

***Operations and Supply Chain Management: The Core, 5e (Jacobs)***

**Chapter 1 Operations and Supply Chain Management**

1) Efficiency means doing the right things to create the most value for the company.

Answer: FALSE

Explanation: Efficiency means doing something at the lowest possible cost.

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

2) Effectiveness means doing the right things to create the most value for the company.

Answer: TRUE

Explanation: Effectiveness means doing the right things to create the most value for the company.

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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.

Answer: TRUE

Explanation: 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.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

4) A worker can be efficient without being effective.

Answer: TRUE

Explanation: Efficiency means doing something at the lowest possible cost. Effectiveness means doing the right things to create the most value. These are different things.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

5) A process can be effective without being efficient.

Answer: TRUE

Explanation: 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.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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.

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Related to efficiency and effectiveness is the concept of value, which can be metaphorically defined as quality divided by price.

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Often maximizing effectiveness and efficiency at the same time creates conflict between the two goals.

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

9) Central to the concept of operations strategy are the concepts of operations focus and trade-offs.

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: OSCM is concerned with the management of the entire system that produces a good or delivers a service.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

11) OSCM is a functional field of business with clear line management responsibilities.

Answer: TRUE

Explanation: OSCM is a functional field of business with clear line management responsibilities.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: Think of the supply network as a pipeline through which material and information flows.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

13) Supply networks cannot be constructed for every product or service.

Answer: FALSE

Explanation: Networks such as this can be constructed for any product or service.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Supply chain refers to processes that move information and material to and from the manufacturing and service processes of the firm.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

16) "Supply Chain" includes only inbound freight and inventory.

Answer: FALSE

Explanation: Supply chain refers to processes that move information and material to and from the manufacturing and service processes of the firm.

Difficulty: 2 Medium

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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.

Answer: FALSE

Explanation: A sustainable strategy that meets the needs of shareholders and employees while preserving the environment is critical.

Difficulty: 2 Medium

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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.

Answer: FALSE

Explanation: Operations and supply chain processes can be conveniently categorized...as planning, sourcing, making, delivering, and returning.

Difficulty: 1 Easy

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: Operations and supply chain processes can be conveniently categorized...as planning, sourcing, making, delivering, and returning.

Difficulty: 1 Easy

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

21) All managers should understand the basic principles that guide the design of transformation processes.

Answer: TRUE

Explanation: All managers should understand the basic principles that guide the design of transformation processes.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

23) Internet technology has made the sharing of reliable real-time information expensive.

Answer: FALSE

Explanation: Internet technology has made the sharing of reliable real-time information inexpensive.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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.

Answer: FALSE

Explanation: 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.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation



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.

Answer: FALSE

Explanation: 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.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, delivering, and returning.

Difficulty: 2 Medium

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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.

Answer: FALSE

Explanation: 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.

Difficulty: 1 Easy

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: 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.

Difficulty: 1 Easy

Topic: Operations and Supply Chain Processes

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

30) Services are intangible processes that cannot be weighed or measured.

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

31) Service innovations can be patented.

Answer: FALSE

Explanation: A service innovation, unlike a product innovation, cannot be patented.

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

32) Services are homogeneous.

Answer: FALSE

Explanation: The third is that services are inherently heterogeneous

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: The specifications of a service are defined and evaluated as a package of features that affect the five senses.

Difficulty: 1 Easy

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

34) Automobiles and appliances are classified as "pure goods."

Answer: FALSE

Explanation: Automobiles and appliances are classified as "core goods."

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

35) Core service providers integrate tangible goods into their product.

Answer: TRUE

Explanation: Core service providers must integrate tangible goods.

Difficulty: 1 Easy

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Product-service bundling refers to a company building service activities into its product offerings for its customers..

Difficulty: 1 Easy

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: OSCM jobs are hands-on, working with people and figuring out the best way to do things.

