**Chapter 4: Product and Service Innovations**

**Test Bank**

**Multiple Choice**

1. The importance of sustainability is growing \_\_\_\_\_\_.

a. despite lack of enthusiasm and support from companies

b. due to regulatory mandates by the government

c. although consumers are not interested

d. because of ISO requirements

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-8. Discuss some of the legal, ethical, and sustainability issues that affect firms developing new products and services.

Answer Location: Sustainability Issues

Difficulty Level: Easy

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

2. A new product offering can be \_\_\_\_\_\_.

a. tangible—something that you can physically touch and feel

b. mandated—the government requires a product to be sold to customers even if customers do not want it

c. required by international trade—trade requirements demand that a product be sold to customers even if customers do not want it

d. required by the United Nations—international regulations demand that a product be sold to customers even if customers do not want it

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Why Companies Develop New Products and Services

Difficulty Level: Easy

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

3. In recent years, changes in technology have \_\_\_\_\_\_.

a. blurred the differences between products and services

b. made the differences between products and services more distinct

c. required products to be offered with services

d. made products more important than services

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Why Companies Develop New Products and Services

Difficulty Level: Easy

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

4. Which of the following is NOT a reason companies introduce new products?

a. to improve market share

b. to stay ahead of the competition

c. to survive in the marketplace

d. to exploit customers unfairly

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Why Companies Develop New Products and Services

Difficulty Level: Easy

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

5. Leading companies view new product development as \_\_\_\_\_\_.

a. a proactive process

b. a temporary process

c. an expensive process

d. a necessary evil

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Responding to Market Challenges With New Products and Services

Difficulty Level: Easy

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

6. Consumer tastes and preferences are changing due to \_\_\_\_\_\_.

a. growing health awareness

b. the U.S. population becoming younger

c. increasing costs of most consumer goods

d. difficulty of procuring staple food items

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Changing Consumer Tastes

Difficulty Level: Easy

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

7. Which of the following shows the correct sequence of the stages of a product life cycle?

a. growth, maturity, introduction, decline

b. introduction, growth, maturity, decline

c. introduction, maturity, growth, decline

d. growth, introduction, maturity, decline

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Changes in the Stages of the Life Cycles of Products

Difficulty Level: Easy

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

8. Which of the following correctly pairs a product with the stage in its life cycle?

a. checkbooks: growth

b. credit cards: maturity

c. 3-D televisions: obsolescence

d. smart cards: decline

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Changes in the Stages of the Life Cycles of Products

Difficulty Level: Medium

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

9. Thanks to new technologies \_\_\_\_\_\_.

a. products have longer life cycles

b. products have shorter life cycles

c. products are becoming way more expensive than they used to be

d. products are becoming less useful than they used to be

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Changes in the Stages of the Life Cycles of Products

Difficulty Level: Easy

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

10. Which of the following is NOT a consequence of advances in technology?

a. Companies can stay ahead of the competition.

b. Companies can avoid product obsolescence.

c. Companies can introduce new products and services that are less expensive.

d. Companies can shorten the product life cycle.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Changes in Technology

Difficulty Level: Medium

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

11. To meet new legal and regulatory requirements, companies may \_\_\_\_\_\_.

a. introduce poor quality products

b. redesign existing products

c. refurbish used products

d. recycle old models of products

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Changes in Legal and Regulatory Requirements

Difficulty Level: Medium

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

12. Factors that influence the success of a new product include \_\_\_\_\_\_.

a. understanding of the market and the needs of customers

b. introducing the product at the right stage of the product life cycle

c. making sure government regulations are followed

d. ensuring ISO protocols are adhered to

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Why Do New Products Fail?

Difficulty Level: Hard

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

13. The percentage of new products that fail is estimated to be over \_\_\_\_\_\_.

a. 55%

b. 65%

c. 75%

d. 85%

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-1. Explain why new product development is vital for organizations.

Answer Location: Why Do New Products Fail?

