**Chapter 18: Master Scheduling and Material Requirements Planning**

**Test Bank**

**Multiple Choice**

1. Which of the following is relevant to operations and supply chain management?

a. decisions related to identifying the right product for a target market

b. decisions related to strategy, tactics, and operations

c. decisions related to identifying the right price for a product

d. decisions related to identifying the right advertising media for a product

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

2. Operations plans in the medium to short term are done during \_\_\_\_\_\_.

a. detailed scheduling

b. materials requirement planning

c. sales and operations planning

d. master scheduling

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

3. To facilitate production, it is necessary to \_\_\_\_\_\_.

a. aggregate items to product families

b. disaggregate products to end items

c. create pegging report

d. create where used analysis

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

4. The master schedule reflects demand from \_\_\_\_\_\_.

a. final customers only

b. all possible sources in an organization

c. demand forecasts only

d. internal customers only

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

5. The output of the master schedule is a(n) \_\_\_\_\_\_.

a. materials requirement plan

b. operations plan

c. master production schedule

d. production plan

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

6. Which of the following is NOT an input to master scheduling?

a. demand forecasts

b. customer orders

c. inventory on-hand

d. product quality

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Easy

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

7. Uncommitted inventory that is physically on-hand is called \_\_\_\_\_\_.

a. ready-to-buy

b. ready-to-sell

c. made-to-stock

d. available-to-promise

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Easy

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

8. Which one of the following is a variable to be considered when calculating production lot size?

a. forecasted demand

b. customer order

c. the lower of customer orders and forecasted demand

d. the higher of customer orders and forecasted demand

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Hard

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

9. A production lot size is scheduled when on-hand inventory falls \_\_\_\_\_\_.

a. to zero

b. below safety stock

c. below zero

d. below safety stock or below zero

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Hard

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

10. Sufficiency of capacity for the output of the master schedule is checked during \_\_\_\_\_\_.

a. materials requirement planning

b. capacity requirements planning

c. rough cut capacity planning

d. production resource planning

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Evaluation of Capacity Requirements

Difficulty Level: Easy

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

11. The effectiveness of a master schedule depends on the \_\_\_\_\_\_.

a. interface with the S&OP process

b. interface with the production plan

c. interface with all other functional areas of the organization

d. ability to operate on as a standalone system

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Facilitation of Information Processing

Difficulty Level: Medium

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

12. The planning horizons of master scheduling are determined \_\_\_\_\_\_.

a. by executive management

b. by the products being produced

c. by strategic planning

d. by production capacity

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Medium

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

13. The time intervals used in master scheduling are called \_\_\_\_\_\_.

a. time buckets

b. weekly intervals

c. planning horizons

d. lot sizes

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Easy

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

14. Changes to the master schedule during the frozen time fence may be requested only by the \_\_\_\_\_\_.

a. master scheduler

b. senior executive

c. production planner

d. inventory manager

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Achieving Master Schedule Stability

Difficulty Level: Easy

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

15. The current time bucket lies in which time fence?

a. frozen

b. slushy

c. flexible

d. none of these

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Achieving Master Schedule Stability

Difficulty Level: Easy

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

16. A continuous production process is most likely linked to which manufacturing environment?

a. MTO

b. ATO

c. MTS

d. ETO

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Easy

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

17. A final assembly schedule is a part of the MPS in which manufacturing environment?

a. ATO

b. MTO

c. MTS

d. ETO

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Medium

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

18. Which system calculates materials, subassemblies, and components required for end item production?

a. production planner

b. master production schedule

c. capacity requirements planning

d. materials requirements planning

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Material Requirements Planning

Difficulty Level: Easy

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

19. The process of scheduling receipt of inventories, raw materials, and components as needed is called \_\_\_\_\_\_.

a. horizon planning

b. time phasing

c. time scheduling

d. materials scheduling

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: Material Requirements Planning

Difficulty Level: Easy

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

20. What is the process of breaking down an end item into the components and materials required called?

a. MRP explosion

b. Netting

c. Lot sizing

d. Inventory phasing

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-1. Compose a master schedule and identify its functions.

