

Chapter 1: Introduction to Operations Management

True or False Questions

1. An organization is judged by how its operations performs rather than by what the organization claims it is doing.
a) True
b) False
ANSWER: TRUE.
Page 4
2. Operations management is concerned with those activities that enable an organization to transform a range of basic inputs into outputs for the end customer.
a) True
b) False
ANSWER: TRUE.
Page 5
3. Operations are about a limited, specific function.
a) True
b) False
ANSWER: FALSE.
Page 5. It is a company-wide and inter-firm activity embracing a number of different areas and utilizing these in order to satisfy customers and other important stakeholders.
4. Various forms of operations often take place simultaneously across the organization.
a) True
b) False
ANSWER: TRUE.
Page 5.
5. Operations include functional activities such as: inventory management, supply and logistics, capacity and scheduling, quality control, management of process technology, human resource management, and a range of activities associated with information and communications.
a) True
b) False
ANSWER: TRUE.
Page 5.
6. The operations task is concerned with taking various types of inputs and converting them into outputs, along with various support functions that are closely associated with this basic task.
a) True
b) False
ANSWER: TRUE.
Page 6.

7. The operations task is only concerned with taking various types of inputs and converting them into outputs'

a) True
b) False

ANSWER: FALSE.

Page 6. Hill (2004) explains: The operations task ... concerns the transformation process that involves taking inputs and converting them into outputs together with the various support functions that are closely associated with this basic task.

8. Value added, simply put, means that the income or benefit derived from performing a particular operation is greater than the cost of doing so.

a) True
b) False

ANSWER: TRUE.

Page 12 and 18

9. The transformational processes used in operations can be applied to materials and information, as well as customers.

a) True
b) False

ANSWER: TRUE.

Page 6.

10. Value added is decreasingly important in times of recession

a) True
b) False

ANSWER: FALSE.

Page 12. Value added becomes increasingly important in times of recession where the need to make the very best use of limited resources becomes paramount.

11. Traditionally, operations management has been very concerned with the management of value, but this element of responsibility has changed recently to managing costs.

a) True
b) False

ANSWER: FALSE.

Page 12. It's the other way round.

12. Cost, instead of value, must be used in analyzing competitive position.

a) True
b) False

ANSWER: FALSE.

Page 12. It is the other way round.

13. Where an organization is located has little impact on capacity and supply chain decisions.
- a) True
 - b) False

ANSWER: FALSE.

Page 13 Location is an important consideration from operations managers and is linked to strategic capacity decisions – as well as supply chain management ...

14. With operations managers' capabilities, the best marketing and corporate plans can be achieved.
- a) True
 - b) False

ANSWER: TRUE.

Page 6.

15. Operations is part of an extended supply chain.

- a) True
- b) False

ANSWER: TRUE.

Page 8.

16. Organizations focused on vertical integration only move into areas where they have expertise.

- a) True
- b) False

ANSWER: FALSE.

Page 8.

17. In value-conscious markets where costs and prices must be carefully controlled, the utilization of automation and workforce reductions are necessary.

- a) True
- b) False

ANSWER: FALSE.

Page 12.

Multiple Choice Questions:

1. We realize that Operations are part of an extended supply chain when we realize that
 - a) Operations are no longer an organization-specific affair
 - b) Operations involve collaboration with both vertical and horizontal stakeholders
 - c) All of the above
 - d) None of the above

ANSWER: C

Page 8. Once we realize that operations is no longer an organization-specific affair but is, instead, part of an extended, supply chain involving collaboration with both vertical and horizontal partnerships, the strategic importance of operations begins to come into focus.

2. Which of the following are enablers of an organization's ability to create outputs for its end customers?
 - a) Materials
 - b) Energy
 - c) Information
 - d) Finance
 - e) All of the above

ANSWER: E Page 5. Operations management is concerned with those activities that enable an organization ...

3. Which of the following are enablers of an organization's ability to create outputs for its end customers?
 - a) Requirements
 - b) Knowledge
 - c) Information
 - d) Capabilities
 - e) All of the above

ANSWER: E Page 5. Operations management is concerned with those activities that enable an organization ...

4. Operations includes all of the following except:
 - a) Inventory management
 - b) Capacity management
 - c) Process management
 - d) Warehouse management
 - e) all of the above

ANSWER: E. Page 5

5. Responsibilities for Operations Managers include:

- a) Value management
- b) Capacity management
- c) Process management
- d) Innovation
- e) all of the above

ANSWER: E. Page 11

6. Responsibilities for Operations Managers include:

- a) Sustainability
- b) Technology
- c) Procurement
- d) Supplier Relations
- e) all of the above

ANSWER: E. Page 11

7. In value-conscious markets where costs and prices must be carefully controlled, all of the following are recommended except.

- a) Knowledge management
- b) Experience
- c) Appropriate technology
- d) Workforce reduction
- e) All of the above

ANSWER: D Page 12.

8. In value-conscious markets where costs and prices must be carefully controlled, all of the following are recommended except.

- a) Knowledge management
- b) Process-focused quality management
- c) Appropriate technology
- d) Differentiated products
- e) All of the above

ANSWER: D Page 12.

9. In value-conscious markets where costs and prices must be carefully controlled, all of the following are recommended except.

- a) Experience
- b) Appropriate technology
- c) Process-focused quality management
- d) Knowledge management
- e) All of the above

ANSWER: E Page 12.