

Introduction to Operations and Supply Chain Management, 4e (Bozarth/Handfield)
Chapter 1 Introduction to Operations and Supply Chain Management

Learning Objective 1-1

1) Every organization has an operations function.

Answer: TRUE

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: organization, operations, function

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

2) Most organizations function as part of a larger supply chain.

Answer: TRUE

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: organization, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

3) The supply chain is a network of manufacturers and service providers that work together to create products or services needed by end users.

Answer: TRUE

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: organization, supply chain, network

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

4) To participate in a supply chain, a firm must actually handle the physical goods at some point.

Answer: FALSE

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: decisions, supply chain, operations

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

5) Information and materials are two examples of inputs to the transformation process.

Answer: TRUE

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: information, materials, input, transformation

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

6) In general, operations management activities are information and decision intensive.

Answer: TRUE

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: information, decisions, operations, management

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

7) Of the three flows linking organizations in a supply chain, information and monetary flows always move upstream and physical flows always move downstream.

Answer: FALSE

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: information, monetary, information flows, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

8) A second-tier supplier is downstream from a first-tier supplier in a supply chain.

Answer: FALSE

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, supply chain, tier

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

9) Most of the participants in a supply chain are both suppliers and customers.

Answer: TRUE

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: supply chain, supplier, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

10) Transportation and warehousing are examples of logistics activities.

Answer: TRUE

Diff: 2

Reference: Purpose and Organization of This Book

Keywords: logistics, transportation, warehousing

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

11) The collection of people, technology, and systems within an organization that has primary responsibility for providing the organization's products or services is called:

A) the supply chain.

B) the operations function.

C) the evoked set.

D) relationship management.

Answer: B

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: operations, function

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

12) Which of these is NOT a component of the operations function in an organization?

A) People

B) Technology

C) Systems

D) Information

Answer: D

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: operations, function, information

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

13) Which of the following is NOT a flow typically found in a supply chain?

- A) physical
- B) information
- C) monetary
- D) risk

Answer: D

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: supply chain, flow

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

14) Which of the following is primarily a supply chain management decision?

- A) from whom to purchase materials
- B) how many of each item should be produced
- C) the mix of labor skill and automation
- D) the location of the plant

Answer: A

Diff: 3

Reference: Why Study Operations and Supply Chain Management?

Keywords: supply chain, decision, supplier

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

15) _____ is an example of an output of the transformation process.

- A) Material
- B) Information
- C) Satisfied customers
- D) Intangible needs

Answer: C

Diff: 3

Reference: Why Study Operations and Supply Chain Management?

Keywords: output, transformation, process, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

16) Typical inputs to the transformation process include:

- A) tangible goods.
- B) satisfied customers.
- C) intangible needs.
- D) fulfilled needs.

Answer: C

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: intangible needs, inputs

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

17) Which of the following statements about the operations function is NOT correct?

- A) Inputs to operations can take many different forms.
- B) Nearly all operations activities require coordination with other business functions.
- C) The outputs of an operations function are always tangible.
- D) Operations management activities are information and decision intensive.

Answer: C

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: operations, function, tangible output

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

18) Which of these statements about flows in a supply chain is best?

- A) Information and monetary flows move upstream and downstream, but physical flows move downstream only.
- B) Information flows move upstream and downstream, monetary flows move upstream only, and physical flows move downstream only.
- C) Information and monetary flows move upstream only and physical flows move downstream only.
- D) Information, physical and monetary flows move both upstream and downstream.

Answer: D

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: information flow, physical flow, monetary flow

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

19) Which of the following statements regarding the supply chain is TRUE?

- A) A second-tier supplier is downstream from a first-tier supplier.
- B) A first-tier supplier is upstream from a second-tier supplier.
- C) A first-tier supplier is downstream from a second-tier supplier.
- D) A customer is upstream from a first-tier supplier.

Answer: C

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, upstream, tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

20) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) The busy bees are a first-tier supplier of the local restaurant.
- B) The beekeeper is a first-tier supplier of the local restaurant.
- C) The baker is a first-tier supplier of the local restaurant.
- D) The local restaurant is a first-tier supplier of the loyal diners.

Answer: C

Diff: 3

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, first-tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

21) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) The busy bees are a second-tier supplier of the local restaurant.
- B) The beekeeper is a second-tier supplier of the local restaurant.
- C) The baker is a second-tier supplier of the local restaurant.
- D) The local restaurant is a second-tier supplier of the loyal diners.

Answer: B

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, second-tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

22) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) The busy bees are within the span of the SCOR model of the local restaurant.
- B) The beekeeper is within the span of the SCOR model of the local restaurant.
- C) The loyal patrons are within the span of the SCOR model of the beekeeper.
- D) The loyal patrons are within the span of the SCOR model of the busy bees.

