**Chapter 2: Operations and Supply Chain Strategies**

**Test Bank**

**Multiple Choice**

1. A firm’s strategy on how to compete results from decisions made at \_\_\_\_\_\_.

a. the corporate level

b. the functional level

c. the business level

d. the divisional level

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Levels of Strategic Planning

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

2. A functional strategy is \_\_\_\_\_\_.

a. at a higher level than the department-level strategy

b. at a lower level than the department-level strategy

c. the same as the department level strategy

d. often referred to as a tactic

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Levels of Strategic Planning

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

3. Corporate strategy is formulated by \_\_\_\_\_\_.

a. the organization’s top managers

b. the entire organization

c. third-party consultants

d. people in charge of marketing and manufacturing

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

4. Corporate strategy asks, \_\_\_\_\_\_.

a. Which industries should we enter?

b. What products should we offer?

c. At what price should we sell these products?

d. In which markets should we advertise?

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

5. Among the different strategies, corporate strategy\_\_\_\_\_\_.

a. is broadest in scope

b. has the shortest time horizon

c. guides the operations in a given function

d. all of these

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

6. Corporate strategy guides decisions about \_\_\_\_\_\_.

a. what businesses to acquire

b. how to compete in a business

c. what products to offer

d. how to design a given product

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

7. The allocation of resources between different strategic business units of the corporations is guided by \_\_\_\_\_\_.

a. corporate strategy

b. business strategy

c. departmental strategy

d. divisional strategy

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

8. The hierarchy of strategies implies that a higher level strategy \_\_\_\_\_\_.

a. guides the strategy below it

b. is guided by the internal environment

c. guides tactical decisions in different businesses

d. is responsible for product design

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems

9. The SCOR model \_\_\_\_\_\_.

a. has 42 key indicators

b. uses metrics organized in a hierarchical structure

c. was developed during World War II

d. was originally used by Henry Ford

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

10. Which of the following is NOT one of the performance objectives included in the “triple bottom line”?

a. the economic value the company creates

b. the environmental value the company creates

c. the philosophical value the company creates

d. the social value the company creates

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Corporate Strategy

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

11. Which of the following statements is true about where some countries are with regard to sustainable supply chains?

a. U.S. companies are ahead of companies in Europe.

b. Firms in India and China have caught up with European countries.

c. both A and B

d. neither A nor B

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 2-7. Describe what companies are doing to incorporate sustainability into their supply chain strategy and the problems they face in doing so.

Answer Location: Sustainable Supply Chain Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

12. The triple bottom line is a way to \_\_\_\_\_\_.

a. ensure a minimum level of returns for the company’s stockholders

b. ensure that society is compensated for any harm (e.g., pollution) imposed on it

c. both A and B

d. neither A nor B

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

13. Sustainability in the context of creating environmental value refers to \_\_\_\_\_\_.

a. ensuring a steady and long-term stream of revenues

b. ensuring a steady and long-term stream of profits

c. ensuring that current operations do not deplete resources now and for the future

d. ensuring a steady and long-term stream of sales

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

14. A company that creates economic value but exploits the environment and natural resources may \_\_\_\_\_\_.

a. run out of raw materials required for its operations

b. overprice its products

c. be forced to offer products of poor quality

d. have high production costs

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

15. Companies that do not include environmental costs into the cost of production

a. Have an advantage over those companies that do so

b. May face serious problems in the long run

c. Are conscientious corporate citizens

d. Are likely to have high production costs

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

16. The carbon footprint of a supply chain refers to \_\_\_\_\_\_.

a. the amount of greenhouse gases produced

b. the use of energy-efficient lighting

c. the use of recycled materials

d. all of these

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 2-7. Describe what companies are doing to incorporate sustainability into their supply chain strategy and the problems they face in doing so.

