**Chapter 17: Sales and Operations Planning**

**Test Bank**

**Multiple Choice**

1. \_\_\_\_\_\_ is the integration of customer-focused marketing plans for new and existing products with supply chain management.

a. Sales and operations planning

b. Demand planning

c. Product planning

d. Supply planning

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: The Basics of Sales and Operations Planning

Difficulty Level: Easy

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

2. Sales and operations planning is also known as \_\_\_\_\_\_.

a. demand planning

b. sales planning

c. aggregate planning

d. independent planning

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: The Basics of Sales and Operations Planning

Difficulty Level: Easy

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

3. Sales and operations planning deal with \_\_\_\_\_\_ decision-making.

a. strategic

b. tactical

c. operational

d. weekly

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: The Basics of Sales and Operations Planning

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 problem caused by a mismatch between supply and demand?

a. excess inventories and obsolete products

b. delays in production and on-time delivery

c. material and product shortages

d. reduced expediting and increased profits

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: The Basics of Sales and Operations Planning

Difficulty Level: Easy

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

5. Which of the following is true about companies that employ an effective sales and operations planning process?

a. They possess the ability to maximize inventory buildup.

b. They experience material and product shortages.

c. They possess the ability to manage products and promotional planning.

d. They experience a loss of customers and reduced profits.

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: The Basics of Sales and Operations Planning

Difficulty Level: Easy

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

6. Which of the following is NOT a benefit of the sales and operations planning process?

a. improving product lifecycle management process

b. increasing costs

c. improving financial performance

d. fostering communication between departments

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: Benefits of Sales and Operations Planning

Difficulty Level: Easy

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

7. Which of the following is NOT an objective of sales and operations planning?

a. Establish greater accountability for individual plans developed by the various functional groups.

b. Coordinate supply chain partners.

c. Develop a maximum cost strategy for effectively meeting demands.

d. Establish communication among various stakeholders, including finance, marketing, production, and suppliers.

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: Table 17.1 Objectives of Sales and Operations Planning

Difficulty Level: Easy

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

8. Demand forecasts and market intelligence inputs are fed to sales and operations plans by the \_\_\_\_\_\_ department.

a. marketing

b. human resources

c. finance

d. operations

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: Figure 17.1 Sales and Operations Plan: Key Inputs and Outputs

Difficulty Level: Easy

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

9. An input to sales and operations planning by the operations department includes \_\_\_\_\_\_

a. new product information

b. demand forecasts

c. workforce availability

d. capacity availability

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: Figure 17.1 Sales and Operations Plan: Key Inputs and Outputs

Difficulty Level: Easy

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

10. Which of the following is a component of the sales plan (marketing)?

a. workforce levels

b. inventory levels

c. monthly sales estimates by product family

d. monthly regular time and overtime

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-1. Describe the basic ideas behind sales and operations planning.

Answer Location: Figure 17.1 Sales and Operations Plan: Key Inputs and Outputs

Difficulty Level: Easy

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

11. Which of the following is a component of the operations plan?

a. backlogs, back orders, and lost sales

b. promotions

c. customer service levels

d. new product introductions

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-2. Describe the benefits of sales and operations planning.

Answer Location: Figure 17.1 Sales and Operations Plan: Key Inputs and Outputs

Difficulty Level: Easy

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

12. There are \_\_\_\_\_\_ stages in the process of developing a sales and operations planning (S&OP) plan.

a. four

b. five

c. six

d. seven

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-2. Describe the benefits of sales and operations planning.

Answer Location: Framework of the Sales and Operations Planning Process

Difficulty Level: Easy

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

13. The first step in sales and operations planning is \_\_\_\_\_\_.

a. data gathering

b. supply planning

c. demand planning

d. financial planning

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-2. Describe the benefits of sales and operations planning.

Answer Location: Framework of the Sales and Operations Planning Process

Difficulty Level: Easy

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

14. The goal of \_\_\_\_\_\_ is to reach a consensus among the various stakeholders on various demand scenarios, the products that will be sold and the revenues that will be generated for each product line in each month of the planning horizon.

a. demand planning

b. supply planning

c. financial planning

d. top-down planning

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-2. Describe the benefits of sales and operations planning.