Difficulty: 1 Easy

Topic: Careers in Operations and Supply Chain Management

Learning Objective: 01-03 Know the potential career opportunities in operations and supply chain management.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

38) A bank branch manager position is not an OSCM-type of job.

Answer: FALSE

Explanation: Listed as an OSCM job: Branch manager (bank). Oversees all aspects of financial transactions at a branch.

Difficulty: 2 Medium

Topic: Careers in Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

39) A supply chain manager is an OSCM job while a purchasing manager is not.

Answer: FALSE

Explanation: Both supply chain manager and purchasing manager are listed as typical management and staff jobs in operations and supply chain management.

Difficulty: 2 Medium

Topic: Careers in Operations and Supply Chain Management

Learning Objective: 01-03 Know the potential career opportunities in operations and supply chain management.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: JIT was pioneered by the Japanese.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

41) Lean manufacturing refers to just in time production coupled with total quality control.

Answer: TRUE

Explanation: 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.

Difficulty: 2 Medium

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: 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.

Difficulty: 2 Medium

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes.

Difficulty: 2 Medium

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes (which are commonly advocated in TQM).

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: TRUE

Explanation: Management must now consider the mandates related to the ongoing economic, employee, and environmental viability of the firm (the triple bottom line).

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

47) Sustainability is the ability to maintain profits in a system.

Answer: FALSE

Explanation: Sustainability is the ability to maintain balance in a system.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: 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.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation



49) Green and black belt programs teach six-sigma quality tools to managers at many corporations.

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

50) 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.

Answer: TRUE

Explanation: 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.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

51) The term "electronic commerce" refers to the buying and selling of electronic products and devices.

Answer: FALSE

Explanation: The term electronic commerce refers to the use of the internet as an essential element of business activity.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

52) The term "electronic commerce" refers to the use of the internet as an essential element of business activity.

Answer: TRUE

Explanation: The term electronic commerce refers to the use of the internet as an essential element of business activity.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

Answer: FALSE

Explanation: Business analytics is the use of current business data to solve business problems using mathematical analysis.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

54) The mathematical results of Business Analytics are used to automate decision making and eliminate the decision maker.

Answer: FALSE

Explanation: These mathematical results can either be used to support the decision maker or to automate decision-making.

Difficulty: 1 Easy

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

55) Operations and supply chain strategy are not important issues to investors who tend to focus on growth, dividends, and earnings per share.

Answer: FALSE

Explanation: 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.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

56) 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.

Answer: FALSE

Explanation: 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.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

57) During a recession, efficient firms often have an opportunity to increase market share while maintaining profitability.

Answer: TRUE

Explanation: 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.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

58) Wall Street analysts are not particularly concerned with how efficient companies are from an operations and supply management view.

Answer: FALSE

Explanation: 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.

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

59) 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

Answer: C

Explanation: All managers should understand the basic principles that guide the design of transformation processes.

Difficulty: 1 Easy

Topic: What is Operations and Supply Chain Management?

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

60) 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-smile
- E) None of these

Answer: B

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

61) Which of the following are defined as core goods?

- A) Chemicals
- B) Airlines
- C) Data storage systems
- D) Hotels
- E) None of these

Answer: C

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

62) 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) Managing customer touch points
- D) Increasing global supply chain employment

Answer: D

Difficulty: 2 Medium

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

63) 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

Answer: D

Explanation: Typical management and staff jobs in operations and supply chain management do not list Data Center manager.

Difficulty: 2 Medium

Topic: Careers in Operations and Supply Chain Management

Learning Objective: 01-03 Know the potential career opportunities in operations and supply chain management.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

64) 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 these

Answer: A

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

65) Which of the following is not a way that operations and supply processes are categorized?

- A) Planning
- B) Returning
- C) Delivering
- D) Selecting
- E) Making

Answer: D

Explanation: Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, delivering, and returning.

