

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) An example of a strategic operations management decision is the choice of where to locate.

- ☐ true
- ☐ false

2) An example of an operational operations management decision is inventory level management.

- ☐ true
- ☐ false

3) Government statistics are a good source of data about productivity trends in the service sector.

- ☐ true
- ☐ false

4) An example of a tactical operations management decision is determining employment levels.

- ☐ true
- ☐ false

5) Productivity is defined as the ratio of output to input.

- ☐ true
- ☐ false

6) Productivity is defined as the ratio of input to output.

- ☐ true
- ☐ false

7) Competitiveness relates to the profitability of an organization in the marketplace.

- ☐ true
- ☐ false

8) If people would only work harder, productivity would increase.

- ☐ true
- ☐ false

9) Tracking productivity measures over time enables managers to judge organizational performance and decide

where improvements are needed.

- ☐ true
- ☐ false

10) Productivity is directly related to the ability of an organization to compete.

- ☐ true
- ☐ false

11) A characteristic that was once an order winner may become an order qualifier.

- ☐ true
- ☐ false

12) Outsourcing tends to improve quality but at the cost of lowered productivity.

- ☐ true
- ☐ false

13) Productivity tends to be only a very minor factor in an organization's ability to compete.

- ☐ true
- ☐ false

14) An organization that is twice as productive as its competitor will be twice as profitable.

- ☐ true
- ☐ false

15) National productivity is determined by averaging the productivity measures of various companies or industries.

- ☐ true
- ☐ false

16) Wage and salary increases that are not accompanied by productivity increases tend to exert inflationary pressures on a nation's economy.

- ☐ true
- ☐ false

17) Global competition really only applies to multinational organizations.

- ☐ true
- ☐ false

18) A business that is

rated highly by its customers for service quality will tend to be more profitable than a business that is rated poorly.

- ☐ true
- ☐ false

19) Services often don't fit simple yield measurements.

- ☐ true
- ☐ false

20) A mission statement should provide a guide for the formulation of strategies for the organization.

- ☐ true
- ☐ false

21) The hierarchy and sequence of planning and decision making is: mission, organizational strategy, tactics, and operational decisions.

- ☐ true
- ☐ false

22) Strategy includes both organizational and functional strategies.

- ☐ true
- ☐ false

23) Organizational strategy should be determined without considering the realities of functional area strengths and weaknesses since they can be changed to meet our strategy.

☐ true

☐ false

24) Mission statements should be as specific as possible regarding exactly how they will be accomplished.

- ☐ true
- ☐ false

25) Improving efficiency will guarantee a similar improvement in productivity.

- ☐ true
- ☐ false

26) As long as we match a competitor on quality and price we will gain market share.

- ☐ true
- ☐ false

27) Environmental scanning is a search for events or trends that present either threats or opportunities to the organization.

- ☐ true
- ☐ false

28) Standardization has the advantage of reducing variability.

- ☐ true
- ☐ false

29) Traditional

strategies of business organizations have tended to emphasize cost minimization or product differentiation.

- ☐ true
- ☐ false

30) Tactics support established functional strategies.

- ☐ true
- ☐ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

31) Which of the following is least likely to affect the cost

- A) price
- B) productivity
- C) location

an organization incurs in producing its products or services?

- D) quality
- E) inventory management

32) Where a firm locates would typically not affect that firm's

- A) costs.
- B) convenience for customers.
- C) delivery times.

- D) strategy.
- E) transportation costs.

33) Which of the following is not among the chief reasons organizations fail?

- A) overemphasis on short-term financial performance
- B) emphasizing labor productivity in labor-intensive environments
- C) poor internal communications

- D) not investing in capital and human resources
- E) overemphasis on product (or service) design

34) The key to successfully competing is understanding what customers want and then _____ satisfy those wants.

- A) training production workers to
- B) finding suppliers who can
- C) finding the best way to

- D) designing products and services that
- E) hiring enough workers to

35) An organization's mission statement serves as the basis for:

- A) environmental scanning.
- B) core competencies.
- C) operating procedures.

- D) distinctiveness.
- E) organizational goals.

36) Which of the following would be least important in the pursuit of a time-based strategy?

- A) cost minimization
- B) quick changeover times
- C) operational agility

- D) reduced complaint resolution times
- E) flexible technology

37) Competitiveness doesn't include:

- A) productivity.
- B) effectiveness.
- C) profitability.

- D) operations strategy.
- E) operations management.