Difficulty Level: Hard

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

14. The textbook cites the McDonald’s McAfrica sandwich as an example of a product failure to illustrate \_\_\_\_\_\_.

a. the importance of regular, not pita, bread in sandwiches

b. the importance of naming the product appropriately

c. the lack of sensitivity by including tomatoes in the sandwich, which may be harmful to people allergic to tomatoes

d. the impact of not having fries to go with the sandwich

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

15. The Newton device was\_\_\_\_\_\_.

a. introduced in 1983

b. inexpensive at $200

c. bulky

d. free of bugs

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

16. One reason that products are likely to fail in the market place include \_\_\_\_\_\_.

a. misunderstanding the target market

b. correct product positioning

c. failure to meet government regulations

d. failure to meet ISO Requirements

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Operations Management: Lessons Learned: Poor Product Launches—What’s in a Name?: Poor Product Launches—What’s in a Name?

Difficulty Level: Easy

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

17. If benefits from a product are not correctly matched with the product’s price, then \_\_\_\_\_\_.

a. the product is likely to succeed

b. the product’s life cycle is likely to be extended

c. this may be a violation of government regulations governing product launch

d. the product is doomed to failure

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Operations Management: Lessons Learned: Poor Product Launches—What’s in a Name?

Difficulty Level: Hard

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

18. Which of the following statements is true regarding how customers’ understanding of a new product can contribute to its failure?

a. Customers are fully aware of the benefits of a new product.

b. Customers do not want to buy the product at its current price.

c. Customers do not understand the benefits of a new product.

d. Customers do not know where the product is available.

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

19. In launching a product, it is not particularly helpful if \_\_\_\_\_\_.

a. the company describes the technical capabilities and features of the product in its advertising

b. the company describes the features the product in its advertising

c. the company advertises the locations where the product is available

d. the company advertises when the product will be available

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

20. One of the problems facing the Apple watch is its \_\_\_\_\_\_.

a. large number of functions

b. large face

c. difficult-to-use display

d. clear understanding by customers of the purpose of the product

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

21. Which of the following statements is true about the Bjork-Shiley synthetic heart valve?

a. It failed to clog over time.

b. It led to hundreds of unnecessary deaths.

c. Early indicators of problems were immediately addressed by the company.

d. It was effective.

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way which new products are designed and tested.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

22. A product may fail due to \_\_\_\_\_\_.

a. adequate infrastructure

b. excellent supporting services

c. poor supply chain infrastructure

d. government regulations

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Why Do New Products Fail?

Difficulty Level: Easy

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

23. Which of the following statements is true with regard to types of innovation?

a. Firms can choose between sustaining and incremental innovations.

b. Sustaining innovations are targeted toward an existing market.

c. Incremental innovations are targeted toward future markets.

d. Produce designers cannot easily move from one to the other type of innovation.

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Types of Innovation

Difficulty Level: Hard

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

24. A sustaining innovation can be \_\_\_\_\_\_.

a. radical

b. done only infrequently

c. targeted toward potential future markets

d. difficult to introduce

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Types of Innovation

Difficulty Level: Hard

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

25. An incremental innovation \_\_\_\_\_\_.

a. increases the scope of an existing innovation

b. increases its impact over the life of the product

c. is an improvement to an existing product

d. all of these

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Types of Innovation

Difficulty Level: Hard

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

26. A disruptive innovation is a product or service that \_\_\_\_\_\_.

a. takes root initially in simple applications

b. takes root typically at the high end of a market

c. is usually high priced

d. is mandated by the government

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Types of Innovation

Difficulty Level: Medium

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

27. Which of the following types of innovation is likely to create new and often unexpected markets?

a. sustaining innovation

b. disruptive innovation

c. incremental innovation

d. gradual innovation

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Types of Innovation

Difficulty Level: Medium

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

28. What do cellular phones, community colleges, discount retailers, and medical clinics in retail stores have in common?

a. They all offer cheap products.

b. They are sustaining innovations implemented gradually.

c. They are disruptive innovations.

d. They are sustaining innovations implemented incrementally.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: Types of Innovation

Difficulty Level: Medium

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

29. According to the Product Development Management Association, new product development (NPD) includes \_\_\_\_\_\_.

a. commercialization of a product

b. product life cycle management

c. replacement of product at the end of the introduction phase

d. refurbishment of returned products

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: How New Products Are Developed

Difficulty Level: Medium

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

30. Which of the following statements is true with regard to the product lifecycle management (PLM)?

a. PLM focuses on managing the engineering aspects of a product throughout its useful life.

b. The decline stage is usually shorter than the growth stage in the PLM.

c. The growth stage is usually shorter than the decline stage in the PLM.

d. PLM is a manufacturing concept that refers to the decline phase of the product.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-3. Demonstrate how new strategies have improved the way in which new products are designed and tested.