Difficulty: 2 Medium

Topic: Operations and Supply Chain Processes

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

66) One of the "package of features" that make up a service is:

- A) Appearance
- B) Facilitating goods
- C) Packaging
- D) Cost
- E) Implied use

Answer: B

Explanation: The package of features that make up a service is listed on page 9 of the text and includes facilitating goods.

Difficulty: 2 Medium

Topic: Differences between Services and Goods

Learning Objective: 01-04 Recognize the major concepts that define the operations and supply chain management field.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

67) 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

Answer: D

Explanation: Earnings per Share is not a measure of operations and supply chain efficiency.

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

68) 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) Receivables turnover
- D) Earnings per share growth
- E) Financial leverage

Answer: D

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value; Historical Development of Operations and Supply Chain Management

Learning Objective: 01-02 Evaluate the efficiency of the firm.; 01-04 Recognize the major concepts that define the operations and supply chain management field.; 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember; Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation



- 69) Managing customer touch points becomes a concern under current issues in OCSM when
- A) complaints arise about shaking hands with customers in cultures that is frowned upon.
  - B) firms striving to become superefficient begin to scrimp on staffing and training customer support personnel.
  - C) a firm has a workforce trained in specifically diverse situations and the correct level of service may be hard to discern.
  - D) firms market global products.
  - E) senior executives fail to recognize the contribution OCSM can make to their success.

Answer: B

Difficulty: 2 Medium

Topic: Historical Development of Operations and Supply Chain Management

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

70) When considering the concept of value, how is quality defined?

- A) By the price of the product
- B) By the producer's reputation in the industry
- C) By the weight of the product
- D) By the attractiveness of the product considering its features and durability
- E) By the product's uniqueness relative to other similar products

Answer: D

Difficulty: 1 Easy

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-01 Identify the elements of operations and supply chain management (OSCM).

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

71) All other things remaining the same, if the revenue or sales decreases, asset turnover ratio will

- A) Decrease
- B) Increase
- C) Stay the same
- D) Will decrease, but the amount of change will depend on the profit margin
- E) Decrease and Will decrease, but the amount of change will depend on the profit margin

Answer: A

$$\frac{\text{Revenue (or sales)}}{\text{Total assets}}$$

Explanation: Asset turnover =  $\frac{\text{Revenue (or sales)}}{\text{Total assets}}$ , sales or revenue is in the numerator and hence the value will go down as the numerator decreases. Logically, if sales decreases, while total assets remain the same, then asset turn over will go down.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

72) Which of the following is the most appropriate regarding Inventory turnover?

- A. Inventory turnover increases as average inventory decreases, while other things remain the same.
- B. Inventory turnover is an efficiency measure.
- C. Inventory turnover is unaffected by changes in annual sales.

- A) Choice A
- B) Choice B
- C) Choice C
- D) Choice A and B only.
- E) Choice A, B and C will hold.

Answer: D

Explanation: Inventory turnover =  $\frac{\text{Cost of goods sold}}{\text{Average inventory value}}$ , if average inventory decreases (denominator decreasing) while other things remain the same, turnover will increase. (A is true). Inventory turnover is an efficiency measure and hence B is true. Change in sales will change the cost of goods sold and hence change the turnover ratio and hence C is false.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

73) Identify the most appropriate answer regarding Cash conversion cycle.

- A. Is also known as cash-to-cash cycle.
- B. Cash conversion cycle goes down if payable period goes up.
- C. Cash conversion cycle goes up if average inventory goes up.

- A) Choice A
- B) Choice B
- C) Choice C
- D) Choice A and B are correct.
- E) Choice A, B and C are all correct.

Answer: E

Explanation: A is correct as per text description. Cash conversion cycle = Days sales outstanding + Days inventory – payable period, one would note that B and C are correct. Hence E is the right answer.

Difficulty: 2 Medium

Topic: Efficiency, Effectiveness, and Value

Learning Objective: 01-02 Evaluate the efficiency of the firm.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation