**Chapter 1: Introduction to Managing Global Operations and Supply Chains**

# Practice Problems

## Multiple Choice

1. What percentage of American businesses have a global presence?
2. 10%
3. 25%
4. 50%
5. 67%

Ans: D  
Difficulty Level: Hard

1. What nation has the greatest amount of offshoring activities by American firms?
2. Canada
3. China
4. India
5. Mexico

Ans: B  
Difficulty Level: Easy

1. What contributed greatly to China's growth in the 1991–2005 period?
2. low wages
3. Nixon's opening to China
4. membership in the WTO
5. investment in manufacturing

Ans: C  
Difficulty Level: Medium

1. What is typically not a benefit of offshoring?
2. a larger pool of talent
3. lower cost
4. work is completed faster
5. an increase in quality

Ans: D  
Difficulty Level: Medium

1. Contracting with a third party or an external company to manufacture a good or deliver a service is known as
2. expediting
3. outsourcing
4. strategic cost reduction
5. flexible management

Ans: B  
Difficulty Level: Easy

1. Which of the following contributes least to the success of U.S. manufacturers?
2. non-duplicable technology
3. value-added services
4. higher-quality
5. higher wages

Ans: D  
Difficulty Level: Medium

1. A sequence of interconnected organizations that help develop, produce, distribute, and sell a product to the final consumer is known as
2. operations Management
3. supply Chain
4. offshoring
5. outsourcing

Ans: B  
Difficulty Level: Easy

1. Which area has the greatest scope for job growth in the United States?
2. agriculture
3. manufacturing
4. service
5. entertainment

Ans: C  
Difficulty Level: Medium

1. In 2016, the average salary for an operations manager was
2. $32,645
3. $42,509
4. $60,572
5. $89,111

Ans: C  
Difficulty Level: Hard

1. Which is not an organization associated with operations management?
2. APICS
3. ISM
4. ASQ
5. NSA

Ans: D  
Difficulty Level: Medium

1. Outputs that are tangible and can be inventoried generally require low customer contact and often require intensive capital investment are known as
2. operations
3. goods
4. services
5. supply Chains

Ans: B  
Difficulty Level: Easy

1. Outputs that are intangible, cannot be easily inventoried, generally require high customer contact and often do not require intensive capital investment are known as
2. operations
3. goods
4. services
5. supply Chains

Ans: C  
Difficulty Level: Easy

1. What industry would be most associated with producing goods?
2. steel
3. fast foods
4. restaurants
5. repairs

Ans: A  
Difficulty Level: Medium

1. What industry would be most associated with providing services?
2. steel
3. fast foods
4. restaurants
5. counseling

Ans: D  
Difficulty Level: Medium

1. In what country did PepsiCo take a big position?
2. Canada
3. China
4. India
5. Mexico

Ans: C   
Difficulty Level: Hard

1. Which of the following would be least likely to be considered as an input?
2. raw material
3. finished goods
4. labor
5. capital

Ans: B  
Difficulty Level: Medium

1. Which of the following would not be considered as part of a transformation process?
2. input
3. output
4. feedback loop
5. accounting

Ans: D  
Difficulty Level: Easy

1. Which of the following is not a transformation process?
2. physical
3. transaction will
4. metaphysical
5. physiological

Ans: C  
Difficulty Level: Medium

1. Which of the following is not an operations management player?
2. global suppliers
3. logistics providers
4. customers
5. consultants

Ans: D  
Difficulty Level: Hard

1. The area of a firm that involves itself with the development of product and services for operations management to pursue is known as?
2. Logistics
3. R&D
4. Supply management
5. Marketing

Ans: B  
Difficulty Level: Medium

1. Which is not a component of the inbound portion of the supply chain?
2. local suppliers
3. foreign suppliers
4. wholesalers
5. raw materials

Ans: C  
Difficulty Level: Easy

1. Which is not a component of the outbound portion of the supply chain?
2. wholesalers
3. retailers
4. consumers
5. raw materials

Ans: D  
Difficulty Level: Easy

23. Suppliers that provide components, systems, and finished goods to primary firms are known as

a. inbound

b. outbound

c. first-tier

d. second-tier

Ans: C  
Difficulty Level: Hard

24. Suppliers that provide raw materials, basic services, or manufacturing components for the primary firm’s manufacturing or service production processes are known as

a. inbound

b. outbound

c. first-tier

d. second-tier

Ans: D  
Difficulty Level: Hard

25. Firms that receive goods directly from an organization and are responsible for providing the goods to end-point retailers, and who sell directly to consumers are

a. inbound suppliers

b. outbound suppliers

c. retailers

d. wholesalers

Ans: D  
Difficulty Level: Medium

26. Decisions that have a long-term impact on the firm are

a. operational

b. tactical

c. strategic

d. significant

Ans: C  
Difficulty Level: Medium

27. Decisions that are made for the medium term are

a. operational

b. tactical

c. strategic

d. moderately Important

Ans: B  
Difficulty Level: Medium

28. Decisions that are short-term, day-to-day decisions are

a. operational

b. tactical

c. strategic

d. not Very Important

Ans: A  
Difficulty Level: Medium

29. It is critical that strategic decisions, tactical decisions, and operations decisions need to be

a. thought about carefully

b. analyzed by computers

c. aligned

d. written up and presented to lower-level staff

Ans: C  
Difficulty Level: Hard

30. Product and service design, process design, plant and warehouse location, layout planning, supplier selection, outsourcing and offshoring, choosing transportation modes would be examples of what type of decisions?