Answer Location: MRP Terminology

Difficulty Level: Easy

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

21. Which of the following is an input to MRP?

a. customer orders

b. an operations plan

c. a bill of materials file

d. a sales plan

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Inputs, Process, and Outputs

Difficulty Level: Easy

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

22. Which of the following is an output of MRP?

a. master production schedule

b. rough-cut capacity plan

c. planned order releases

d. bill of materials

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Inputs, Process, and Outputs

Difficulty Level: Easy

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

23. Which file contains data about materials, components, parts, and the assembling sequence of an end item?

a. bill of materials

b. materials requirement

c. master production

d. materials requirement plan

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Inputs, Process, and Outputs

Difficulty Level: Easy

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

24. Net requirements is calculated as \_\_\_\_\_\_.

a. Gross requirements + on-hand inventory

b. Gross requirements – on-hand inventory

c. Gross requirements x on-hand inventory

d. Gross requirements ÷ on-hand inventory

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Medium

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

25. What is the process that identifies which parent item has generated requirements for a component called?

a. where-used analysis

b. splitting

c. pegging

d. netting

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Process

Difficulty Level: Easy

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

26. Which of the following reports can be used to track problems and evaluate MRP system performance?

a. performance control reports

b. exception reports

c. MRP execution reports

d. MRP planning reports

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Outputs

Difficulty Level: Easy

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

27. Which of the following reports call for a manager’s attention to major problems?

a. andons

b. MRP alarm reports

c. Kanban cards

d. exception reports

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Outputs

Difficulty Level: Easy

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

28. Item A has a lead time of 2 weeks and requires two units of Item B and three units of Item C. Item B has a lead time of 4 weeks; Item C has a lead time of 1 week. What should the planning horizon of the MRP be?

a. 2 weeks

b. at least 6 weeks

c. always less than 6 weeks

d. 3 weeks

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Changing the Planning Horizon and Replanning of the MRP System

Difficulty Level: Easy

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

29. Updating or replanning the MRP records is performed periodically in which type of system?

a. regenerative MRP system

b. period MRP system

c. dynamic MRP system

d. time-phased MRP system

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Changing the Planning Horizon and Replanning of the MRP System

Difficulty Level: Easy

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

30. The changes in a net-change MRP system \_\_\_\_\_\_.

a. cause the entire production plan to regenerate

b. affect only those components whose information has been changed or updated

c. explode the bill of materials

d. cause shutdown of the production process

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Changing the Planning Horizon and Replanning of the MRP System

Difficulty Level: Easy

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

31. Frequent changes to an MRP system cause the \_\_\_\_\_\_.

a. generation of firm planned orders

b. production of exception reports

c. shutdown of the MRP system

d. nervousness in the MRP system

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Changing the Planning Horizon and Replanning of the MRP System

Difficulty Level: Easy

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

32. An approach to reducing the effect of nervousness in an MRP system is to use \_\_\_\_\_\_.

a. performance of reports

b. immediate feedback

c. scheduled planned orders

d. firm planned orders

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Changing the Planning Horizon and Replanning of the MRP System

Difficulty Level: Easy

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

33. The changes in firm planned orders \_\_\_\_\_\_.

a. happen automatically upon changes to conditions

b. require approval from senior managers

c. can be made by supervisors on the production floor

d. can be made by customers alone

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Changing the Planning Horizon and Replanning of the MRP System