Answer Location: Demand Planning

Difficulty Level: Easy

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

15. The cannibalization of sales of existing products in making demand planning decisions should be considered in which of the following scenarios?

a. new product introduction

b. workforce expansion

c. capacity expansion

d. promotions

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-2. Describe the benefits of sales and operations planning.

Answer Location: Demand Planning

Difficulty Level: Easy

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

16. The final output of demand planning stage is a \_\_\_\_\_\_ that has the agreement of all the stakeholders of the S&OP process.

a. single supply plan

b. single demand plan

c. multiple demand plans

d. multiple supply plans

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-2. Describe the benefits of sales and operations planning.

Answer Location: Demand Planning

Difficulty Level: Easy

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

17. A(n) \_\_\_\_\_\_ team typically consists of personnel from purchasing, inventory management, production, warehousing, and logistics.

a. operations planning

b. financial planning

c. supply planning

d. demand planning

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Supply Planning

Difficulty Level: Easy

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

18. The objective of \_\_\_\_\_\_ is to ensure that there is sufficient manufacturing and distribution capacity to meet the demand forecasts.

a. operations planning

b. financial planning

c. supply planning

d. demand planning

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Supply Planning

Difficulty Level: Easy

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

19. Which of the following is FALSE about the functionalities of the supply planning team?

a. evaluation of both past and future capacity utilization

b. development of a procurement plan

c. identification of capacity constraints and alternatives to overcome them

d. resolution of imbalances between expected demand and available capacity in a reactive way

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Supply Planning

Difficulty Level: Easy

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

20. ROA in financial planning stands for \_\_\_\_\_\_.

a. return on assets

b. return on audit

c. record of assets

d. record of administration

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Financial Planning

Difficulty Level: Easy

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

21. The output of the financial planning stage serves as an input to \_\_\_\_\_\_.

a. revenue planning

b. the pre-S&OP meeting

c. an executive S&OP meeting

d. top-down planning

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Financial Planning

Difficulty Level: Easy

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

22. The final output of the \_\_\_\_\_\_ is a recommendation to senior management on a sales and operations plan that include both the trade-offs and the financial and nonfinancial implications of the plan.

a. revenue planning

b. pre-S&OP meeting

c. executive S&OP meeting

d. top-down planning

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Pre-S&OP Planning

Difficulty Level: Easy

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

23. \_\_\_\_\_\_ planning approaches can be used for developing a sales and operations plan.

a. Three

b. Two

c. Four

d. Five

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Top-Down Versus Bottom-Up: How Should S&OP Planning Proceed?

Difficulty Level: Easy

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

24. Which of the following is one of the approaches used for developing a sales and operations plan?

a. pre-S&OP planning

b. executive S&OP planning

c. bottom-up planning

d. expected revenue planning

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Top-Down Versus Bottom-Up: How Should S&OP Planning Proceed?

Difficulty Level: Easy

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

25. Which of the following is based on the assumption that management can create accurate tactical plans based on the overall aggregate forecast and then divide the resources across the individual products and services during the detailed operational planning and control activities?

a. pre-S&OP planning

b. executive S&OP planning

c. bottom-up planning

d. expected revenue planning

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Top-Down Versus Bottom-Up: How Should S&OP Planning Proceed?

Difficulty Level: Easy

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

26. \_\_\_\_\_\_ deals with evaluating the financial feasibility of the demand and supply plans developed in the previous stages of S&OP planning in terms of ROA, profits, revenue, and working capital investments.

a. ROA planning

b. Investments planning

c. Financial planning

d. Revenue planning

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Financial Planning

Difficulty Level: Easy

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

27. Which planning approach is used when management calculates the resource requirement for each individual set of products or services and then combines to get an overall picture of resource requirement?

a. bottom-up

b. top-down

c. aggregate

d. independent

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Top-Down Versus Bottom-Up: How Should S&OP Planning Proceed?

Difficulty Level: Easy

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

28. Which planning approach is appropriate for companies whose mix of products and service offerings change from period to period?

a. bottom-up

b. top-down

c. aggregate

d. independent

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Top-Down Versus Bottom-Up: How Should S&OP Planning Proceed?