Answer Location: Sustainable Supply Chain Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

17. In evaluating environmental performance, life cycle assessment (LCA) refers to \_\_\_\_\_\_.

a. the environmental impact a product has over the lifetime of the customer

b. the environmental impact a product has over the product’s life cycle

c. both A and B

d. neither A nor B

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

18. In 2001, Nike admitted that it used child labor to produce its expensive sportswear products, while paying the children just pennies a day. This is an example of \_\_\_\_\_\_.

a. creating economic value in the short run

b. being a conscientious corporate citizen

c. being socially responsible

d. following a sustainable manufacturing practice

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

19. In 2001, Nike admitted that it used child labor to produce its expensive sportswear products while paying the children just pennies a day. In doing so, Nike \_\_\_\_\_\_.

a. deprived some children of the opportunity to have a childhood as in developed economies

b. provided society with opportunities to have a more educated population

c. created new consumers with the ability to purchase products and services

d. showed it was being socially responsible

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

20. Multinational companies that contract with factories in countries such as Sudan and Pakistan should ensure that \_\_\_\_\_\_.

a. children are not employed in these factories

b. cost of production is maintained at low levels using whatever means necessary

c. children do not work more than 70 hours per week

d. children employed in these factories have appropriate safety equipment

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

21. Social sustainability practices of companies \_\_\_\_\_\_.

a. are hard to quantify in terms of costs

b. are the same across the globe

c. are usually followed by all companies in different countries

d. are consistently monitored by local governments

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Figure 2.2: Triple Bottom Line

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

22. For those companies that have a single business, \_\_\_\_\_\_.

a. there is almost no distinction between a business and a divisional strategy

b. there is no need for a functional strategy

c. strategy and tactics are the same

d. there is no need for outsourcing

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Business-Unit Strategies

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

23. In a corporation that has a many businesses, the corporation needs one \_\_\_\_\_\_.

a. corporate strategy

b. business strategy

c. functional strategy

d. divisional strategy

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Business-Unit Strategies

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

24. Core competencies \_\_\_\_\_\_.

a. are also known as competitive strengths within a business unit

b. refer to the skills a business needs to acquire

c. are not relevant for a diversified organization

d. can be outsourced

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Business-Unit Strategies

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

25. An SBU can achieve synergy by \_\_\_\_\_\_.

a. aligning its activities with its functional strategy

b. coordinating and integrating its activities with the corporate strategy of the firm

c. developing new core competencies

d. reducing the extent of outsourcing

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Business-Unit Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

26. The strategy applied in areas such as marketing, operations, finance, and accounting is known as \_\_\_\_\_\_.

a. divisional strategy

b. synergistic strategy

c. corporate strategy

d. functional strategy

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Functional Strategies

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

27. Which of the following is NOT a characteristic of a functional strategy?

a. A functional strategy is developed and implemented at a lower level in the corporate hierarchy.

b. A functional strategy has a shorter time horizon.

c. A functional strategy is more broad and abstract when compared to higher level strategies.

d. A business strategy may have many functional strategies.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Functional Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

28. McDonald’s decision to offer value meals \_\_\_\_\_\_.

a. is a classic example of corporate strategy

b. captures the essence of business strategy

c. is an example of a research and development strategy

d. is part of its marketing strategy

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Functional Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

29. A firm’s operations strategy \_\_\_\_\_\_.

a. guides a firm in using its operational resources effectively to help it achieve a competitive advantage

b. provides a road map for decisions regarding business acquisitions or divestitures that the firm’s operations managers make

c. Is directly influenced by a firm’s corporate strategy

d. Directly influences a firm’s corporate strategy

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

30. Contingency planning \_\_\_\_\_\_.

a. is time-consuming and expensive

b. should be avoided

c. is not essential as it will not be used in most cases

d. all of the these

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Risk Management Strategies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

31. Companies today have to compete across multiple attributes for a firm’s core competencies, as a consequence of \_\_\_\_\_\_.

a. fewer customer expectations

b. increasing globalization

c. increasing government regulation

d. greater employee expectations

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

32. A firm can improve its operational capabilities by \_\_\_\_\_\_.

a. leveraging only its own current resources

b. leveraging the resources of its supply chain partners

c. by focusing only on economic value

d. by focusing only on both social and economic value

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

33. Which of the following statements is true about the input of operations managers to strategy?

a. Till recently, operations managers had little input into a company’s corporate strategy.

b. Till recently, operations managers mostly focused on the company’s business strategies.

c. Operations managers are increasingly focused on the company’s divisional strategies.

d. Operations managers generally ignore functional strategy.