Difficulty Level: Easy

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

34. To minimize the effects of uncertainty due to lead times, MRP systems incorporate \_\_\_\_\_\_.

a. safety stock

b. safety lead time

c. planned released orders

d. increase in production

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Safety Stocks

Difficulty Level: Easy

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

35. The lot-sizing technique which almost eliminates inventory-holding costs is \_\_\_\_\_\_.

a. lot for lot

b. economic order quantity

c. economic production quantity

d. fixed-order quantity

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Lot-Sizing Considerations

Difficulty Level: Medium

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

36. In lot-for-lot lot sizing, \_\_\_\_\_\_.

a. inventory holding costs are high

b. holding and ordering costs are balanced

c. setup and ordering costs are high

d. setup and ordering costs are low

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Lot-Sizing Considerations

Difficulty Level: Hard

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

37. In fixed-period ordering technique, \_\_\_\_\_\_.

a. the order interval is fixed

b. the order quantity is variable

c. both A and B

d. neither A nor B

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Lot-Sizing Considerations

Difficulty Level: Medium

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

38. In part-period balancing lot-sizing technique, \_\_\_\_\_\_.

a. the order interval is fixed

b. the order quantity is variable

c. the order quantity depends on price

d. the order quantity depends on safety stock

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Lot-Sizing Considerations

Difficulty Level: Hard

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

39. A benefit of MRP is the \_\_\_\_\_\_.

a. reduction in work-in-progress inventory

b. increase in work-in-progress inventory

c. increase in finished-goods inventory

d. increase in inventory costs

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Inventory benefits

Difficulty Level: Medium

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

40. Backflushing is a process where an end item’s BOM is exploded to \_\_\_\_\_\_.

a. determine materials and components that will be required

b. determine materials and components that were used

c. determine capacity requirements from production of end items

d. determine capacity that was used for production of end items

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Ability to Track Material Requirements

Difficulty Level: Medium

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

41. MRP systems ensure that materials and components are available \_\_\_\_\_\_.

a. based on demand forecasts

b. when actual orders are received

c. based on seasonality

d. based on product price

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

42. A JIT system schedules \_\_\_\_\_\_.

a. parts

b. capacity

c. MPS

d. operations

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

43. An MRP system works best in \_\_\_\_\_\_.

a. a pull system

b. a push system

c. both A and B

d. either A or B

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

44. An additional input to an integrated MRP and JIT system is the \_\_\_\_\_\_.

a. bill of materials file

b. inventory records

c. master schedule

d. bill of operations file

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

45. Which file provides information on machine capacity, machine time cost per unit, operation process time, and setup time?

a. bill of operations

b. capacity requirements file

c. master schedule

d. standard time database

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

46. An output of integrated MRP-JIT systems, which is unavailable in an only-MRP system, is a \_\_\_\_\_\_.

a. performance report

b. time phased material requirement

c. total production cost

d. production schedule

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

47. MRP principles applied in the services industry can be called \_\_\_\_\_\_.

a. service resource planning

b. labor requirement planning

c. service requirement planning

d. resource requirement planning

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP in the Service Sector

Difficulty Level: Easy

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

48. When a company is not environmentally friendly \_\_\_\_\_\_.

a. investors will seize the opportunity to invest more

b. investors are very unlikely to make investments

c. it will enjoy a greater market share

d. consumers will definitely prefer to buy its products

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-3. Discuss the role that sustainability and ethics play in MRP systems.

Answer Location: Ethical and Sustainability Issues

Difficulty Level: Easy

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

49. When a company has a reputation of being environmentally unfriendly, \_\_\_\_\_\_.

a. investors will favor it as the operating costs will generally be lower

b. investors will not favor it as the operating costs will be high

c. customers will prefer to buy its products

d. customers will prefer not to buy its products

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 18-3. Discuss the role that sustainability and ethics play in MRP systems.