- 38) Product design and choice of location are examples of _____ decisions.
- A) strategic
 - B) tactical
 - C) operational
 - D) customer-focused
 - E) design
- 39) Scheduling personnel is an example of an operations management:
- A) mission implementation.
 - B) operational decision.
 - C) organizational strategy.
 - D) functional strategy.
 - E) tactical decision.
- 40) Productivity is expressed as:
- A) output plus input.
 - B) output minus input.
 - C) output times input.
 - D) output divided by input.
 - E) input divided by output.
- 41) In the 1970s and early 1980s in the United States, organizations concentrated on:
- A) operations strategies.
 - B) improving quality.
 - C) marketing and financial strategies.
 - D) revising mission statements.
 - E) environmental issues.
- 42) Which of the following is not a factor that affects productivity?
- A) computer viruses
 - B) design of the workspace

- C) use of the Internet
- D) standardizing processes

E) product price

43) Which of these factors would be least likely to affect productivity?

- A) methods and technology
- B) workers

- C) management
- D) product mix
- E) advertising

44) Which of the following is not a key step toward improving productivity?

- A) developing productivity measures for all operations
- B) improving the bottleneck operations
- C) establishing reasonable goals for improvement
- D) considering incentives to reward workers

E) converting bond debt to stock ownership

45) For an organization to grow its market share, it must:

- A) advertise using multimedia.
- B) reduce prices.
- C) exceed minimum standards of acceptability for its products or services.

D) establish an Internet Web site.

E) broaden its mission statement.

46) The ratio of good output to quantity of raw material input is called

- A) nondefective productivity.
- B) process yield.
- C) worker quality measurement.

D) total quality productivity.

E) quantity/quality ratio.

47) The fundamental purpose for the existence of any organization is described by its:

- A) policies.
- B) procedures.
- C) corporate charter.

- D) mission statement.
- E) bylaws.

48) A productivity increase in one operation that does not improve overall productivity of the business is not

- A) worthwhile.
- B) trivial.
- C) competence-destroying.

- D) an order winner.
- E) an order qualifier.

49) Productivity growth can be calculated by:

- A) outputs minus inputs.
- B) inputs divided by the outputs.
- C) outputs divided by the inputs.
- D) input plus output divided by two.

- E) $((\text{current productivity} - \text{previous productivity}) \div (\text{previous productivity})) \times 100$

50) Which of the following is true?

- A) Corporate strategy is shaped by functional strategies.
- B) Corporate mission is shaped by corporate strategy.
- C) Functional strategies are shaped by corporate strategy.

- D) External conditions are shaped by corporate mission.
- E) Corporate mission is shaped by functional strategies.

51) Core competencies in organizations generally do not

relate to:

- A) cost.
- B) quality.

- C) time.
- D) flexibility.
- E) sales price.

52) With regard to operations, organization strategy should, ideally, take into account:

- A) operations' strengths and weaknesses.
- B) inventory levels.
- C) labor productivity.

- D) product mix.
- E) production processes.

53) Which of the following is not typically considered a cure for poor competitiveness?

- A) Remove communications barriers within organizations.
- B) Minimize attention to the operations function.
- C) Put less emphasis on short-term financial results.

- D) Recognize labor as a valuable asset and act to develop it.
- E) Improve quality.

54) Time-based approaches of business organizations focus on reducing the time to accomplish certain necessary

activities. Time reductions seldom apply to:

- A) product/service design time.
- B) processing time.
- C) delivery time.

- D) response time for complaints.
- E) internal audits.

55) The external elements of SWOT analysis are:

- A) strengths and weaknesses.
- B) strengths and threats.
- C) opportunities and threats.

- D) weaknesses and opportunities.
- E) strengths and opportunities.

56) In an assembly operation at a furniture factory, six employees assembled an average of 450 standard dining chairs per five-day week. What is the labor productivity of this operation?

- A) 90 chairs/worker/day
- B) 20 chairs/worker/day
- C) 15 chairs/worker/day

- D) 75 chairs/worker/day
- E) 60 chairs/worker/day

57) Which of the following is not a reason for poor performance of our organization in the marketplace?

- A) placing too much emphasis on product/service design and too little on process design
- B) failing to take into account customer wants and needs
- C) putting too much emphasis on short-term financial performance
- D) taking advantage of strengths/opportunities, and

recognizing competitive threats

- E) failing to monitor the external environment

58) The manager of a carpet store is trying to determine the best installation crew size. He has tried various crew sizes with the results shown below. Based on productivity, what

crew size do you recommend?

Crew Size	Yards Installed
2	716
4	1298
3	1017
3	1002
4	1278

2	702
---	-----

- A) 2
- B) 3
- C) 4

59) Which of the following is not a key factor of competitiveness?

- A) price
- B) product differentiation
- C) flexibility

- D) after-sale service
- E) size of organization

60) Gourmet Pretzels bakes soft pretzels on an assembly line. It currently bakes 800 pretzels each eight-hour shift. If the production is increased to 1,200 pretzels each shift, then

productivity will have increased by:

- A) 50 percent.
- B) 33 percent.

- C) 25 percent.
- D) 67 percent.