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

34. Which of the following statements is false with regard to structural decisions?

a. An example of a structural decision is deciding a plant’s location.

b. Structural decisions have a long-term impact.

c. Once made, structural decisions can be easily modified.

d. A structural decision is not the concern of corporate strategy.

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

35. Which of the following is NOT one of the critical elements of an operations strategy?

a. customers

b. core competencies

c. critical success factors (CSFs)

d. readily available resources

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

36. The manufacturing mission depends to a great deal on \_\_\_\_\_\_.

a. product factors

b. corporate strategy

c. the board of directors

d. government regulations

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

37. Which of the following terms is incorrectly paired with its description?

a. plan: recognize an opportunity for a financial investment

b. do: test the change by implementing a small-scale pilot study.

c. check: review/analyze test results and identify lessons learned

d. act: take action based on what was learned from the previous step.

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Continuous Service Improvement

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

38. Computers and smartphones have very short product life cycles. This means \_\_\_\_\_\_.

a. they need to be replaced only at long intervals

b. for these products, new technology is introduced frequently

c. consumers usually buy only one unit in their lifetimes

d. there are few repeat customers for these products

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

39. Which of the following statements is true when we consider innovation for products in the context of the product life cycle?

a. Innovation may not be of particularly great importance for mature products.

b. It is too late to improve profitability of mature products through innovation.

c. Innovation is applicable only during the introduction stage of a product’s life cycle.

d. Innovation is not required during a product’s growth stage.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

40. Which of the following statements best describes the ultimate goal of operations and supply chain strategies?

a. to produce and deliver products or services to satisfy customers

b. to produce and deliver products or services that delight customers

c. to make sure customers receive defect-free products

d. to make sure profits are maximized

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

41 Customers for a company are \_\_\_\_\_\_.

a. the people and groups that consume a firm’s products or services

b. the people and groups that supply a firm’s products or services

c. the people and groups that finance a firm’s products or services

d. the people and groups that produce a firm’s products or services

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Customers

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

42. Of the many customers a company may have, it is important that a company identifies those customers who \_\_\_\_\_\_.

a. pay for its products

b. advertise its products

c. are critical for the company’s survival

d. are occasional users of the company’s products

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Customers

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

43. CSFs \_\_\_\_\_\_.

a. refers to critical success factors

b. are usually outsourced

c. are regulated by a government agency

d. do not impact the success of the firm

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

44. A company’s core competencies are \_\_\_\_\_\_.

a. also known as competitive priorities

b. usually outsourced

c. regulated by the local government

d. required by the ISO

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

45. Which of the following is likely to be a core competency for a company?

a. availability of commodities

b. ability to set up an R&D unit

c. ability to innovate

d. ability to outsource

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-2. Define operations strategy, and describe how it is formulated and evaluated.

Answer Location: Formulating and Evaluating Operations Strategies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

46. Which of the following terms is correctly paired with its description?

a. Critical success factors (CSFs): strategic factors that a company requires to compete in a given industry

b. Core competencies: factors that identify the firm as belonging to an industry

c. Business strategy: strategy that governs mergers and acquisitions

d. Corporate strategy: strategy that governs day-to-day operations

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Critical Elements of an Operations Strategy

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

47. A firm can produce at a lower cost than its competitors by \_\_\_\_\_\_.

a. achieving economies of scale

b. increasing the cost of raw materials and labor

c. using cheap raw materials and inputs

d. cutting corners in production

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Price

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

48. Which of the following is NOT a common characteristic of product quality?

a. features

b. durability

c. empathy

d. performance

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 2-3. Contrast the formulation and evaluation of operating strategies for service organization with those for manufacturing organizations.

Answer Location: Core Competencies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

49. Which of the following statements is true with regard to the target market of a product?

a. The mileage a Honda Civic car gets is important to its target market.

b. The mileage a Ferrari car gets is important to its target market.

c. The mileage a Rolls Royce car gets is important to its target market.

d. The mileage a Lamborghini car gets is important to its target market.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-3. Contrast the formulation and evaluation of operating strategies for service organization with those for manufacturing organizations.