Answer Location: Ethical and Sustainability Issues

Difficulty Level: Hard

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

50. The sales and operations plan designs products at what level?

a. aggregate level

b. end-item level

c. materials and components level

d. materials, subassemblies, and capacity level

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-3. Discuss the role that sustainability and ethics play in MRP systems.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

51. The process of breaking down product family requirements into individual end items is called \_\_\_\_\_\_.

a. disaggregating

b. aggregating

c. netting

d. explosion of BOM

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-3. Discuss the role that sustainability and ethics play in MRP systems.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

52. The output of individual production quantities of the end items to be produced at various points of the short-term planning horizon is called \_\_\_\_\_\_.

a. available-to-promise (ATP) inventory

b. the master production schedule (MPS)

c. sales and operations planning

d. rough-cut capacity planning

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

53. Checking for available capacity at the materials requirements planning level is done in which process?

a. master scheduling

b. capacity requirements planning

c. resource planning

d. rough-cut capacity planning

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

54. Master scheduling deals with products at what level?

a. aggregated production

b. aggregated product family

c. disaggregated end items

d. exploded into materials and subassemblies

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

55. The amount of a particular item ordered from a supplier is called the \_\_\_\_\_\_.

a. lot size

b. batch

c. consignment

d. quantity of shipment

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Easy

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

56. A standard quantity issued to the production process is called \_\_\_\_\_\_.

a. lot size

b. production batch

c. job batch

d. production run

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Medium

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

57. What is the most important factor in choosing a lot-sizing technique?

a. inventory purchasing cost

b. inventory holding cost

c. demand pattern of product

d. perishability of product

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling Inputs, Processing, and Outputs

Difficulty Level: Medium

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

58. The process of updating the master schedule and moving from one period to the next is called \_\_\_\_\_\_.

a. rolling schedule

b. forward schedule

c. backward schedule

d. replanning of the planning horizon

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Medium

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

59. Changes in which phase of the MPS will be the most disruptive?

a. frozen time fence

b. slushy time fence

c. flexible time fence

d. disruptive in all phases

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Medium

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

60. Changes in which phase of the MPS will be the least disruptive?

a. frozen time fence

b. slushy time fence

c. flexible time fence

d. not disruptive in any phase

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Medium

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

61. The process of dividing the master scheduling planning horizon to allow for different rules for making changes is called \_\_\_\_\_\_.

a. MPS splitting

b. MPS dividing

c. time fencing

d. planning horizon division

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Medium

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

62. Filling customer orders received in the frozen time fence may require various considerations. Which of the following is NOT such a consideration?

a. expedited procurement of raw materials

b. postponing another order

c. expedited production

d. skipping quality controls

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Schedule Planning Horizon and Replanning

Difficulty Level: Easy

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

63. The focus of the master schedule in an MTS production environment is \_\_\_\_\_\_.

a. to produce finished goods to meet inventory and customer service levels

b. to produce components ready to be assembled upon receipt of customer order

c. to ensure that raw materials are readily available to being production upon receipt of order

d. to continuously produce finished goods irrespective of inventory level

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Easy

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

64. The focus of the master schedule in an ATO production environment is \_\_\_\_\_\_.

a. to produce finished goods to meet inventory and customer service levels

b. to produce components, modules and subassemblies ready to be assembled based on order

c. to ensure that capacity is available for assembling end product when order is received

d. to produce standardized modules and subassemblies

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Medium

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

65. In an ATO production environment, which process is used to assemble modules and subassemblies into final product?

a. final assembly schedule

b. master scheduling Part II

c. module requirements planning

d. assembly requirements planning

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Easy

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

66. The focus of the master schedule in an MTO production environment is \_\_\_\_\_\_.

a. producing finished goods to meet inventory and customer service levels

b. ensuring that capacity is available to begin production upon receipt of order

c. ensuring that raw materials are readily available to begin production upon receipt of order

d. continuously producing finished goods irrespective of inventory level

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Easy

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

67. Which production environment handles products that are custom designed and built to specific requirements?

a. MTO

b. MTS

c. ATO

d. ETO

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Relationship Between the Master Schedule and the Production Environment

Difficulty Level: Easy

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

68. The production plan or procurement plan for raw materials and components for independent demand items is done in \_\_\_\_\_\_.

a. S&OP

b. materials requirement planning

c. master scheduling

d. detailed scheduled planning

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Material Requirements Planning