Answer: B

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: SCOR, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

23) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) There is only one first-tier supplier in this supply chain.
- B) There are only two first-tier suppliers in this supply chain.
- C) There are only three first-tier suppliers in this supply chain.
- D) There are four first-tier suppliers in this supply chains.

Answer: D

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, first-tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

24) Which of the following lists is in correct supply chain order?

- A) first-tier supplier — manufacturer — distributor
- B) distributor — manufacturer — retailer
- C) first-tier supplier — second-tier supplier — third-tier supplier
- D) customer — retailer — distributor

Answer: A

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, tier, supplier, distributor

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

25) Which of these is NOT an element of the SCOR model?

- A) Operate
- B) Plan
- C) Source
- D) Return

Answer: A

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: SCOR

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

26) The collection of people, technology, and systems within an organization that has primary responsibility for providing the organization's products or services is _____.

Answer: operations

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: operations, product, service

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

27) Most organizations function as part of larger _____ that are linked through physical, monetary, and information flows.

Answer: supply chains

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

28) Operations can be considered a transformation process that takes things like materials, labor, and capital, called _____, and transforms them into goods or services, called _____.

Answer: inputs; outputs

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: operations, transformation, input, output

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

29) An activity or firm that is positioned earlier in the supply chain relative to another activity or firm is said to be _____.

Answer: upstream

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: upstream, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

30) Printing and binding a book take place _____ from the conversion of wood to paper pulp in a publishing supply chain.

Answer: downstream

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: downstream, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

31) The _____ model is used to define processes and relationships in supply chain management.

Answer: SCOR

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: SCOR, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

32) A(n) _____-tier supplier for Acme sells directly to them.

Answer: first

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: first-tier, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

33) A second-tier supplier is located _____ from a first-tier supplier.

Answer: upstream

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: upstream, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

34) What are three reasons that the study of operations and supply chain management is important?

Answer: One reason that the study of operations management is important is that every organization must make a product or provide a service that someone values. Without this, there is no reason for the existence of the organization. The study of supply chain management is important because most organizations function as part of a larger supply chain. Finally, organizations must carefully manage their operations and supply chains in order to prosper. The better the supply chain and operations functions are coordinated, the greater chance for success of all members.

Diff: 1

Reference: Why Study Operations and Supply Chain Management?

Keywords: organization, operations, supply chain

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

35) Describe the operations function's transformation process and provide an example for each element.

Answer: The transformation process view of operations management holds that inputs are transformed into outputs. Examples of inputs are raw materials, labor, capital, equipment, information, and intangible needs. The transformation process is the conversion of these inputs using either manufacturing or service operations (and sometimes both). Manufacturing operations might be painting, welding, machining, or assembling. Outputs of the transformation process are tangible goods, fulfilled needs, and satisfied customers. Specific examples may vary depending on the company chosen.

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: transformation, operations, input, output

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

36) Distinguish between upstream and downstream firms in a supply chain and provide an example.

Answer: Upstream and downstream are relative terms that describe the position of a supply chain member from one point of reference. A supply chain member that is upstream from a firm is sending their output to the firm for use as an input. A supply chain member that is downstream from a firm is taking the firm's output and using it as an input to their own processes. It is possible for a single member of a supply chain to be both upstream and downstream from one or more members of their supply chain. Examples may vary.

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: upstream, downstream, supply chain, input, output

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

37) Distinguish between first-tier and second-tier suppliers in a supply chain and provide an example.

Answer: First-tier, second-tier, and any subsequent steps are measured relative to their position from a common point in the supply chain. All companies at a level (call it A) receive inputs from their first-tier suppliers (level B). These first-tier suppliers (at level B) in turn receive their inputs from their own first-tier suppliers (level C). These companies (level C) are considered second-tier suppliers of the companies at level A. Both tiers are upstream from level A, but level B is downstream from level C. Examples will vary.

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: first-tier, second-tier, upstream, downstream, supply chain, input, output

AACSB: Application of Knowledge

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

38) Supply chains have been in existence for over a century. What is different about supply chains in the 21st century from those in existence 100 years ago?

Answer: The active management of supply chain activities is the big difference between supply chains in existence today and those of decades ago. Active management includes relationship management and an examination of the supply chain as a whole to optimize it from a global perspective. In the past, the production managers of each company in the supply chain were more concerned with the operation and financial well-being of their own companies, often to the detriment of other members of the supply chain.

Diff: 2

Reference: Why Study Operations and Supply Chain Management?

Keywords: supply chain, management

AACSB: Application of Knowledge, Reflective Thinking

LO: 1.1: Describe what is meant by operations and supply chain management and explain why activities in these are critical to an organization's survival

Learning Objective 1-2

1) Electronic commerce refers to the use of information technology solutions to automate business transactions.