Answer Location: Core Competencies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

50. Which of the following statements (with regard to time) is least likely to be important as a core competency for a company?

a. the time (or duration) for which a customer uses the product

b. the time to develop a product

c. the time to deliver a product

d. the time to receive supplies

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-3. Contrast the formulation and evaluation of operating strategies for service organization with those for manufacturing organizations.

Answer Location: Core Competencies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

51. Product development cycle time is \_\_\_\_\_\_.

a. the time it takes to conceptualize, produce, and deliver a product or service

b. the time it takes to receive supplies from the time these are ordered

c. the time it takes to deliver a product or service

d. the time it takes to manufacture a product or service

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Core Competencies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

52. Getting the products in the hands of the customer by the promised delivery date is the responsibility of \_\_\_\_\_\_.

a. the manufacturing firm and the firm’s supply chain partners

b. the firm only

c. the firm’s supply chain partners only

d. the retailer

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Core Competencies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

53. ERP stands for \_\_\_\_\_\_.

a. enterprise resource planning

b. emergency research planning

c. enterprise resource and production

d. emergency resource planning

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Core Competencies

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

54. Product innovation is the development and introduction of a brand-new product or service or the improvement of an existing product or service achieved through \_\_\_\_\_\_.

a. design changes

b. increase in time to manufacture

c. increase in time to order supplies

d. increase in time to inspect quality

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Core Competencies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

55. Process innovation \_\_\_\_\_\_.

a. is the development and introduction of a brand-new product or service through changes in product design

b. is the development and introduction of a brand-new product or service through changes in materials and components used in the product

c. refers to the way materials are ordered and delivered to a company

d. refers to the changes in the way in which product is produced or a service is delivered within the firm or across a supply chain.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Core Competencies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

56. eBay’s transformation of e-commerce and online auctions and Amazon enabling the purchase of books online are examples of \_\_\_\_\_\_.

a. product innovation

b. process innovation

c. innovation in materials

d. innovation in equipment manufacture

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Core Competencies

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

57. Which of the following is an example of an innovation in operations management to gain a competitive edge?

a. the way work is organized

b. hiring capable employees

c. arranging for new sources of finance

d. finding new ways of advertising

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Core Competencies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

58. In the context of operations management, *flexibility* can refer to \_\_\_\_\_\_.

a. a firm’s ability to produce a range of different products and services

b. a firm’s ability to remain unwavering in its commitment to business strategy

c. a firm’s ability to remain unwavering in its commitment to functional strategy

d. a firm’s ability to remain unwavering in its commitment to corporate strategy

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Core Competencies

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

59. Which of the following statements correctly pairs the term with its description?

a. order winner: competitive criterion that must be present in a product for it to be a viable competitor in the marketplace

b. order qualifier: competitive criterion of a product that causes a customer to choose it instead of a competitor’s product

c. order winner: competitive criterion of a product that causes a customer to choose it instead of a competitor’s product

d. order winner: competitive criterion of a product that causes a customer to reject it instead of a competitor’s product

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Flexibility

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

60. Which of the following statements is true about order winners and order qualifiers?

a. Order winners are more important to a firm than order qualifiers.

b. Order qualifiers are more important to a firm than order winners.

c. Both order winners and order qualifiers are important to a firm.

d. Neither order winners nor order qualifiers are important to a firm.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

61. In the automobile industry during the late 1980s and early 1990s, the order-winning quality criterion was \_\_\_\_\_\_.

a. quality

b. cost

c. volume

d. materials used

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

62. Maintaining the appropriate fit among the four critical elements—customers, product factors, operational CSFs or capabilities, and core competencies—is \_\_\_\_\_\_.

a. part of developing and refining an operations strategy

b. a temporary process

c. an annual event

d. the function of corporate strategy

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

63. If a firm’s products are no longer properly aligned with changing market trends, the firm can \_\_\_\_\_\_.

a. sell its products to customers in another market who do value its products

b. make new investments to upgrade its manufacturing facilities

c. acquire new suppliers

d. reorganize its product distribution processes

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Maintaining the Fit Among Critical Elements