Difficulty Level: Medium

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

69. The production plan or procurement plan for raw materials and components for dependent demand items is done in \_\_\_\_\_\_.

a. S&OP

b. materials requirement planning

c. master scheduling

d. detailed scheduled planning

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Material Requirements Planning

Difficulty Level: Medium

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

70. The time when raw materials, components, or subassemblies are required is called the \_\_\_\_\_\_.

a. due date

b. lead time

c. time phase

d. pegging time

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Material Requirements Planning

Difficulty Level: Easy

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

71. The process of making raw materials, components, parts, or subassemblies available only when they’re actually required is called \_\_\_\_\_\_.

a. netting

b. pegging

c. time phasing

d. safety lead time logic

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Material Requirements Planning

Difficulty Level: Medium

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

72. The time between placing an order and receiving the item is called \_\_\_\_\_\_.

a. lead time

b. lag time

c. due date

d. order time

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Easy

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

73. The time at which materials that have already been ordered will arrive is called \_\_\_\_\_\_.

a. planned order receipt

b. planned order release

c. scheduled receipt

d. scheduled order arrival

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Medium

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

74. The leftover inventory from previous periods that is available at the start of a period is called \_\_\_\_\_\_.

a. leftover inventory

b. projected available balance

c. on-hand inventory

d. available to promise

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Medium

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

75. Lots that are expected to be received in a particular period are \_\_\_\_\_\_.

a. planned order receipts

b. scheduled receipts

c. planned lot receipts

d. planned inventory receipts

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Medium

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

76. The difference between scheduled receipts and planned order receipts is that \_\_\_\_\_\_.

a. no difference

b. planned order receipts are for orders already placed, scheduled receipts show quantity that is expected to be received

c. scheduled receipts are for orders already placed, planned order receipts show quantity that is expected to be received

d. planned order receipts authorize scheduled receipts

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Medium

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

77. The difference in time between planned order release and planned order receipt \_\_\_\_\_\_.

a. ensures safety lead time

b. depends on lead time required

c. depends on inventory holding cost

d. is called time phasing

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Terminology

Difficulty Level: Medium

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

78. Which is the primary input to the MRP process?

a. bill of materials

b. master schedule

c. bill of operations

d. inventory status file

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: The Master Schedule

Difficulty Level: Medium

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

79. A method of representing the product hierarchy of a BOM file is the \_\_\_\_\_\_.

a. Ishikawa diagram

b. process-component matrix

c. product structure tree

d. fishbone diagram

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: The Bill of Materials File

Difficulty Level: Easy

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

80. Information about supplier, lead time, and lot-size policy is contained in the \_\_\_\_\_\_.

a. bill of materials file

b. bill of operations file

c. materials plan

d. inventory status file

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: The Inventory Status File

Difficulty Level: Easy

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

81. Which capability of an MRP system helps identify which end items would be affected based on problems such as poor quality or late delivery?

a. netting

b. BOM explosion

c. MRP explosion

d. pegging

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Process

Difficulty Level: Medium

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

82. A planned order release is a \_\_\_\_\_\_ of the MRP process.

a. primary output report

b. secondary output report

c. primary input data

d. secondary input data

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Outputs

Difficulty Level: Easy

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

83. An exception report is a \_\_\_\_\_\_ of the MRP process.

a. primary output

b. secondary output

c. primary input

d. secondary input

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Outputs

Difficulty Level: Easy

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

84. MRP outputs reports are available to \_\_\_\_\_\_.

a. production planners

b. customer service representatives

c. production managers

d. all of these

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Capacity Benefits

Difficulty Level: Easy

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

85. In order for MRP implementation to be successful, \_\_\_\_\_\_.

a. senior management should take a hard-line approach

b. employees must be trained and made aware of benefits

c. new employees must be hired

d. the whole production process must be revamped

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Potential Benefits and Drawbacks of MRP