Difficulty Level: Easy

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

29. Which planning approach is appropriate for companies that produce a combination of products and services that require similar resources?

a. bottom-up

b. top-down

c. aggregate

d. independent

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Top-Down Versus Bottom-Up: How Should S&OP Planning Proceed?

Difficulty Level: Easy

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

30. Advertising and promotions are options to influence \_\_\_\_\_\_.

a. demand

b. supply

c. capacity

d. workforce

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Table 17.2: Options to Influence Demand and Supply

Difficulty Level: Easy

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

31. In the sales and operations planning process, which of the following is an option for influencing supply?

a. price

b. backorders and reservation systems

c. advertising and promotions

d. use of subcontracting

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Table 17.2: Options to Influence Demand and Supply

Difficulty Level: Easy

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

32. In the sales and operations planning process, the options to influence demand adopt a \_\_\_\_\_\_ approach to match supply with demand.

a. reactive

b. proactive

c. passive

d. responsive

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-4. Compare the options for influencing demand and supply in implementing a sales and operations plan.

Answer Location: Options to Influence Demand

Difficulty Level: Easy

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

33. In the sales and operations planning process, the \_\_\_\_\_\_ adopt a reactive approach to match supply with demand.

a. options to influence demand

b. options to influence revenue

c. options to influence supply

d. options to influence costs

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Options to Influence Supply

Difficulty Level: Easy

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

34. A \_\_\_\_\_\_ is a customer order that a company accepts in one period but promises to deliver at a later point in time.

a. delivery order

b. return order

c. backorder

d. buyback order

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Options to Influence Demand

Difficulty Level: Easy

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

35. Companies that produce lawn mowers to meet demand during the summer months can also manufacture snow blowers for the winter. This approach is an example of \_\_\_\_\_\_.

a. developing counter-seasonal products and services

b. matching supply and demand with backorders

c. matching price with demand

d. advertising and promotions

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Options to Influence Demand

Difficulty Level: Easy

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

36. Which of the following is NOT one of the sales and operations planning strategies?

a. level strategy

b. product strategy

c. chase strategy

d. mixed strategy

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Sales and Operations Planning Strategies

Difficulty Level: Easy

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

37. The aim of the \_\_\_\_\_\_ strategy is to maintain a constant production rate.

a. level strategy

b. product strategy

c. chase strategy

d. mixed strategy

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Level Strategy

Difficulty Level: Easy

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

38. Which of the following strategies is appropriate for manufacturing organizations that have stable market demand or production levels?

a. level strategy

b. product strategy

c. chase strategy

d. mixed strategy

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Level Strategy

Difficulty Level: Easy

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

39. Consider that a company’s aggregate demand for a product over a 5-month period is 30,000, and there are a total of 125 working days in that period. Under level production strategy, the company will produce \_\_\_\_\_\_ units per day.

a. 200

b. 250

c. 220

d. 240

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Level Strategy

Difficulty Level: Easy

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

40. Which of the following is a disadvantage of the level strategy of sales and operations planning?

a. lower turnover

b. workers that tend to be skilled and experienced

c. higher cost of inventories over periods of slack

d. lower absenteeism of its employees

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Level Strategy

Difficulty Level: Easy

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

41. A demand matching strategy in which production is geared toward producing whatever amount of goods are needed to meet demand is a \_\_\_\_\_\_.

a. level strategy

b. product strategy

c. chase strategy

d. mixed strategy

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Chase Strategy

Difficulty Level: Easy

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

42. A hybrid strategy that combines the advantages of level and chase strategies, enabling firms to select options that influence both the demand and supply of their products, is a \_\_\_\_\_\_.

a. product strategy

b. mixed strategy

c. dual strategy

d. collaborative strategy

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Mixed Strategy

Difficulty Level: Easy

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

43. Companies that use \_\_\_\_\_\_ strategy employ the options of hiring and laying-off workers, overtime work, subcontracting, and so on to meet demand.