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

64. Strategic structural decisions are \_\_\_\_\_\_.

a. long-term decisions about a firm’s capacity and facilities

b. short-term decisions about a firm’s processes and technology

c. long-term decisions about a firm’s processes and technology

d. short-term decisions about product design

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

65. Infrastructural decisions include decisions about \_\_\_\_\_\_.

a. the kind of products to offer

b. materials management and control

c. the markets in which to offer products

d. product design

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

66. The question *What production planning procedures and decision rules should be in place?* addresses \_\_\_\_\_\_.

a. process innovation

b. sales and operations planning

c. control systems

d. product innovation

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Table 2.2: Infrastructural Decisions in Operations Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

67. What makes one company superior to another is the extent to which \_\_\_\_\_\_.

a. the company’s operations are guided by the firm’s infrastructure

b. there is a match between the company’s infrastructural and structural decisions and its core competencies

c. the choice of products the firm will manufacture is determined by its capacity to manufacture these products

d. the choice of markets the firm will serve is determined by its capacity to manufacture products for these markets

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

68. The performance of an operations strategy is judged by how well \_\_\_\_\_\_.

a. it supports the firm’s corporate and business strategies

b. it supports the firm’s corporate tactics

c. it influences business strategy

d. it influences corporate strategy

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Strategic Structural and Infrastructural Decisions

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

69. The strategic profit model (SPM) \_\_\_\_\_\_.

a. is also known as the Monsanto Model

b. provides a visual representation of an organization’s financial performance

c. analyzes the firm’s operations

d. guides the firm’s corporate strategy

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Strategic Profit Model (SPM)

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

70. According to the SPM, \_\_\_\_\_\_.

a. every task performed in every area of a firm has an impact on the firm’s bottom line

b. every task performed in every area of a firm has an impact on the firm’s product quality

c. every task performed in every area of a firm has an impact on the firm’s production capability

d. every task performed in every area of a firm has an impact on the morale of the firm’s employees

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Strategic Profit Model (SPM)

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

71. The drawback of the SPM is \_\_\_\_\_\_.

a. it is difficult to use

b. considers only operational measures

c. nonfinancial measures are not factored into the model

d. it requires 5 to 10 years of historical data

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Balanced Scorecard

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

72. The balanced scorecard \_\_\_\_\_\_.

a. is focused only on financial measures

b. is useful only for manufacturing organizations

c. is used by profit, nonprofit, and governmental organizations worldwide

d. was very popular in the 1940s

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Balanced Scorecard

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

73. The balanced scorecard \_\_\_\_\_\_.

a. provides a framework of performance measurements

b. guides planners on different sources of financing

c. guides planners on product design

d. is very useful for identifying new markets

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Balanced Scorecard

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

74. Which of the following options presents the right sequence of activities in developing a strategic plan for services?

a. First, identify the target market for the firm’s services; second, determine the firm’s core competency; third, define its mission and its high-level corporate goals and objectives.

b. First, determine the firm’s core competency; second, identify the target market for the firm’s services; third, define its mission and its high-level corporate goals and objectives.

c. First, define its mission and its high-level corporate goals and objectives; second, determine the firm’s core competency; third, identify the target market for the firm’s services;

d. First, determine the firm’s core competency; second, define its mission and its high-level corporate goals and objectives, third, identify the target market for the firm’s service.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Figure 2.6: Strategic Framework for Service Operations

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

75. Which of the following statements is true with regard to service operations?

a. It encompasses all activities and processes required for implementing the service.

b. Service operations activities that are not visible to the customer are referred to as front stage activities.

c. Service operations activities that are visible to the customer are referred to as back stage activities.

d. Service operations activities pertaining to the supply chain are referred to as downstream activities.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: The Service Operations System

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

76. Which of the following is NOT a question which is intended to be answered by service operations strategy?

a. How do we truly create value desired by our customers and stakeholders?

b. What is our rationale for making strategic investments in a particular service?

c. How should service quality be defined and, given differing alternatives, which one should we emphasize to improve the quality of our service?

d. If we have multiple businesses, how do we efficiently allocate resources among them?

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 2-3. Contrast the formulation and evaluation of operating strategies for service organization with those for manufacturing organizations.

Answer Location: The Service Delivery System

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

77. PDCA stands for \_\_\_\_\_\_.

a. Product Development Cycle Analysis

b. Plan, Do, Check, Act

c. Plan, Do, Check, Analyze

d. Please, Do, Check, Answer

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-3. Contrast the formulation and evaluation of operating strategies for service organization with those for manufacturing organizations.

Answer Location: Continuous Service Improvement

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

78. Productivity is measured by \_\_\_\_\_\_.

a. the ratio of goods and services produced to inputs

b. the product of goods produced and inputs used

c. the ratio of inputs to goods and services produced

d. none of these

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Measuring Productivity as Part of Strategic Planning

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

79. Productivity measures include \_\_\_\_\_\_.

a. inventory turnover ratios

b. multi-factor productivity measures

c. acid test ratio

d. earnings before interest and tax

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Measuring Productivity as Part of Strategic Planning

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

80. If we use 2,000 labor hours to produce 400 units of a product, then \_\_\_\_\_\_.

a. using the multifactor productivity measure, we get 5 units per labor hour

b. using the single-factor productivity measure, we get 5 units per labor hour

c. using the multifactor productivity measure, we get 1 unit per 5 labor hours

d. using the single-factor productivity measure, we get 1 unit per 5 labor hours

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Measuring Productivity as Part of Strategic Planning

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

81. When calculating multifactor productivity, we need to use \_\_\_\_\_\_.

a. a homogenous unit of measurement

b. a heterogeneous unit of measurement

c. a statistical unit of measurement

d. a multivariate unit of measurement

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Types of Productivity Measures and Their Uses

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

82. Dual sourcing refers to contracting with multiple supply sources \_\_\_\_\_\_.

a. as a hedge against price decreases by a supplier

b. as a buffer against disruptions in the supply chain

c. as a way to quickly expand production capacity

d. as a way to give an equal opportunity to different suppliers

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Risk Management Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

83. The productivity index is the ratio of \_\_\_\_\_\_.

a. productivity measured in a particular time period to the productivity measured in a base period

b. productivity measured in a particular firm to the productivity measured for firms in that industry

c. productivity measured in a particular country to the productivity measured for firms in other countries

d. productivity measured in one part of the supply chain to the productivity measured in other parts of the supply chain

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Table 2.3: Examples of Various Types of Productivity Measures

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

84. Benchmarking identifies \_\_\_\_\_\_.

a. the best practices used by other firms

b. governmental standards that a company must meet

c. international standards that a company must meet

d. industry standards that a company must meet

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Steps to Improving Productivity

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

85. Productivity is harder to measure in the service sector because \_\_\_\_\_\_.

a. inputs are difficult to assess

b. the unit of measurement is not heterogeneous

c. statistical samples are hard to obtain

d. there are no government standards

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-4. Compare the different types of productivity measurements, and explain how firms use them strategically.

Answer Location: Measuring Productivity in the Service Sector

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

86. Supply chain management activities \_\_\_\_\_\_.

a. refer to the coordination of activities across multiple firms

b. refer to the application of government standards

c. refer to the application of industry standards

d. refer to the application of international standards

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Formulating and Evaluating Supply Chain Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

87. One way a firm can structure its supply chains is \_\_\_\_\_\_.

a. to outsource component manufacturing to third-party contractors

b. to exit the industry

c. to divest the supply chain part of its business

d. to follow international protocols

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-5. Describe how both manufacturers and service organizations formulate and evaluate their supply chain strategies.

Answer Location: Formulating and Evaluating Supply Chain Strategies

Difficulty Level: Easy

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

88. To ensure a good fit between the firm’s supply chain strategy and the firm’s overall corporate strategy, the firm needs to \_\_\_\_\_\_.

a. know their customers and the uncertainties associated with their supply chains

b. know the rules of international trade

c. ensure compliance with ISO regulations

d. ensure compliance with local government regulations

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-1. Compare the different levels of strategic planning, and identify the performance measures in each.

Answer Location: Formulating Supply Chain Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

89. Key performance indicators to monitor how well a firm’s supply chain is working include \_\_\_\_\_\_.

a. inventory turns

b. return on investment

c. return on assets

d. earnings before interest, taxes, and depreciation

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

90. Which of the following correctly pairs the short form with its full form?

a. DPMO: defectives per million opportunities

b. SCOR: supply chain operations reference

c. PDCA: prepare-direct-consolidate-act

d. SPM: structured process management

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

91. Which of the following is NOT one of the processes in the SCOR model?

a. Design: the product’s features and attributes

b. Plan: develop a supply chain that best meets sourcing, production, and delivery processes

c. Source: procure goods and services to meet demand

d. Make: transform product into finished state

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Evaluating the Performance of a Supply Chain Strategy

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

92. Offshoring of manufacturing to countries such as Brazil and Vietnam has been encouraged by \_\_\_\_\_\_.

a. the need for sustainable manufacturing practices

b. the higher transportation costs

c. need for lower manufacturing costs

d. the longer shipping times

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Integrating Operations and Supply Chain Strategies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

93. Companies successful in integrating their operations and supply chains globally possess which of the following capabilities?

a. supply chain adaptability

b. ability to divest a business

c. ability to follow the dictates of corporate strategy

d. strict adherence to ISO requirements

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Integrating Operations and Supply Chain Strategies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

94. In 2011, an earthquake and subsequent tsunami shut down the Fukushima Dai-ichi nuclear power plant in Fukushima, Japan, for months. This is an example of \_\_\_\_\_\_.

a. an unforeseen event that can disrupt operational and supply chain activities

b. the success of contingency planning

c. the quick response by the Japanese government in rescue operations

d. the need for ISO intervention

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Risk Management Strategies

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

95. A firm’s operations should have a risk management program that can anticipate \_\_\_\_\_\_.

a. uncontrollable events

b. the need to divest the business

c. how employees can be redeployed from a business in distress

d. the need to redeploy its resources

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Risk Management Strategies

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

96. The balanced scorecard \_\_\_\_\_\_.

a. was introduced by the ISO

b. was popular in the 1970s

c. can be used to improve the firm’s internal communications

d. is required by the U.S. government

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Balanced Scorecard

Difficulty Level: Easy

AACSB: Analytical thinking (able to analyze and frame problems)

97. Corporate strategy is a strategy that \_\_\_\_\_\_.

a. attempts to address the fundamental question of what industries and markets the organization should enter and compete in

b. attempts to address the fundamental question of how a company can compete in a particular industry

c. attempts to address the fundamental question of how to position a company in a given market

d. attempts to address the fundamental question of what advertising strategy to follow

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Corporate Strategy

Difficulty Level: Easy

AACSB: Analytical thinking (able to analyze and frame problems)

98. Business strategy is a strategy that \_\_\_\_\_\_.

a. attempts to address the fundamental question of what industries and markets in which the organization should enter and compete

b. attempts to address the fundamental question of how a company can compete in a particular industry

c. attempts to address the fundamental question of how to improve the company’s operations

d. attempts to address the fundamental question of what advertising strategy to follow

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Business-Unit Strategies

Difficulty Level: Easy

AACSB: Analytical thinking (able to analyze and frame problems)

99. Functional strategy is a strategy that \_\_\_\_\_\_.

a. attempts to address the fundamental question of what industries and markets the organization should enter and compete in

b. attempts to address the fundamental question of how a company can compete in a particular industry

c. attempts to address the fundamental question of how to manage a particular function

d. attempts to address the fundamental question of what advertising strategy to follow

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Functional Strategies

Difficulty Level: Easy

AACSB: Analytical thinking (able to analyze and frame problems)

100. An order loser is \_\_\_\_\_\_.

a. a company salesman who fails to procure an order for the company’s products

b. a qualifying criterion a firm fails to meet

c. an administrative person who lost an order received by the company

d. an accounting practice the company failed to follow

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 2-6. Identify the key capabilities firms need to formulate and implement global operations and supply chain strategies and manage the risks related to them.

Answer Location: Order Winners Versus Order Qualifiers

Difficulty Level: Easy

AACSB: Analytical thinking (able to analyze and frame problems)