Answer: TRUE

Diff: 1

Reference: Important Trends

Keywords: electronic commerce, e-commerce, information, technology

AACSB: Information Technology

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

2) The drive for efficiency has decreased the level of globalization in the world economy.

Answer: FALSE

Diff: 2

Reference: Important Trends

Keywords: globalization

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

3) E-commerce is the component of a supply chain that is the most susceptible to breakdown.

Answer: FALSE

Diff: 2

Reference: Important Trends

Keywords: e-commerce, electronic commerce, supply chain

AACSB: Information Technology

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

4) To avoid supply chain problems, firms must manage relationships with their *downstream* suppliers as well as their *upstream* customers.

Answer: FALSE

Diff: 2

Reference: Important Trends

Keywords: customer, relationship management, downstream, upstream

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

5) Which of these statements about recent trends in operations and supply chain management is best?

A) A lower level of competition exists thanks to an increased level of globalization.

B) The rate of change in markets is actually lower once inflation is factored in.

C) Managers tend to make decisions with less information than they used to.

D) Customers demand for standardization in goods and services has increased.

Answer: C

Diff: 2

Reference: Important Trends

Keywords: information management, trends

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

- 6) An electronic commerce system:
- A) is used to transmit information upstream only.
 - B) can improve the speed and quality of business communication.
 - C) is used to transmit information downstream only.
 - D) links everyone in the supply chain except customers.

Answer: B

Diff: 2

Reference: Important Trends

Keywords: e-commerce, business, communications

AACSB: Information Technology, Written and Oral Communication

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

- 7) Which of the following is NOT a trend in operations management?
- A) increased use of electronic commerce
 - B) increased globalization
 - C) decreased delivery times
 - D) decreased customization

Answer: D

Diff: 2

Reference: Important Trends

Keywords: trends, operations management, customization

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

- 8) Efforts to improve cooperation among firms in the supply chain can be characterized as:
- A) globalization.
 - B) domestic focus.
 - C) relationship management.
 - D) electronic commerce.

Answer: C

Diff: 2

Reference: Important Trends

Keywords: relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

9) Among all supply chain functions, _____ is the most susceptible to breakdown.

- A) production
- B) logistics
- C) supplier selection
- D) relationship management

Answer: D

Diff: 2

Reference: Important Trends

Keywords: relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

10) _____ is the use of information technology solutions to conduct business via electronic transfer of data and documents.

Answer: Electronic commerce

Diff: 1

Reference: Important Trends

Keywords: electronic commerce, e-commerce, information

AACSB: Information Technology

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

11) _____ is the term that describes efforts to improve operations by increasing supply chain members' willingness to cooperate.

Answer: Relationship management

Diff: 2

Reference: Important Trends

Keywords: relationship, relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

12) Briefly discuss the three important trends in business that have focused attention on operations and supply chain management.

Answer: The three trends are electronic commerce, increasing competition and globalization, and relationship management. Electronic commerce is the use of information technology, e.g., computer and telecommunications technologies, to conduct business via electronic transfer of data and documents. E-commerce promises to improve the speed, quality, and cost of business communications and can be used to coordinate a supply chain. The rate of change in markets, products, and technology is escalating, resulting in increased competition. It is no longer good enough to be the best producer within a city, region, or country; firms must be able to compete on a global scale. Finally, we recognize that very few firms are not in a supply chain. As a firm strives to improve to meet this global competition, it may require the cooperation of other members of its supply chain. This cooperation is by no means a certainty, so relationship management is essential to facilitate supply chain coordination.

Diff: 2

Reference: Important Trends

Keywords: e-commerce, global, relationship, supply chain

AACSB: Application of Knowledge, Information Technology

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

13) What is the most impactful trend in supply chain management over the last quarter century? Justify your choice.

Answer: The authors name electronic commerce as the greatest influence on business. Electronic commerce is the use of information technology solutions to automate business transactions. E-commerce promises to improve the speed, quality, and cost of business communications and can be used to coordinate a supply chain. Entire industries and countless business have developed thanks to the Internet and e-commerce. In the entertainment industry alone, Netflix has moved from a distributor of DVDs to a streaming service and the music industry has undergone a sea change in how new music is marketed and distributed. Answers may vary.

Diff: 2

Reference: Important Trends

Keywords: e-commerce, supply chain

AACSB: Reflective Thinking, Information Technology

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

14) Of all the activities of supply chain management, which poses the greatest challenge and why? Cite examples in popular media.

Answer: The authors indicate that relationship management is the most difficult and therefore the most susceptible to breakdown. Poor relationships with any link in the supply chain can have disastrous consequences for all other supply chain members. An unreliable supplier can starve a plant, leading to inflated lead times and resulting in problems across the chain, all the way to the final customer. If organizations do not manage relationships with both upstream supply chain members as well as with their customers, they run this risk. If supply chain partners are separated geographically or culturally, or both, it is easy to have misunderstandings. In some cases, many components can be purchased only through foreign suppliers with proprietary knowledge.

Examples will vary as time passes.

Diff: 2

Reference: Important Trends

Keywords: relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

15) Which of the major operations and supply chain activities do not deal directly with customers? Explain why this is so.

Answer: The sole operations and supply chain activity that does not work directly with a customer is the purchasing function. Purchasing reaches upstream, i.e., in the opposite direction from the customer.

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: purchasing

AACSB: Application of Knowledge

LO: 1.2: Describe how electronic commerce, increased competition and globalization, and relationship management have brought operations and supply chain management to the forefront of managers' attention

Learning Objective 1-3

1) The professional society for persons interested in operations and supply chain management is called APICS.

Answer: TRUE

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: resource management, APICS, society

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

2) Forecasting counts suppliers and customers among its key interorganizational participants.

Answer: TRUE

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: forecasting

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

3) Scheduling and managing the flow of work through an organization and supply chain belongs to the logistics function of a supply chain.

Answer: FALSE

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: logistics, planning and control

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

4) There is no need for an organizational interface between the finance function and the operations and supply chain management function.

Answer: FALSE

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: interface, marketing, operations

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

5) The organization that provides national and institutional leadership in purchasing and materials management is:

A) APICS.

B) ISM.

C) CLM.

D) ASQ.

Answer: B

Diff: 3

Reference: Operations and Supply Chain Management and You

Keywords: supply management, purchasing

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

6) Which job title would be given to someone responsible for supervising production in a manufacturing setting?

- A) Supply chain manager
- B) Production manager
- C) Supplier development manager
- D) Purchasing manager

Answer: B

Diff: 1

Reference: Operations and Supply Chain Management and You

Keywords: operations, production, manufacturing, manager

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

7) What are the primary duties of a logistics manager?

- A) Creating timely, cost effective import/export supply chains
- B) Managing private, third party and contract carriage systems to ensure timely delivery and cost-effective transportation
- C) Using analytical and quantitative methods to understand, predict and improve processes
- D) Identifying global sources of materials, selecting suppliers and managing ongoing relationships

Answer: B

Diff: 1

Reference: Operations and Supply Chain Management and You

Keywords: logistics, manager

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

8) Which department is least likely to interact with the purchasing function?

- A) Engineering
- B) Finance
- C) Human resources
- D) Operations

Answer: C

Diff: 3

Reference: Operations and Supply Chain Management and You

Keywords: operations, purchasing, finance, engineering

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

9) A(n) _____ acquires knowledge in a specific market in which the organization purchases significant quantities of materials and services.

Answer: commodity manager

Diff: 3

Reference: Operations and Supply Chain Management and You

Keywords: commodity manager, commodity

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

10) A(n) _____ plans and controls production in a manufacturing setting.

Answer: production manager

Diff: 1

Reference: Operations and Supply Chain Management and You

Keywords: production manager, production

AACSB: Application of Knowledge

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11) The _____ is a leader in education and all aspects of quality improvement.

Answer: ASQ or American Society for Quality

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: quality, ASQ

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

12) _____ is an operations activity with the purpose of designing and implementing the transformation processes that best meet the needs of the customer and firm.

Answer: Process selection

Diff: 3

Reference: Operations and Supply Chain Management and You

Keywords: process, selection, transformation, design

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

13) The _____ function of an organization manages the movement of physical goods throughout the supply chain.

Answer: logistics

Diff: 2

Reference: Operations and Supply Chain Management and You

Keywords: logistics, supply chain

AACSB: Application of Knowledge

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management

14) Choose any two non-operations business functions. Provide examples of an operations or supply chain activity that interfaces directly with each business function you have chosen.

Answer: The marketing function interfaces with operations and supply chain management during process selection, forecasting, capacity planning, planning and control, purchasing, and logistics. The finance function works closely with operations and supply chain management in process selection, forecasting, capacity planning, inventory management, and purchasing. The human resource function works directly with operations and supply chain management when making process selection, capacity planning decisions. The accounting function works with operations and supply chain management when capacity planning is being performed. The IT function is involved with operations and supply chain management while process selection, inventory management, and planning and control are taking place. Examples will vary.
Diff: 3

Reference: Operations and Supply Chain Management and You

Keywords: e-commerce, global, relationship, supply chain

AACSB: Application of Knowledge, Reflective Thinking

LO: 1.3: Identify the major professional organizations and career opportunities in operations and supply chain management