Answer Location: How New Products Are Developed

Difficulty Level: Medium

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

31. Which of the following tactics is likely to be used in the product life-cycle management (PLCM)?

a. launching promotional campaigns

b. changing the product design process to accommodate changes in production volume

c. changing the manufacturing process to accommodate changes in demand elasticity

d. changing the product development process to accommodate changes in supply

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: How New Products Are Developed

Difficulty Level: Medium

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

32. The Stage-Gate® approach to product design \_\_\_\_\_\_.

a. is a technical road map

b. uses cross-functional teams to move the product from one stage to the next

c. is a way to apply government regulations

d. analyzes product failure

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: The Stage-Gate® Approach to New Product Development

Difficulty Level: Easy

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

33. Which of the following statements is true with regard to the traditional approach to product development?

a. The actual number of steps in the process depends on the type of the product.

b. The actual number of steps in the process is standardized across different companies.

c. The actual number of steps in the process is mandated by the government.

d. The actual number of steps in the process is dictated by ISO.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: The Traditional Approach to New Product Development

Difficulty Level: Medium

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

34. In the Stage-Gate® approach, \_\_\_\_\_\_.

a. *Stage* refers to the critical activities that need to take place once a product has been launched

b. *Stage* refers to the critical activities that need to be completed to be in compliance with government regulations

c. *Stage* refers to the critical activities that need to take place during a given stage of the project

d. *Stage* refers to the critical activities that need to be completed to be in compliance with ISO regulations

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 4-2. Describe the approaches companies use to develop new products.

Answer Location: The Stage-Gate® Approach to New Product Development

Difficulty Level: Medium

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

35. Which of the following is NOT a benefit of the Stage-Gate® approach?

a. quicker product launch

b. less rework

c. more rapid recycling

d. higher DPMO

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: The Stage-Gate® Approach to New Product Development

Difficulty Level: Medium

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

36. In reverse engineering, \_\_\_\_\_\_.

a. a firm looks at the process in which customers return products to see how this return process can be reengineered and improved

b. a firm dismantles competitors’ existing products to see how they work and whether they can be improved

c. a firm develops a product with the end use or application and works backwards (or in reverse)

d. the focus is primarily on disruptive innovation

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 0: Discovery

Difficulty Level: Hard

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

37. In the scoping stage of the new product development process, \_\_\_\_\_\_.

a. the team evaluates the technical merits of the product in relation to its potential target market

b. the team analyzes the channels through which the product can be distributed

c. the team reviews the media for advertising the product

d. the team recruits the team that will manufacture the product

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 1: Scoping

Difficulty Level: Hard

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

38. The most critical, and perhaps the most difficult, phase of the Stage-Gate® approach is \_\_\_\_\_\_.

a. developing the business case for the product

b. the scoping stage

c. designing the product

d. manufacturing the product

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 2: Build the Business Case for the Product

Difficulty Level: Hard

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

39. Which of the following is included in the business-case document for a new product?

a. a complete definition of the product

b. the technical capabilities required for manufacturing the product

c. the advertising capabilities required to increase awareness of the product

d. the packaging needed for the product

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 2: Build the Business Case for the Product

Difficulty Level: Hard

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

40. The project plan for the development of the product includes \_\_\_\_\_\_.

a. the importance of the project

b. resources needed for the project

c. the government requirements for the project

d. the ISO mandates for the project

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 2: Build the Business Case for the Product

Difficulty Level: Hard

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

41. A feasibility analysis evaluates \_\_\_\_\_\_.

a. the difficulty of carrying out the project

b. whether the project materials can be recycled

c. how government requirements can be circumvented

d. how the product life cycle can be shortened

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 2: Build the Business Case for the Product

Difficulty Level: Hard

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

42. Which of the following is not one of the options for the product following gate review?

a. terminate

b. suspend

c. recycle

d. proceed

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 3: Development

Difficulty Level: Hard

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

43. During the testing and validation process, \_\_\_\_\_\_.

a. market research for the product is gathered

b. the production process is validated

c. product design is initiated

d. raw materials for the product are evaluated

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 4: Testing and Validation

Difficulty Level: Hard

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

44. Field testing of a product is known as \_\_\_\_\_\_.

a. alpha testing

b. beta testing

c. market testing

d. real-time testing

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 4: Testing and Validation

Difficulty Level: Hard

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

45. Which of the following is an optional test phase in a product launch?

a. market testing

b. primary testing

c. design testing

d. prototype testing

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Stage 4: Testing and Validation

Difficulty Level: Hard

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

46. Modular design is an approach in which independently created units called modules \_\_\_\_\_\_.

a. can be combined with other modules

b. can be recycled

c. can be sold at a price below cost of production

d. do not need to comply with government regulations

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Modular Design

Difficulty Level: Hard

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

47. Modular design attempts to combine the advantages of standardization with \_\_\_\_\_\_.

a. economic order quantity

b. economies of scale

c. customization

d. sustainability

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Modular Design

Difficulty Level: Hard

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

48. Robust product design \_\_\_\_\_\_.

a. helps avoid disruptions in production due to significant changes in inputs

b. was pioneered by Genichi Taguchi

c. was used by Henry Ford in his original assembly line system of production

d. is used to protect market share

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Robust Product Design

Difficulty Level: Hard

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

49. Which of the following is an area in which sustainability has an impact?

a. the ability of manufacturer to take into account environmental aspects

b. the ability of customer to buy the product

c. the ability of customer to return the product

d. the ability of manufacturer to increase the price

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-8. Discuss some of the legal, ethical, and sustainability issues that affect firms developing new products and services.

Answer Location: Sustainability Issues

Difficulty Level: Easy

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

50. Product variations can arise from \_\_\_\_\_\_.

a. internal variation

b. supplier variation

c. market variation

d. customer variation

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Robust Product Design

Difficulty Level: Hard

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

51. Internal variations, as a cause of product variation, come from \_\_\_\_\_\_.

a. wear and tear of production equipment as it ages

b. environmental factors

c. government regulations

d. company procedures

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Robust Product Design

Difficulty Level: Easy

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

52. Which of the following examples does NOT correctly illustrate the corresponding type of variation?

a. Fabric that will not deteriorate when exposed to varying environments is an example of product design considering external variation.

b. Product standardization between different models of a product is an example of product design considering modular variation.

c. A replacement part that will fit properly is an example of product design considering unit-to-unit variation.

d. A product that is durable is an example of product design considering internal variation.

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Robust Product Design

Difficulty Level: Hard

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

53. Value is defined as \_\_\_\_\_\_.

a. the product of the function to its cost

b. the ratio of the function to its cost

c. the reciprocal of the function to its cost

d. the difference between the function and its cost

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Value Analysis and Value Engineering

Difficulty Level: Hard

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

54. Value analysis is \_\_\_\_\_\_.

a. used to improve, at a minimum cost, the functionality of a product without affecting its existing functions and standards

b. used to completely analyze and improve the value of all of the components used to develop a product from its design to its final delivery

c. used to design a product with a view to meet the requirements for a new market

d. used to analyze the process by which market requirements may be satisfied

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Value Analysis and Value Engineering

Difficulty Level: Easy

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

55. Value engineering provides value to \_\_\_\_\_\_.

a. customers

b. employees

c. boards of directors

d. government agencies

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Value Analysis and Value Engineering

Difficulty Level: Medium

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

56. One significant area where value engineering has produced impressive results is with regard to \_\_\_\_\_\_.

a. reducing costs of inputs into a product

b. the information technology in product manufacture

c. analyzing the market to ensure customers receive value

d. reducing the cost of reverse logistics

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Value Analysis and Value Engineering

Difficulty Level: Hard

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

57. Mass customization is \_\_\_\_\_\_.

a. the mass production of individually customized products

b. the reuse of components discarded from scrapped products

c. the redesign of components found to be faulty in earlier versions of a product

d. the production of each product by hand for specific customers

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Mass Customization

Difficulty Level: Hard

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

58. Mass customization is an approach that has been applied in \_\_\_\_\_\_.

a. the automobile industry

b. oil refineries

c. glass production

d. steel production

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Mass Customization

Difficulty Level: Hard

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

59. DFMA \_\_\_\_\_\_.

a. cannot be implemented using software

b. refers to designed for maximum aggravation

c. refers to products definitely for mature application

d. refers to design for manufacturing and assembly

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Design for Manufacturing and Assembly

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems

60. Which of the following is NOT one of the elements of DFMA system?

a. the raw material

b. choosing the right machines and processes

c. assembly

d. marketing

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Design for Manufacturing and Assembly

Difficulty Level: Hard

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

61. DFR \_\_\_\_\_\_.

a. refers to design for recycling

b. ensures that a product functions as intended

c. refers to definitely for resale

d. refers to designed for refurbishing

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Design for Reliability (DFR)

Difficulty Level: Medium

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

62. DFDRR \_\_\_\_\_\_.

a. helps to reduce waste

b. increases marketing costs

c. reduces advertising costs

d. ensures compliance with government regulations

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Design for Disposal, Remanufacturing, and Recycling (DFDRR)

Difficulty Level: Medium

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

63. QFD \_\_\_\_\_\_.

a. stands for quality function development

b. is a method companies use to translate customers’ wants and needs into product or service features

c. was introduced by Henry Ford

d. applies to assembly line manufacturing

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Quality Function Deployment (QFD)

Difficulty Level: Easy

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

64. Which of the following is NOT true with regard to HOQ?

a. It is a tool used in the quality function deployment approach.

b. It refers to head of quality in an organization.

c. An HOQ diagram resembles a house.

d. It is used in product development.

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Quality Function Deployment (QFD)

Difficulty Level: Medium

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

65. Which of the following is NOT true with regard to the serial approach in a large-scale production project?

a. It is slow.

b. It is costly.

c. It is used to develop products effectively.

d. May require frequent engineering changes.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Concurrent Engineering

Difficulty Level: Medium

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

66. Which of the following is NOT true with regard to the serial approach in a large-scale production project?

a. It is slow.

b. It is costly.

c. Is used in designing for recycling.

d. It may require frequent engineering changes.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Concurrent Engineering

Difficulty Level: Medium

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

67. Which of the following is NOT true of a new product prototype?

a. It is an actual working model of the new product.

b. It is a full-scale model of the new product.

c. It can be developed quickly using rapid prototyping.

d. Its development may be facilitated by virtual reality technology.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Rapid Prototyping and Virtual Reality

Difficulty Level: Medium

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

68. Which of the following is FALSE with regard to CAD and CAE?

a. CAD refers to software facilitates designing new products electronically.

b. CAD stands for computer-aided design.

c. CAE stands for computer-aided engineering.

d. CAE is part of CAD.

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Computer-Aided Design (CAD)

Difficulty Level: Easy

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

69. Benefits of CAD include \_\_\_\_\_\_.

a. elimination of routine mistakes

b. an increase in design times

c. the use of better raw materials

d. the use of qualified labor

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Computer-Aided Design (CAD)

Difficulty Level: Easy

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

70. New product development for many industries has been impacted by \_\_\_\_\_\_.

a. global competition

b. the nuclear pact with Iran

c. the emergence of ISIS

d. the increase in terrorist attacks

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-5. Explain the global product-development process, and describe how organizations are increasingly using it to gain a strategic advantage.

Answer Location: Global Product Development

Difficulty Level: Easy

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

71. The overall objective of global product development is \_\_\_\_\_\_.

a. to introduce innovative new products that exceed customer expectations

b. to minimize the financial and operational productivity of the product development process

c. to ensure participation by as many countries as possible in product development

d. to ensure participation by as many cultures as possible in product development

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-5. Explain the global product-development process, and describe how organizations are increasingly using it to gain a strategic advantage.

Answer Location: Global Product Development

Difficulty Level: Easy

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

72. In comparison to a baseline, productivity is higher if \_\_\_\_\_\_.

a. for given input, output is higher

b. for given output, input is higher

c. the cost of production increases with volume of production

d. there is increase in demand with increase in volume of production

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 4-5. Explain the global product-development process, and describe how organizations are increasingly using it to gain a strategic advantage.

Answer Location: Global Product Development

Difficulty Level: Easy

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

73. It is estimated that by simply rearranging their product development activities and personnel in a global way \_\_\_\_\_\_.

a. companies can increase productivity by 210%

b. companies can realize cost savings

c. companies can increase elasticity of demand

d. companies can be more compliant with government regulations

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-5. Explain the global product-development process, and describe how organizations are increasingly using it to gain a strategic advantage.

Answer Location: Global Product Development

Difficulty Level: Medium

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

74. Which of the following countries is NOT a significant recipient of outsourcing of manufacturing by industrialized countries?

a. China

b. Myanmar

c. Vietnam

d. Russia

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-5. Explain the global product-development process, and describe how organizations are increasingly using it to gain a strategic advantage.

Answer Location: The Evolution of Global Product Development

Difficulty Level: Medium

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

75. Which of the following statements with regard to offshoring is FALSE?

a. It is a complex process.

b. It can cause quality control problems.

c. It offers enormous cost advantages.

d. It expedites lead times.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 4-5. Explain the global product-development process, and describe how organizations are increasingly using it to gain a strategic advantage.

Answer Location: The Evolution of Global Product Development

Difficulty Level: Medium

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

76. Which of the following is LEAST likely to be one of the challenges related to global product development?

a. protecting the firm’s intellectual property

b. formulating a global process of development

c. ensuring compatibility of data and software systems

d. ensuring participation by each country in the product development process

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Challenges Related to Global Product Development

Difficulty Level: Hard

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

77. The association of black color with bad luck (in China) or the breakfast preferences of Indians are discussed as examples of \_\_\_\_\_\_.

a. cultural differences

b. religious differences

c. industrial differences

d. political differences

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Challenges Related to Global Product Development

Difficulty Level: Hard

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

78. A question related to inventory levels that a company needs to ask is, \_\_\_\_\_\_?

a. How can we minimize the cost of inventories

b. Where should these inventories be located

c. How can these inventories be insured

d. How can these inventories be transported

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Supply Chain Issues Related to New Product Development

Difficulty Level: Hard

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

79. Which of the following is NOT one of the four options a company can consider with regard to locating its inventories?

a. at the manufacturer’s facility

b. in a warehousing facility

c. in a retail facility

d. offshoring inventory

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Supply Chain Issues Related to New Product Development

Difficulty Level: Hard

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

80. Costs associated with inventory include the costs of \_\_\_\_\_\_.

a. transportation

b. packaging

c. stock-out costs

d. in-transit carrying costs

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Supply Chain Issues Related to New Product Development

Difficulty Level: Hard

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

81. Which of the following is included in calculating lead time for a supplier?

a. to design the product for sustainability

b. to deliver it after it’s been ordered

c. to design the product for recycling

d. to package the product

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Key Terms

Difficulty Level: Hard

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

82. Which of the following is LEAST likely to be a mechanism by which supply chain collaboration will have a direct impact on the success of the new product development process?

a. creation of a clear supply chain design

b. multistage quality testing

c. understanding the operating process of each supply chain member

d. understanding the ISO requirements for product development

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Collaboration Within Supply Chains

Difficulty Level: Hard

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

83. In recent years, companies have embraced \_\_\_\_\_\_.

a. a more collaborative approach to new product development

b. a more combative approach to new product development

c. a more adversarial approach to new product development

d. a more wary approach to new product development

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Early Involvement of the Supply Chain’s Members

Difficulty Level: Hard

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

84. A supply chain designed for a new product \_\_\_\_\_\_.

a. should improve each phase of the product-development process

b. can be represented by a pie chart

c. is governed by the World Trade Organization

d. needs to comply with ISO requirements

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Creation of a Clear Supply Chain Design

Difficulty Level: Hard

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

85. Ideal times for quality testing of a product are \_\_\_\_\_\_.

a. during the design phase

b. during marketing

c. during the alpha-testing phase

d. during the recycle phase

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: Multistage Quality Testing

Difficulty Level: Hard

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

86. In comparing products and services, \_\_\_\_\_\_.

a. it is easier to standardize a service than a product

b. design of services is a mature industry

c. services are unique experiences tailored for the individual customer at a given time

d. products have greater variation in design

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

87. The aim of service design is to answer the question, \_\_\_\_\_\_?

a. What is the maximum price we can charge for the service

b. What is the nature of interaction between the customer and the service provider

c. How can we convince the customers they are getting more than they paid for

d. How can government regulations on service design be circumvented

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

88. Which of the following is LEAST likely to be a method by which customers and the service provider interact today?

a. face-to-face

b. via telephone

c. through websites and social media

d. by postal correspondence

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

89. A service design feature that focuses on the speedy processing of customers’ written requests \_\_\_\_\_\_.

a. involves the customer face-to-face

b. has significant impact in terms of the customer service experience with the company

c. increases manufacturing costs

d. leads to products with limited durability

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

90. Which of the following is NOT a consequence of social networks?

a. Local and global customers are now better informed.

b. Local and global customers are more demanding.

c. Local and global customers are better organized.

d. Local and global customers are less discerning.

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

91. Video-ethnography is a technique for designers to \_\_\_\_\_\_.

a. track their customers and record them as they use products and services so as to better design services for them

b. understand elasticity of demand

c. understand elasticity of supply

d. control quality

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

92. The service system design matrix establishes a relationship between three factors of service. Which of the following is NOT one of these factors?

a. the degree of contact between the consumer and the service provider

b. the opportunity for sales

c. the service system’s production efficiency

d. the durability of the products used in the system

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

93. In considering types of service delivery systems, the “face-to-face: total customization" approach leads to \_\_\_\_\_\_.

a. high degree of customer interaction

b. high production efficiency

c. high degree of regulatory compliance

d. poor speed in obtaining customer feedback

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

94. Considerations in selecting a type of service delivery system include \_\_\_\_\_\_.

a. improving the efficiency of the production process

b. the opportunity for exploiting customers

c. the possibility for circumventing government regulations

d. the possibility for receiving a waiver of applicable government regulations

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 4-7. Identify the unique challenges service organizations face when designing their products, including the tools and methods they use to do so.

Answer Location: How Services Are Designed

Difficulty Level: Hard

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

95. Which of the following is LEAST likely to be one of the critical functions of the operations and supply chain professional?

a. achieving quality products and services

b. focusing on customer needs

c. finding the best methods to deliver these products and services

d. identifying the right target market for the product

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 4-8. Discuss some of the legal, ethical, and sustainability issues that affect firms developing new products and services.

Answer Location: How Services Are Designed

Difficulty Level: Medium

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

96. Which of the following is NOT an example of a government regulatory act?

a. Federal Food, Drug, and Cosmetic Act

b. Environmental Protection Act

c. Veterans Administration Act

d. Hazardous Products Act

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 4-8. Discuss some of the legal, ethical, and sustainability issues that affect firms developing new products and services.

Answer Location: Changes in Legal and Regulatory Requirements

Difficulty Level: Medium

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

97. When poorly designed goods or services affect consumers adversely, consumers have legal recourse \_\_\_\_\_\_.

a. by going on strike

b. by filing a lawsuit

c. by writing to the World Trade Organization

d. by writing to the United Nations

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-8. Discuss some of the legal, ethical, and sustainability issues that affect firms developing new products and services.

Answer Location: Legal and Ethical Issues

Difficulty Level: Medium

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

98. Which of the following statements correctly pairs a company with its reputation?

a. Volkswagen—reputed for providing integrity of product and service

b. Wal-Mart—reputed for focus on consumer safety

c. Enron—for integrity in financial transactions

d. Arthur Anderson—for integrity in auditing

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 4-8. Discuss some of the legal, ethical, and sustainability issues that affect firms developing new products and services.

Answer Location: Legal and Ethical Issues

Difficulty Level: Medium

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

99. Value engineering is \_\_\_\_\_\_.

a. used to improve, at a minimum cost, the functionality of a product without affecting its existing functions and standards

b. used to completely analyze and improve the value of all of the components used to develop a product from its design to its final delivery

c. used to design a product with a view to meet the requirements for a new market

d. used to analyze the process by which market requirements may be satisfied

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Value Analysis and Value Engineering

Difficulty Level: Easy

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

100. New global product offerings require an intimate understanding of \_\_\_\_\_\_.

a. cultural nuances of different countries

b. the Geneva Convention

c. the General Agreement on Trade and Tariffs

d. packaging requirements in different countries

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 4-4. Discuss some new technologies that have allowed for faster new product development.

Answer Location: Value Analysis and Value Engineering

Difficulty Level: Easy

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