Difficulty Level: Easy

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

86. A JIT system works best in \_\_\_\_\_\_.

a. a pull system

b. a push system

c. a constant demand system

d. a constant supply system

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

87. With regard to capacity planning, the difference between an integrated MRP-JIT system and an only-MRP system is that \_\_\_\_\_\_.

a. the MRP system uses finite capacity planning; the integrated MRP-JIT system uses infinite capacity planning

b. the MRP system uses infinite capacity planning; the integrated MRP-JIT system uses finite capacity planning

c. there is no difference; both systems use finite capacity planning

d. there is no difference; both systems use infinite capacity planning

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

88. With regard to time buckets, the difference between an integrated MRP-JIT system and an only-MRP system is that \_\_\_\_\_\_.

a. there is no difference; both systems use time buckets of a week or longer

b. there is no difference; both systems use bucketless planning

c. the MRP system uses time buckets; the integrated MRP-JIT system uses a bucketless system

d. the MRP system uses a bucketless system; the integrated MRP-JIT system uses time buckets

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

89. Which of these is used in JIT and integrated MRP-JIT systems?

a. manufacturing supermarket

b. Kanbans

c. both A and B

d. neither A nor B

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Integrating MRP and JIT Systems

Difficulty Level: Easy

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

90. The furthest time bucket from the current period lies in which time fence?

a. frozen

b. slushy

c. flexible

d. constant

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Achieving Master Schedule Stability

Difficulty Level: Easy

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

91. In the part-period balancing lot-sizing technique, \_\_\_\_\_\_.

a. the order interval is variable

b. the order quantity is fixed

c. the price is fixed

d. the price is variable

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Lot-Sizing Considerations

Difficulty Level: Easy

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

92. A benefit of MRP is a(n) \_\_\_\_\_\_.

a. increase in work-in-progress inventory

b. increase in finished goods inventory

c. increase in inventory costs

d. decrease in inventory costs

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Inventory Benefits

Difficulty Level: Easy

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

93. Materials requirements planning deals with products at what level?

a. aggregated end items

b. disaggregated end-item levels

c. exploded into materials and subassemblies

d. aggregated materials and subassemblies

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Easy

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

94. A planning report is a \_\_\_\_\_\_ of the MRP process.

a. primary output

b. secondary output

c. primary input

d. secondary input

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: MRP Outputs

Difficulty Level: Easy

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

95. Parent Item A requires two units of Item B and three units of Item C. Upon production of 500 units of Item A, it was calculated that 1,000 units of Item B were used in the production process. This an example of \_\_\_\_\_\_.

a. pegging capability

b. where-used analysis

c. netting analysis

d. backflushing

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Ability to Track Material Requirements

Difficulty Level: Medium

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

96. Which of the following is NOT a category of decisions in operations and supply chain management?

a. strategic

b. tactical

c. routine

d. operational

Ans: C.

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

97. To meet short-run demand and to facilitate production, aggregate units established by sales and operations planning are \_\_\_\_\_\_.

a. disaggregated

b. redesigned

c. retooled

d. discarded

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

98. Disaggregation refers to breaking down end-product requirements into various requirements. Which of the following is NOT one of these requirements?

a. materials requirements

b. labor requirements

c. machine capacity requirements

d. government audit requirements

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

99. The master schedule \_\_\_\_\_\_.

a. is essential for only some operations planning and control decisions

b. sets the production quantities required to meet demand from every possible source in an organization

c. identifies areas where new features can be added to a product

d. identifies new markets for existing products

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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

100. The master schedule \_\_\_\_\_\_.

a. provides top management with an annual report

b. needs to conform to the corporate strategy of the organization

c. needs to be inspected by the government

d. sets the production quantities required to meet demand from every possible source in the organization

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 18-2. Explain the conditions under which MRP is appropriate, its inputs, processing, and outputs, as well as its benefits and limitations.

Answer Location: Master Scheduling

Difficulty Level: Medium

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