a. operational

b. tactical

c. strategic

d. marketing

Ans: C  
Difficulty Level: Medium

31. Inventory control, quality control, production scheduling, supplier evaluation, performance measurement, and customer relations management would be examples of what type of decisions?

a. operational

b. tactical

c. strategic

d. production

Ans: B  
Difficulty Level: Medium

32. Sales and operations planning, inventory management, master production scheduling, material requirements planning, distribution and transportation planning would be examples of what type of decisions?

a. operational

b. tactical

c. strategic

d. marketing

Ans: A  
Difficulty Level: Medium

33. The process used to anticipate and manage customer demand for a product or service is known as

a. upstream Management

b. downstream Management

c. demand Management

d. logistics Management

Ans: C  
Difficulty Level: Hard

34. The quality improvement and management system developed at Motorola in the late 1980’s was

a. TQM

b. CQI

c. Six Sigma

d. CSI

Ans: C  
Difficulty Level: Easy

35. The management philosophy that focuses on continuously improving the quality of a company’s products and processes is

a. TQM

b. CQI

c. Six Sigma

d. BPR

Ans: B  
Difficulty Level: Medium

36. A management philosophy where any activity or process that does not add value to the product or service is a waste and, therefore, should be eliminated is

a. TQM

b. CQI

c. Six Sigma

d. Lean

Ans: D  
Difficulty Level: Medium

37. The management philosophy that emphasizes a firm’s ability to respond quickly to market changes with a set of processes, tools, and training available as needed is

a. synchronized Manufacturing

b. agile Manufacturing

c. six Sigma

d. lean

Ans: B  
Difficulty Level: Hard

38. The management philosophy that emphasizes the radical redesign of a firm’s existing workflows and resources to reduce operational costs and better meet the needs of customers and supports a firm’s overall mission is

a. TQM

b. BPR

c. ERP

d. CQI

Ans: B  
Difficulty Level: Medium

39. A system which integrates information across all departments of an organization, such as finance, accounting, manufacturing, sales, and service is

a. TQM

b. BPR

c. ERP

d. CQI

Ans: C  
Difficulty Level: Hard

40. In 1947, an agreement was signed at the UN to encourage free trade between member states by regulating and reducing tariffs on traded goods and by providing a forum for resolving trade disputes. It is known as

a. WTO

b. GATT

c. POSCO

d. NAFTA

Ans: B  
Difficulty Level: Medium

41. What replaced GATT in 1995?

a. WTO

b. WINDO

c. POSCO

d. NAFTA

Ans: A  
Difficulty Level: Medium

42. The trade agreement that removed most barriers to trade and investment among the United States, Canada, and Mexico was

a. WTO

b. GATT

c. POSCO

d. NAFTA

Ans: D  
Difficulty Level: Easy

43. What Korean steel manufacturer combined lean manufacturing and Six-Sigma methodologies to establish itself in the global marketplace as the leading provider of innovative steel products and services?

a. Hyundai

b. Dongbu

c. POSCO

d. Hysco

Ans: C  
Difficulty Level: Hard

44. When firms break their traditional supply chains into smaller and more agile supply chains that can better respond to higher levels of business complexity, save money, and improve customer service, it is known as

a. diversification

b. conglomeration

c. splintering

d. supply chain segmentation

Ans: C  
Difficulty Level: Hard

45. The use of **methods, systems, and materials that won't deplete resources or harm natural cycles is known as**

**a. green Thumb**

**b. environmentalism**

**c. sustainability**

**d. corporate Responsibility**

Ans: C  
Difficulty Level: Medium

**46. Commitment to sustainability by** forging closer relationship with its suppliers and providing them with a tool called an environmental scorecard was done by

a. Exxon-Mobil

b. McDonald’s

c. Apple

d. Tesla

Ans: B  
Difficulty Level: Hard

47. What is NOT a likely outcome for committing to a program of sustainability?

a. lower costs

b. lower risks

c. more litigation

d. more Innovation

Ans: C  
Difficulty Level: Medium

48. The process of incorporating the interests of the public into a company’s core business is known as

a. CSR

b. BPR

c. ERP

d. CQI

Ans: A  
Difficulty Level: Hard

49. The concept where a firm considers simultaneously people, the planet (environmental impact), *and* profits is known as

a. corporate social responsibility

b. triple bottom line

c. triple play

d. sustainability

Ans: B  
Difficulty Level: Medium

50. Which company is mentioned in the text as procuring parts and materials only from those suppliers who are designated as green partners?

a. Mars

b. Sony

c. Apple

d. Tesla

Ans: B  
Difficulty Level: Hard