a. dual strategy

b. product strategy

c. chase strategy

d. mixed strategy

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Chase Strategy

Difficulty Level: Easy

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

44. Which of the following is a disadvantage of the chase strategy of sales and operations planning?

a. minimization of inventory holding costs

b. flexibility in the use of capacity

c. reduced obsolescence and shrinkage

d. higher costs of hiring, training, and laying-off employees

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Chase Strategy

Difficulty Level: Easy

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

45. A typical restaurant employs a \_\_\_\_\_\_ strategy by preparing meals only after the customer places an order, thereby matching actual production with customer demand.

a. dual strategy

b. product strategy

c. chase strategy

d. mixed strategy

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Chase Strategy

Difficulty Level: Easy

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

46. Which of the following techniques attempts to optimize a company’s objective, such as maximizing profits or minimizing costs, given constraints such as scarce productive resources?

a. optimization model

b. transportation model

c. simulations

d. management coefficient model

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

47. Which of the following is an optimization technique in which the objective and the constraint functions are linear and the variables are continuous?

a. linear decision rule

b. linear programming

c. simulation

d. management coefficient model

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

48. Which of the following is an optimization approach that can be used to create aggregate plans, where the total production cost is represented by a single quadratic cost function, which is minimized using calculus?

a. linear decision rule

b. linear programming

c. simulation

d. management coefficient model

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

49. Which of the following is a formal decision model that uses techniques of regression analysis of past production decisions and is also based on managerial performance and experience?

a. linear decision rule

b. linear programming

c. simulation

d. management coefficients model

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

50. Which of the following models use search decision rules to find the appropriate combination of production and workforce levels that will minimize costs?

a. optimization models

b. transportation models

c. simulations

d. management coefficients models

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

51. Which of the following is a special case of linear programming that can be used to obtain optimum aggregate plans that can enable planners to balance capacity and demand at the lowest possible cost?

a. linear decision rule

b. transportation model

c. simulations

d. management coefficient model

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-5. Identify alternative sales and operations planning strategies for product families.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

52. The assumption of linearity is restrictive and not representative of many real-world aggregate planning situations. This statement is a major drawback of \_\_\_\_\_\_.

a. linear programming

b. linear decision rule

c. transportation model

d. integer programming

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

53. Which of the following methods yields two linear equations, one to determine the optimum production plan for each period and the other to determine the optimum workforce plan for each period?

a. linear decision rule

b. integer programming

c. management coefficient model

d. linear programming

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Methods for Sales and Operations Planning

Difficulty Level: Easy

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

54. Which of the following methods does not guarantee an optimum sales and operations plan?

a. linear decision rule

b. management coefficient model

c. trial-and-error method

d. optimization model

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Easy

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

55. Which of the following assumptions is FALSE regarding the application of the trial-and-error approach to developing a sales and operations plan?

a. Unit costs are independent of the quantity produced.

b. Cost is a nonlinear function of unit cost and the number of units.

c. When allowed, backlogs are assumed to exist for the entire period.

d. Production occurs at a uniform rate throughout each period.

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Easy

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

56. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the planned monthly production level using level production strategy.



a. 4,000

b. 5,000

c. 4,500

d. 5,500

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Easy

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

57. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the number of workers required to meet the production level using level production strategy. The average number of hours required to produce a pair of skis is 8 hours; the number of worker hours per months is 160.



a. 180

b. 100

c. 240

d. 200

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Easy

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

58. Ending inventory at the end of each period is given by \_\_\_\_\_\_.

a. Ending inventory = Beginning inventory of each period + Production in that period

b. Ending inventory = Beginning inventory of each period + Production in that period – Forecasted demand in that period

c. Ending inventory = Beginning inventory of each period – Production in that period

d. Ending inventory = Beginning inventory of each period – Production in that period + Forecasted demand in that period

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Easy

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

59. Average inventory level at the end of each period is given by \_\_\_\_\_\_.

a. Average inventory = (Beginning inventory + Ending inventory) / 2

b. Average inventory = (Beginning inventory + Ending inventory) \* 2

c. Average inventory = (Beginning inventory – Ending inventory) / 2

d. Average inventory = (Beginning inventory – Ending inventory) \* 2

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Medium

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

60. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the ending inventory level for January under a level production strategy. Assume the beginning inventory for January is 8,000 units.



