Solutions Manual

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

# 1. Examples will vary. Airbus, Phillips, Nestle, Coca-Cola, Caterpillar, and many others. Cognitive Domain: Knowledge

# Difficulty Level: Easy

# 2. The benefits of offshoring include being able to tap a larger pool of skilled people, get work done faster, and lower a company’s labor costs. Nike offshores simple assembly and packaging and maintains R&D and design in-house. This is to minimize the risk of excessive reliance on third parties and lack of in-house expertise of critical business operations. Cognitive Domain: Knowledge

# Difficulty Level: Easy

# 3. A company usually outsources work to take advantage of specialized skills, cost efficiencies, or operational flexibility they may be lacking. India has low labor costs, many English speakers, and an educated workforce. The ability to speak English with high technical skills are some of the critical characteristics to look for when hiring Indian employees for the call center.

# Cognitive Domain: Knowledge

# Difficulty Level: Easy

# 4. Answers will vary. Quantitative skills, people management skills, negotiation skills, problem-solving skills, and information technology skills are some of the skills successful managers in operations and supply chain management would need. These skills are important for making operations and supply chain–related decisions such as purchasing, quality control, inventory management, and scheduling.

# Cognitive Domain: Comprehension

# Difficulty Level: Medium

5. Examples will vary. Physical: Boeing specializes in physical transformations of parts (engine, battery) and materials (steel, plastics) into an aircraft. Locational: FedEx specializes in locational transformations of packages from their sources of origin to their destinations. Transactional: Amazon specializes in transactional transformation of e-commerce by exchanging goods and services from sellers with monetary payments from buyers. Physiological: MD Anderson specializes in physiological transformation through cancer treatments for its patients. Psychological: Cirque du Soleil specializes in psychological transformations through audience experiences at its shows. Informational: Harvard specializes in informational transformation through postsecondary educational experiences at its campus.

Cognitive Domain: Comprehension

Difficulty Level: Medium

# 6. Zara is adept at managing the operations and marketing interface. Their operations function is designed to serve their market strategy of rapidly changing styles and store content without overstocking.

# Cognitive Domain: Application

# Difficulty Level: Hard

# 7. Examples will vary. A restaurant sources materials from multiple suppliers, transforms them in their kitchen, and delivers them tableside or to the customers’ homes. Typically, the service is consumed immediately and is made to order, while many manufactured goods can be made to stock.

# Cognitive Domain: Knowledge

# Difficulty Level: Easy

# 8. Transparency.org shows the following countries’ rankings for 2014 (out of a total 175): Nigeria, 136; Bangladesh, 145; and Venezuela, 161. Nigeria would be the safer choice by virtue of its lower rank.

# Cognitive Domain: Application

# Difficulty Level: Hard

# 9. The 2015–2016 report ranks from most to least competitive: Bangladesh, 107; Nigeria, 124; and Venezuela, 132. The Bangladesh company has survived in a more competitive environment and would likely be a more robust company to work with.

# Cognitive Domain: Application

# Difficulty Level: Hard

# 10. Answers will vary. This choice would be dictated by the overall strategy of the firm; aligning supplier strengths and tendencies with your own is best.

# Cognitive Domain: Application

# Difficulty Level: Hard

# 11. Multiple layers provide some measure of insurance against supply chain disruptions and unanticipated demand but require more coordination and complicate communication.

# Cognitive Domain: Comprehension

# Difficulty Level: Medium

# 12. Costs include investigative hours prequalifying suppliers, negotiating contracts with them, and planning for materials storage, transportation, and warehousing.

# Cognitive Domain: Knowledge

# Difficulty Level: Medium

# 13. Retailers, companies, and consumers that buy your products require relationship management costs, coordination of promotion, and channels of distribution.

# Cognitive Domain: Knowledge

# Difficulty Level: Medium

# 14. Examples will vary. Demand management requires that companies anticipate and manage downstream demand, and supplier management is the upstream-facing role. Home Depot, Toyota, 3M, Wal-Mart, Starbucks, Samsung, Unilever, McDonald’s, and Amazon are all recognized in this area.

# Cognitive Domain: Comprehension

# Difficulty Level:

# 15. The operations and supply chain management table could resemble the following:

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|  |  |  |
| --- | --- | --- |
| *Time Period* | *Innovations and Events* | *Production Emphasis* |
| 1892–1910 | Division of labor | Factory management |
| 1900–1940 | Assembly lines & automation | Mass production |
| 1940–1960 | Production of war goods,  global | Internal mass production |
| 1945–1960 | Establishing global presence | Internal production with outsourcing |
| 1960–1980 | Increasing global competition | Internal production with some outsourcing and regional tastes |
| 1980–2000 | Emerging global economies such as China and India due to reduced governmental trade barriers  Increased global sourcing and adoption of supply chain management practices for both goods and services | Emphasis on managing both internal operations and supply chains |
| 2000–2015 | Global and sustainable supply chains | Emphasis on managing both global supply chains and operations across supply chains |

# Cognitive Domain: Knowledge

# Difficulty Level: Medium

# 16. Effective sustainability practices permit a company to drive down costs, mitigate risks, discover innovative approaches to developing products and services, share the risks and rewards among their supply chain partners, and appeal to consumers.

# Cognitive Domain: Comprehension

# Difficulty Level: Easy

# 17. Countries have different attitudes about bribery. A company pondering an outsourcing decision to a country with radically different attitudes about bribery must reconcile its own beliefs with those of that culture.

# Cognitive Domain: Application

# Difficulty Level: Medium

# 18. A single source is risky from a safety net perspective; if the supplier fails, then orders cannot be completed. Employing multiple suppliers would maintain production, albeit at a reduced capacity. Cutting-edge materials enable market leadership and early orders, but they carry reliability risks that accompany any unproven technology.

# Cognitive Domain: Application

# Difficulty Level: Hard