **FALSE**  Returning involves the processes for receiving worn-out, defective, and excess products back from customers and support for customers who have problems with delivered products. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 29. *(p. 8)* | Delivering is not considered in supply chain analysis when outside carriers are contracted to move products to customers.    **FALSE**  Delivering is also referred to as logistics processes. Carriers are picked to move products to warehouses and customers, coordinate and schedule the movement of goods and information through the supply network, develop and operate a network of warehouses, and run the information systems that manage the receipt of orders from customers, and invoicing systems to collect payments from customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 30. *(p. 8)* | Services are intangible processes that cannot be weighed or measured.    **TRUE**  There are five essential differences between services and goods. The first is that a service is an intangible process that cannot be weighed or measured, whereas a good is a tangible output of a process that has physical dimensions. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 31. *(p. 8)* | Service innovations can be patented.    **FALSE**  A service innovation, unlike a product innovation, cannot be patented. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 32. *(p. 9)* | Services are homogeneous.    **FALSE**  The third is that services are inherently heterogeneous |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 33. *(p. 9)* | Services are defined and evaluated as a package of features that affect the five senses.    **TRUE**  The specifications of a service are defined and evaluated as a package of features that affect the five senses. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 34. *(p. 9)* | Automobiles and appliances are classified as "pure goods."    **FALSE**  In exhibit 1.4 automobiles and appliances are classified as "core goods." |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 35. *(p. 10)* | Core service providers integrate tangible goods into their product.    **TRUE**  Core service providers must integrate tangible goods. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 36. *(p. 10)* | "Product-service bundling" refers to a company building service activities into its product offerings for its customers.    **TRUE**  Product-service bundling refers to a company building service activities into its product offerings for its customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 37. *(p. 16)* | In contrast to careers in finance and marketing, careers in OSCM involve hands-on involvement with people and processes.    **TRUE**  OSCM jobs are hands-on, working with people and figuring out the best way to do things. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Identify operations and supply chain management career opportunities. Topic: Careers in Operations and Supply Chain Management* |

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| 38. *(p. 16)* | A bank branch manager position is not an OSCM-type of job.    **FALSE**  Listed as an OSCM job: Branch manager (bank). Oversees all aspects of financial transactions at a branch. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-04 Identify operations and supply chain management career opportunities. Topic: Careers in Operations and Supply Chain Management* |

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| 39. *(p. 16)* | A supply chain manager is an OSCM job while a purchasing manager is not.    **FALSE**  Both supply chain manager and purchasing manager are listed as typical management and staff jobs in operations and supply chain management. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-04 Identify operations and supply chain management career opportunities. Topic: Careers in Operations and Supply Chain Management* |

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| 40. *(p. 17; Figure 1-7 & page-18)* | Just in time (JIT) production was a major breakthrough in manufacturing philosophy pioneered by the Japanese.    **TRUE**  JIT was pioneered by the Japanese. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 41. *(p. 18)* | Lean manufacturing refers to just in time production coupled with total quality control.    **TRUE**  JIT, coupled with total quality control (TQC)—is now a cornerstone in many manufacturers' production practices, and the term lean manufacturing is used to refer to the set of concepts. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 42. *(p. 18)* | The Baldrige National Quality Award was started under the direction of the National Institute of Standards and Technology.    **TRUE**  Helping the quality movement along is the Baldrige National Quality Award, which was started in 1987 under the direction of the National Institute of Standards and Technology. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 43. *(p. 19)* | The approach that advocates making revolutionary changes as opposed to evolutionary changes is called creation theory.    **FALSE**  Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 44. *(p. 19)* | The approach that advocates making revolutionary changes as opposed to evolutionary changes is called "business process reengineering."    **TRUE**  Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 45. *(p. 19)* | Business process reengineering, which seeks revolutionary change, is contrasted with total quality management which commonly advocates incremental change.    **TRUE**  Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes (which are commonly advocated in TQM). |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 46. *(p. 21)* | The "triple bottom line" relates to the economic, employee, and environmental impact of a firm's strategy.    **TRUE**  Management must now consider the mandates related to the ongoing economic, employee, and environmental viability of the firm (the triple bottom line). |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Current Issues in Operations and Supply Chain Management* |

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| 47. *(p. 21)* | Sustainability is the ability to maintain profits in a system.    **FALSE**  Sustainability is the ability to maintain balance in a system. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Current Issues in Operations and Supply Chain Management* |

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| 48. *(p. 21)* | Raising senior management awareness of OSCM as a competitive weapon is not an important issue.    **FALSE**  Many senior executives entered the organization through finance, strategy, or marketing and built their reputations on work in these areas and, as a result, often take operations for granted. This can be a critical mistake. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Current Issues in Operations and Supply Chain Management* |

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| 49. *(p. 19)* | "Green belt" programs are coordinated public works projects aimed a placing an environmentally friendly zone around major cities.    **FALSE**  Originally developed in the 1980s as part of total quality management, six-sigma quality in the 1990s saw a dramatic expansion as an extensive set of diagnostic tools was developed. These tools have been taught to managers as part of "Green and Black Belt Programs" at many corporations. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 50. *(p. 19)* | Green and black belt programs teach six-sigma quality tools to managers at many corporations.    **TRUE**  Originally developed in the 1980s as part of total quality management, six-sigma quality in the 1990s saw a dramatic expansion as an extensive set of diagnostic tools was developed. These tools have been taught to managers as part of "Green and Black Belt Programs" at many corporations. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 51. *(p. 19)* | The central idea of supply chain management is to apply a total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer.    **TRUE**  The central idea of supply chain management is to apply a total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 52. *(p. 19)* | The term "electronic commerce" refers to the buying and selling of electronic products and devices.    **FALSE**  The term electronic commerce refers to the use of the internet as an essential element of business activity. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 53. *(p. 19)* | The term "electronic commerce" refers to the use of the internet as an essential element of business activity.    **TRUE**  The term electronic commerce refers to the use of the internet as an essential element of business activity. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 54. *(p. 19)* | SSME is an acronym standing for "Service Sector Management Economics."    **FALSE**  A direct response to the growth of services is the development of a major industry and university program called Service Science Management and Engineering (SSME). |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 55. *(p. 19)* | Science Management and Engineering aims to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations.    **TRUE**  SSME aims to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 56. *(p. 21)* | "Business Analytics" involves the analysis of data through a unique combination of linear programming, game theory and queuing theory to better solve business problems.    **FALSE**  Business analytics is the use of current business data to solve business problems using mathematical analysis. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 57. *(p. 21)* | The mathematical results of Business Analytics are used to automate decision-making and eliminate the decision maker.    **FALSE**  These mathematical results can either be used to support the decision maker or to automate decision-making. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 58. *(p. 11)* | Operations and supply chain strategy are not important issues to investors who tend to focus on growth, dividends and earnings per share.    **FALSE**  Comparing firms from an operations view is important to investors since the relative cost of providing a good or service is essential to high earnings growth. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 59. *(p. 11)* | Investors pay close attention to efficiency and productivity measures like net income per employee because they are interested in how well the firm manages its workforce relations.    **FALSE**  Investors are most often interested in financial returns. Comparing firms from an operations and supply chain view is important to investors since the relative cost of providing a good or service is essential to high earnings growth. How well a firm manages its' workforce is of less interest to investors. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 60. *(p. 11-12)* | During a recession, efficient firms often have an opportunity to increase market share while maintaining profitability.    **TRUE**  Highly efficient firms usually shine when demand drops during recession periods since they often can continue to make a profit due to their low-cost structure. These operations-savvy firms may even see a recession as an opportunity to gain market share as their less-efficient competitors struggle to remain in business. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 61. *(p. 11)* | Wall Street analysts are not particularly concerned with how efficient companies are from an operations and supply management view.    **FALSE**  Comparing firms from an operations view is important to investors since the relative cost of providing a good or service is essential to high earnings growth. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

**Multiple Choice Questions**

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| 62. *(p. 7)* | One reason for studying operations and supply chain management (OSCM) is which of the following?      |  |  | | --- | --- | | A. | OSCM is essential for understanding organizational behavior |  |  |  | | --- | --- | | B. | Most business graduates do OSCM work regardless of their job title |  |  |  | | --- | --- | | **C.** | All managers should understand the basic principles that guide the design of transformation processes. |  |  |  | | --- | --- | | D. | OSCM is a required course in all business degree programs |  |  |  | | --- | --- | | E. | OSCM is the most rigorous business discipline |   All managers should understand the basic principles that guide the design of transformation processes. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 63. *(p. 9)* | The Goods-Services Continuum consists of which set of the following categories?      |  |  | | --- | --- | | A. | No goods, some goods, even mix, some service, no service |  |  |  | | --- | --- | | **B.** | Pure goods, core goods, core services, pure services |  |  |  | | --- | --- | | C. | No service, some service, good service, excellent service |  |  |  | | --- | --- | | D. | Self-service, help desk service, face-to-face service, service-with-a-simle |  |  |  | | --- | --- | | E. | None of the above |   Reference exhibit 1.4. B is the correct answer. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 64. *(p. 9)* | Which of the following are defined as core goods?      |  |  | | --- | --- | | A. | Chemicals |  |  |  | | --- | --- | | B. | Airlines |  |  |  | | --- | --- | | **C.** | Data storage systems |  |  |  | | --- | --- | | D. | Hotels |  |  |  | | --- | --- | | E. | None of the above |   Reference exhibit 1.4. C is the correct answer. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 65. *(p. 21)* | Current issues in OSCM do not include:      |  |  | | --- | --- | | A. | Coordinating relationships between organizations. |  |  |  | | --- | --- | | B. | Making senior management aware that OSCM can be a competitive weapon. |  |  |  | | --- | --- | | C. | The triple bottom line. |  |  |  | | --- | --- | | D. | Managing customer touch points. |  |  |  | | --- | --- | | **E.** | Increasing global supply chain employment. |   The "current issues" in OSCM are:  1. Coordinating the relationships between mutually supportive but separate organizations. 2. Optimizing global supplier, production, and distribution networks. 3. Managing customer touch points. 4. Raising senior management awareness of OSCM as a significant competitive weapon. 5. Sustainability and the triple bottom line. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-05 Learn how the field has developed over time. Topic: Current Issues in Operations and Supply Chain Management* |

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| 66. *(p. 16)* | Which of the following are not listed in the text as jobs in OSCM?      |  |  | | --- | --- | | A. | Department store manager |  |  |  | | --- | --- | | B. | Project manager |  |  |  | | --- | --- | | **C.** | Hospital administrator |  |  |  | | --- | --- | | D. | Data Center manager |  |  |  | | --- | --- | | E. | Call center manager |   Typical management and staff jobs in operations and supply chain management do not list Data Center manager. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-04 Identify operations and supply chain management career opportunities. Topic: Careers in Operations and Supply Chain Management* |

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| 67. *(p. 11)* | Which of the following is not a characteristic that distinguishes services from goods?      |  |  | | --- | --- | | **A.** | Service jobs are unskilled. |  |  |  | | --- | --- | | B. | A service is intangible. |  |  |  | | --- | --- | | C. | Services are perishable |  |  |  | | --- | --- | | D. | Services are heterogeneous |  |  |  | | --- | --- | | E. | None of the above |   Many service jobs are highly skilled such as physician, attorney, airline pilot, OSCM instructor, etc. The characteristics that distinguish goods from services are:  1. Tangibility, 2. Interaction with the customer, 3. Services are heterogeneous, 4. Services are perishable and time dependent, and, 5. Services are seen as a package of features that affect the five senses. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 68. *(p. 7)* | Which of the following is not a way that operations and supply processes are categorized?      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Return |  |  |  | | --- | --- | | C. | Delivery |  |  |  | | --- | --- | | **D.** | Selecting |  |  |  | | --- | --- | | E. | Making |   Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, delivering, and returning. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 69. *(p. 9)* | One of the "package of features" that make up a service is:      |  |  | | --- | --- | | A. | Appearance |  |  |  | | --- | --- | | **B.** | Facilitating goods |  |  |  | | --- | --- | | C. | Packaging |  |  |  | | --- | --- | | D. | Cost |  |  |  | | --- | --- | | E. | Implied use |   The package of features that make up a service is listed on page 9 of the text and includes facilitating goods. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-02 Contrast the differences between services and goods producing processes. Topic: Differences between Services and Goods* |

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| 70. *(p. 13)* | Which of the following is not a measure of operations and supply chain management efficiency used by Wall Street?      |  |  | | --- | --- | | A. | Inventory turnover |  |  |  | | --- | --- | | B. | Revenue per employee |  |  |  | | --- | --- | | C. | Receivable turnover |  |  |  | | --- | --- | | **D.** | Earnings per share |  |  |  | | --- | --- | | E. | Asset turnover |   Earnings per Share is not a measure of operations and supply chain efficiency. See exhibit 1.6, "Efficiency Measures Used by Wall Street." |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 71. *(p. 13)* | Which of the following is a measure of operations and supply management efficiency used by Wall Street?      |  |  | | --- | --- | | A. | Dividend payout ratio |  |  |  | | --- | --- | | B. | Current ratio |  |  |  | | --- | --- | | **C.** | Receivable turnover |  |  |  | | --- | --- | | D. | Earnings per share growth |  |  |  | | --- | --- | | E. | Financial leverage |   Receivables turnover, the correct answer, is listed in exhibit 1.6 "Efficiency Measures Used by Wall Street." |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

**Fill in the Blank Questions**

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| 72. *(p. 20)* | The ability to maintain balance in a system is referred to as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    **Sustainability**  Sustainability is the ability to maintain balance in a system. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Learn how the field has developed over time. Topic: Current Issues in Operations and Supply Chain Management* |

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| 73. *(p. 6-7)* | Processes that are used to transform resources into products are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    **Operations**  Operations refers to manufacturing and service processes that are used to transform the resources employed by a firm into products desired by customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 74. *(p. 7-8)* | What are the five categories of supply chain processes?  1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **Planning; sourcing; making; delivering; returning.**  (Page 7 & 8) The list of operations and supply chain processes, planning, sourcing, making delivering & returning, is given on pages 7 & 8. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: Operations and Supply Chain Processes* |

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| 75. *(p. 10)* | Doing something at the lowest possible cost is called: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    **Efficiency**  Efficiency means doing something at the lowest possible cost. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 76. *(p. 11)* | Value is the ratio of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    **quality to price paid**  Related to efficiency and effectiveness is the concept of value, which can be metaphorically defined as quality divided by price. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

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| 77. *(p. 6)* | A pipeline through which material and information flows is a conception of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.    **Supply network**  Think of the supply network as a pipeline through which material and information flows. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 78. *(p. 16)* | List five OSCM job titles.  1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **Any five from the list on page 16 of the text.**  A list of OSCM job titles is found on page 16 of the text. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-04 Identify operations and supply chain management career opportunities. Topic: Careers in Operations and Supply Chain Management* |

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| 79. *(p. 20-21)* | What are four current issues in operations and supply management that are discussed in the textbook?  1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **(any four): 1. Coordinating relationships between mutually supportive but separate organizations.; 2. Optimizing global supplier, production, and distribution networks.; 3. Managing customer touch points.; 4. Raising senior management awareness of operations as a significant competitive weapon.; 5. Sustainability and the triple bottom line**  The list of current issues in OSCM is found on page 20-21 of the text. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 3 Hard Learning Objective: 01-05 Learn how the field has developed over time. Topic: Current Issues in Operations and Supply Chain Management* |

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| 80. *(p. 19)* | What is a total systems approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer called? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **Supply chain management**  The central idea of supply chain management is to apply a total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-01 Understand operations and supply chain processes and why it is important to study them. Topic: What is Operations and Supply Chain Management?* |

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| 81. *(p. 19)* | What is a major industry and university program aiming to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations called? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **Service Science Management and Engineering (SSME)**  A direct response to the growth of services is the development of a major industry and university program called Service Science Management and Engineering (SSME). SSME aims to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 82. *(p. 19)* | The use of the internet as an essential element of business activity is called what? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **Electronic commerce**  The term electronic commerce refers to the use of the Internet as an essential element of business activity. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-05 Learn how the field has developed over time. Topic: Historical Development of Operations and Supply Chain Management* |

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| 83. *(p. 13)* | Name five common measures of operations and supply management efficiency used by Wall Street.  1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    **The five common measures of operations and supply management efficiency used by Wall Street are Income per employee; Revenue per employee; Inventory turnover; Asset turnover; Receivable turnover**  See Exhibit 1.6. Income per employee; Revenue per employee; Inventory turnover; Asset turnover; and Receivable turnover are listed as Management Efficiency Measures Used by Wall Street. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |

**Essay Questions**

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| 84. *(p. 10)* | Discuss the role of efficiency and effectiveness in the creation of value.     A successful response to this question requires a definition of "value" (a relationship between "quality" or "performance" of a product and its price) and discussion of the trade-off between efficiency and effectiveness. Creating value means striking the most appropriate balance between efficiency and effectiveness for the market need the product will satisfy.  Feedback: These concepts are discussed in depth in the textbook beginning on page 10. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Define efficient and effective operations. Topic: Efficiency, Effectiveness, and Value* |