a. 3,000

b. 5,000

c. 4,000

d. 5,500

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

61. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the average inventory for the month of February under a level production strategy. Assume the beginning inventory for January is 8,000 units.



a. 3,000

b. 2,200

c. 1,800

d. 2,500

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

62. Regular time production cost is given by the formula \_\_\_\_\_\_.

a. Regular time production cost = Regular time production x Regular time cost/unit

b. Regular time production cost = Regular time production / Regular time cost/unit

c. Regular time production cost = Regular time cost/unit x Regular time production

d. Regular time production cost = Regular time cost/unit / Regular time production

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

63. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the regular time production cost for January using the level production strategy. Assume the regular time production cost as $200/pair of skis, the average monthly inventory holding cost is $20/pair of skis per month, and the beginning inventory for January is 8,000 units.



a. $400,000

b. $800,000

c. $120,000

d. $100,000

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

64. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the inventory holding costs for the month of March using the level production strategy. Assume the regular time production cost as $200/pair of skis, the average monthly inventory holding cost as $20/pair of skis per month, and the beginning inventory for January is 8,000 units.

a. $5,000

b. $7,500

c. $10,000

d. $20,000

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

65. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the additional number of workers required to meet the production level for the month of January using the chase production strategy. The average number of hours required to produce a pair of skis is 8 hours, and the number of worker hours per month is 160. The current workforce is 100. The beginning inventory for January is zero.



a. 100

b. 200

c. 300

d. 400

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

66. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the hiring cost for month of January using the chase production strategy. The average number of hours required to produce a pair of skis is 8 hours, and the number of worker hours per month is 160. The current workforce is 100. The beginning inventory for January is zero. The hiring cost per worker is $400.



a. $120,000

b. $150,000

c. $200,000

d. $100,000

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

67. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the firing cost for month of February using the chase production strategy. The average number of hours required to produce a pair of skis is 8 hours, and the number of worker hours per month is 160. The current workforce is 100. The firing cost per worker is $200.



a. $12,000

b. $15,000

c. $20,000

d. $10,000

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

68. Consider the estimated aggregate demand for a company’s ski product line for the upcoming year in the following table. Calculate the total costs for the month of March using the level production strategy. Assume the regular time production cost as $200/pair of skis, and the average monthly inventory holding cost is $20/pair of skis per month.



a. $810,000

b. $900,000

c. $880,000

d. $850,000

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-6. Use the trial-and-error method to develop a sales and operations plan.

Answer Location: Developing a Sales and Operations Plan: Trial-and-Error Method

Difficulty Level: Hard

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

69. Which of the following is FALSE about linking the sales and operations planning process to the operations of the company’s supply chain partners?

a. Coordinating the sales and operations planning process across the supply chain can improve the overall supply chain performance.

b. Involving supply chain partners in the sales and operations planning process increases the level of uncertainty in the supply chain.

c. Involving supply chain partners can pave the way for a collaborative planning, forecasting, and replenishment (CPFR) process.

d. Linking the company’s sales and operations planning process to the rest of the supply chain improves overall supply chain agility.

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Sales and Operations Planning in Supply Chains

Difficulty Level: Easy

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

70. Which of the following is FALSE about developing a global sales and operations plan?

a. a proliferation of product lines caused by global customers demanding greater variety

b. a lower product demand volatility caused by swings in demand

c. a higher expectation of quality from global customers

d. a greater need to reduce high inventory levels caused by poor forecasts

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Global Sales and Operations Planning

Difficulty Level: Easy

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

71. Which of the following statements is FALSE about a global sales and operations plan?

a. It must be able to reconcile product allocations.

b. It must include formal communication channels.

c. It must be managed separately through the respective functions (manufacturing, sales, finance).

d. It must be able to balance differing stakeholder needs and goals.