61) The weekly output of a fabrication process is shown below, together with data for labor and material inputs. Standard selling price is \$125 per unit. Overhead is charged weekly at the rate of \$1,500 plus .5 times direct labor cost. Assume a 40-hour week and an hourly wage of \$16. Material cost is \$10 per foot. What is the average multifactor productivity?

Week	Output	#Workers	Material (ft)
1	392	5	2,720
2	408	6	2,790

- A) 1.463
- B) 1.457
- C) 1.431

62) The Balanced Scorecard is a useful tool for helping managers translate their strategy into action in the following areas:

- A) Sustainability; Flexibility; Efficiency; Technology
- B) Customers; Financial; Internal Business Processes; Learning and Growth
- C) Customization; Standardization; Efficiency;

- Effectiveness
- D) The Environment; The Community; Suppliers; Other Stakeholders
- E) Strategy;

Tactics; Productivity; Profitability

63) A firm pursuing a strategy based on customization and variety will tend to structure and manage its supply chain to accommodate more _____ than a firm pursuing a

- A) variation
- B) streamlined flow

strategy based on low cost and high volume.

- C) quality
- D) capacity
- E) productivity

64) Unique attributes of firms that give them a competitive edge are called:

- A) functional strategies.
- B) Balanced Scorecards.
- C) supply chains.

- D) core competencies.
- E) sustainable initiatives.

65) Years ago in the overnight delivery business, providing package tracking capability gave some firms a competitive advantage. Now, all firms must offer this capability simply to be in this line of business. This is an example of _____ becoming _____ over time.

- A) tactical implications; strategic
- B) strategic implications; tactical
- C) order winners; order qualifiers
- D) profitability factors; productivity factors

- E) order qualifiers; order winners

66) For firms competing in worldwide markets, conducting _____ is more complex, since what works in one country or region might not work in another.

- A) productivity

analysis

- B) environmental analysis
- C) strategy implementation
- D) sustainability analysis

E) growth
forecasting

67) Increasing the service offered to the customer makes it more difficult to compete on the basis of:

- A) order qualifiers.
- B) customization.
- C) quality.
- D) price.
- E) flexibility.

68) _____ is generally used to facilitate an organization strategy that emphasizes low cost.

- A) Speed to market
- B) Flexibility
- C) Customization
- D) Sustainability
- E) Standardization

69) Which of the following factors would tend to reduce productivity?

- A) improvements in workplace safety
- B) reductions in labor turnover
- C) more inexperienced workers
- D) reductions in the scrap rate
- E) less variety in the product mix

70) Suppose a country's productivity last year was 84. If this country's productivity growth rate of 5 percent is to be maintained, this means that this year's productivity will have to be:

- A) 88.2.
- B) 79.8.
- C) 82.8.

D) 78.9.

E) 4.2.

71) Suppose a country's productivity was 77 in one period and 82 in the next period. What would the growth rate be?

A) 6.1.

B) 8.7.

C) 5.3.

D) 6.8.

E) 4.2.

72) _____ and _____ customers are factors in quality.

A) Cost; improving

B) Attracting; retaining

C) Flexibility; attracting

D) Capacity;
improving

E) Efficiency;
retaining

73) Careful planning must be used with technology, otherwise there will be a(n) _____ in productivity.

A) improvement

B) stalemate

C) reduction

D) virus

E) increase

74) Which mission strategy has a narrow scope?

A) strategic

B) common

C) organizational

D) operational

E) tactical

75) "To inspire and nurture the human spirit—one cup and one neighborhood at a time." This statement from Starbucks is an example of a:

- A) vision
- B) core competency
- C) strategy

- D) goal
- E) mission statement

76) What is an important factor that help determines cost?

- A) innovation
- B) advertising

- C) quality
- D) location
- E) productivity

Answer Key

Test name: chapter 2

- 1) TRUE
- 2) TRUE
- 3) FALSE
- 4) TRUE
- 5) TRUE
- 6) FALSE
- 7) FALSE
- 8) FALSE
- 9) TRUE
- 10) TRUE
- 11) TRUE
- 12) FALSE
- 13) FALSE
- 14) FALSE
- 15) FALSE
- 16) TRUE
- 17) FALSE
- 18) TRUE
- 19) TRUE

- 20) TRUE
- 21) TRUE
- 22) TRUE
- 23) FALSE
- 24) FALSE
- 25) FALSE
- 26) FALSE
- 27) TRUE
- 28) TRUE
- 29) TRUE
- 30) TRUE
- 31) A
- 32) D
- 33) B
- 34) C
- 35) E
- 36) A
- 37) C
- 38) A
- 39) B
- 40) D

41) C

42) E

43) E

44) E

45) C

46) B

47) D

48) A

49) E

50) C

51) E

52) A

53) B

54) E

55) C

56) C

57) D

58) A

59) E

60) A

61) B

62) B

63) A

64) D

65) C

66) B

67) D

68) E

69) C

70) A

71) A

72) B

73) A

74) D

75) A

76) E