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Global Sales and Operations Planning

Difficulty Level: Easy

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

72. The \_\_\_\_\_\_ department provides global planners with information on capital expenditure planning and budgeting activities.

a. finance

b. marketing

c. information technology

d. suppliers

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Global Sales and Operations Planning

Difficulty Level: Easy

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

73. Which of the following does NOT have an impact on a company’s choice of global sales and operations planning model?

a. strategic direction

b. volume of demand

c. nature of its products

d. buying power of customer

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Global Sales and Operations Planning

Difficulty Level: Easy

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

74. Which of the following is NOT an outcome of an effective global sales and operations plan?

a. reduced inventory

b. improved customer relationship

c. increased expedited costs

d. increased forecast accuracy

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Benefits of Global S&OP

Difficulty Level: Easy

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

75. Companies with a well-integrated S&OP typically have \_\_\_\_\_\_ days of inventory.

a. 25 to 30 days

b. 6 months

c. 40 to 50 days

d. 70 to 90 days

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 17-7. Explain the benefits of sales and operations planning in supply chains.

Answer Location: Benefits of Global S&OP

Difficulty Level: Hard

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

76 Which of the following statements is FALSE about services?

a. Services cannot be inventoried.

b. Services have low demand volatility.

c. Services require skilled labor.

d. Capacity required for services is hard to predict.

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

77. An empty airline seat cannot be held as inventory and sold at a later time. This is an illustration of which of the following statements?

a. Services cannot be inventoried.

b. Services have low demand volatility.

c. Services require skilled labor.

d. Capacity required for services is hard to predict.

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

78. The number of nurses and doctors that a hospital may need on any given day depends not only on the number of patients but also the types of patient care required. This is an illustration of which of the following statements?

a. Services cannot be inventoried.

b. Services have low demand volatility.

c. Services require skilled labor.

d. Capacity required for services is hard to predict.

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

79. The focus of sales and operations planning in the service sector is primarily on \_\_\_\_\_\_, in contrast to \_\_\_\_\_\_ in manufacturing sector.

a. production planning, workforce scheduling

b. demand planning, supply planning

c. workforce scheduling, production planning

d. supply planning, production planning

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

80. The mixed strategies used in sales and operations planning for services can be broadly classified into \_\_\_\_\_\_ categories.

a. three

b. four

c. five

d. two

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

81. A strategy in which employees of a service company are hired as contractors to work for a certain number of hours per year for fixed sum of money is called \_\_\_\_\_\_.

a. subcontracting

b. outsourcing

c. annualized hours strategy

d. monthly hours strategy

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

82. Yield management is commonly referred to as \_\_\_\_\_\_.

a. cost management

b. revenue management

c. sales management

d. service management

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

83. Which of the following is an approach for service companies with capacity constraints to maximize revenue from its service operations, while at the same time providing a desired level of service to the right customer at the right time and at the right price?

a. yield management

b. cost management

c. sales management

d. service management

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

84. Which of the following techniques is an illustration of the use of options to control capacity to match demand?

a. overbooking

b. adjusting prices to augment demand

c. annualized hours strategy

d. using different fare classes to partition demand

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

85. Service companies such as hotels and concert halls offer premium and economy rooms and seats under different price ranges. This technique is an illustration of which of the following yield management strategies?

a. overbooking

b. adjusting prices to augment demand

c. annualized hours strategy

d. using different fare classes to partition demand

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

86. Airlines overfill customers beyond their seating capacity in order to compensate for customers who cancel their booking. This technique is an illustration of which of the following yield management strategies?

a. overbooking

b. adjusting prices to augment demand

c. annualized hours strategy

d. using different fare classes to partition demand

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

87. \_\_\_\_\_\_ is a process that incorporates sustainability into sales and operations planning (S&OP), intended not only to cover carbon emissions but also the management and reduction of the economic and environmental impact of greenhouse gas emissions.

a. Sustainable cost operations planning

b. Suitable cost operations planning

c. Sustainable carbon operations planning

d. Sales carbon operations planning

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Sustainable S&OP: Sales Carbon Operations Planning (SCOP)

Difficulty Level: Easy

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

88. SCOP in sustainable sales and operation planning stands for \_\_\_\_\_\_.

a. sustainable cost operations planning

b. suitable cost operations planning

c. sustainable carbon operations planning

d. sales carbon operations planning

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Sustainable S&OP: Sales Carbon Operations Planning (SCOP)

Difficulty Level: Easy

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

89. Which of the following is NOT one of the techniques of the yield management strategy?

a. overbooking

b. maintaining a small level of staff over the year and subcontracting all other work

c. adjusting prices to augment demand

d. using different fare classes to partition demand

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sales and Operations Planning in Service Industries

Difficulty Level: Easy

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

90. Which of the following is one of the broad categories of mixed strategies that can be used in sales and operations planning for services?

a. the use of options to influence demand to match available capacity

b. annualized hours strategy

c. maintaining a permanent regular time workforce but using overtime or hiring additional part-time workers for peak periods

d. using different fare classes to partition demand

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sustainable S&OP: Sales Carbon Operations Planning (SCOP)

Difficulty Level: Easy

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

91. Which of following is FALSE about sales carbon operations planning (SCOP)?

a. It incorporates sustainability into sales and operations planning.

b. It deals with the management and reduction of economic and environmental impact of green gas emissions.

c. It expands the size and complexity of the current sales and operations planning process.

d. It forces the company to broaden the view of processes to change the focus to the triple bottom line (economic, social, and environment) of sustaining a business.

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Sustainable S&OP: Sales Carbon Operations Planning (SCOP)

Difficulty Level: Easy

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

92. In which phase of the SCOP process does the firm engage in activities that use renewable energy sources and minimize waste in production processes?

a. new product development

b. demand planning

c. impact on existing products

d. operations planning

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-8. Describe sales and operations planning for service firms.

Answer Location: Additional Features and Functions of SCOP

Difficulty Level: Easy

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

93. In which phase of the SCOP process is there an increased emphasis on responding to customer expectations of providing a clean, sustainable value chain?

a. supply planning

b. demand planning

c. impact on existing products

d. operations planning

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Additional Features and Functions of SCOP

Difficulty Level: Easy

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

94. In which phase of the SCOP process is there an increased emphasis on recycling, reusing, and selling excess inventories?

a. supply planning

b. demand planning

c. impact on existing products

d. operations planning

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Additional Features and Functions of SCOP

Difficulty Level: Easy

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

95. The SCOP process identifies and evaluates the environmental impact through all the phases of new product development, from design to disposal. This statement applies to which of the following functions?

a. new product development

b. demand planning

c. impact on existing products

d. operations planning

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Additional Features and Functions of SCOP

Difficulty Level: Easy

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

96. Which phase of the SCOP process focuses on identifying new sources of revenue that can result from reducing carbon emissions?

a. new product development

b. demand planning

c. impact on existing products

d. operations planning

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Additional Features and Functions of SCOP

Difficulty Level: Easy

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

97. Which of the following statements is true about companies that adopt SCOP?

a. They intend to cover carbon emissions only.

b. Their current S&OP process becomes more complex.

c. They can achieve short-term and long-term benefits.

d. Their view of the systems and processes is narrowed.

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Benefits of SCOP

Difficulty Level: Easy

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

98. Which of the following statements is FALSE about SCOP?

a. It offers ability to attract new capital from investors interested in sustainability.

b. It increases risks and costs associated with scarcity of raw materials and increased availability of energy resources.

c. It increases quality and innovations.

d. It results in sources and opportunities for increased revenue from new projects produced to reduce carbon emissions.

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Benefits of SCOP

Difficulty Level: Easy

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

99. Which of the following is NOT a benefit of SCOP?

a. It will drive away existing customers.

b. It will attract new customers.

c. It will reduce the risks and costs associated with scarcity of raw materials.

d. It will increase quality and innovation.

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Benefits of SCOP

Difficulty Level: Easy

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

100. Which of the following is FALSE about ethical issues in sales and operations planning?

a. Companies should pay close attention to the type of human resources acquired and how these resources are used.

b. The best way to incorporate sustainability within a company is through the S&OP process since it brings together all the relevant stakeholders to act in unison to meet customer expectations.

c. Businesses and their supply chain throughout the world are under increasing pressure from public sectors to engage in activities that will not harm the environment.

d. The consequences of a poor sales and operations planning process do not have a negative impact on the company.

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 17-9. Detail the importance of sales carbon operations planning.

Answer Location: Ethical Issues

Difficulty Level: Easy

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