**Chapter 11: Logistics Management**

**Practice Problems**

**MULTIPLE CHOICE**

1. Practices used to control the movement of products (and the associated costs) so that there is a continuous and uninterrupted flow of materials and products from suppliers to manufacturers to the final consumers is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | inventory management |
| b. | supply chain management |
| c. | integrated logistics management |
| d. | synchronized transportation management |

ANS: C PTS: 1 DIF: Easy

2. Depending on the nature of business, its geographic location, and the weight and value of its products, what is percentage cost of gross sales on logistics?

|  |  |
| --- | --- |
| a. | 0%-5% |
| b. | 5%-10% |
| c. | 10%-35% |
| d. | 35%-50% |

ANS: C PTS: 1 DIF: Medium

3. The process by which a company responds to customer orders is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | order response |
| b. | order fulfillment |
| c. | order analysis |
| d. | order exchange |

ANS: B PTS: 1 DIF: Hard

4. The use of fulfillment centers that can help firms to differentiate themselves from the competition has been brought about by \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | the Internet |
| b. | robotic retrieval systems |
| c. | lifting of legal restrictions |
| d. | fierce competition in the e-commerce market |

ANS: D PTS: 1 DIF: Medium

5. Fulfillment centers can also offer specialized services such as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | free shipping |
| b. | product assembly and call centerservices |
| c. | automatic pickups |
| d. | integration across global supply chain |

ANS: B PTS: 1 DIF: Medium

6. Total logistics costs resulting from transportation costs are approximately \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | 10% |
| b. | 20% |
| c. | 35% |
| d. | 50% |

ANS: D PTS: 1 DIF: Medium

7. Efficiently managing transportation in the supply chain is further complicated by all but the following:

|  |  |
| --- | --- |
| a. | changing governmental regulations in overseas markets |
| b. | local business climate |
| c. | global security concerns |
| d. | uncertain energy prices |

ANS: B PTS: 1 DIF: Easy

8. There are how many key metrics for transportation?

|  |  |
| --- | --- |
| a. | three |
| b. | five |
| c. | six |
| d. | seven |

ANS: C PTS: 1 DIF: Easy

9. The ability to transport a variety of different products is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | capacity |
| b. | reliability |
| c. | capability |
| d. | flexibility |

ANS: C PTS: 1 DIF: Medium

10. The volume of freight that can be transported at one time is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | capacity |
| b. | reliability |
| c. | capability |
| d. | flexibility |

ANS: A PTS: 1 DIF: Easy

11. The ability to consistently deliver in terms of time and quantity is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | capacity |
| b. | reliability |
| c. | capability |
| d. | flexibility |

ANS: B PTS: 1 DIF: Medium

12. \_\_\_\_\_\_ is the ability to adapt to shipping changes and contingencies.

|  |  |
| --- | --- |
| a. | Capacity |
| b. | Reliability |
| c. | Capability |
| d. | Flexibility |

ANS: D PTS: 1 DIF: Medium

13. UPS or FedEx would be examples of \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | a common carrier |
| b. | a public transporter |
| c. | a contract carrier |
| d. | a private transporter |

ANS: A PTS: 1 DIF: Medium

14. The total cost of making and delivering the product so that it generates revenue is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | grand shipped cost |
| b. | total volume cost |
| c. | total transport costs |
| d. | total landed cost |

ANS: D PTS: 1 DIF: Medium

15. In 2015, 66% of the total transportation costs in the U.S. were \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | air transportation costs |
| b. | motor carrier costs |
| c. | rail costs |
| d. | water costs |

ANS: B PTS: 1 DIF: Medium

16. Which mode of transportation provides a greater reach and more flexibility than any of the other modes?

|  |  |
| --- | --- |
| a. | air transportation |
| b. | motor carrier transportation |
| c. | rail transportation |
| d. | water transportation |

ANS: B PTS: 1 DIF: Medium

17. Pipelines in the U.S. transport about what percentage of total ton-miles of freight?

|  |  |
| --- | --- |
| a. | 8% |
| b. | 11% |
| c. | 17% |
| d. | 26% |

ANS: C PTS: 1 DIF: Hard

18. A logistics practice in which inbound shipments from a carrier are unloaded, sorted, and loaded onto outbound carriers with little or no intermediate storage in between is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | carrier linkage |
| b. | cross-docking |
| c. | milk run |
| d. | shift shipping |

ANS: B PTS: 1 DIF: Medium

19. The process of combining customer orders over a period of time is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | bulking orders |
| b. | consolidation |
| c. | milk running |
| d. | temporal aggregation |

ANS: D PTS: 1 DIF: Medium

20. Accumulating several small identical objects and grouping them into a single packaging unit to improve the efficiency is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | convenience |
| b. | efficiency |
| c. | protection |
| d. | security |

ANS: B PTS: 1 DIF: Medium

21. Several studies conducted across various industries have found that the cost of handling alone accounts for what percentage of total manufacturing costs?

|  |  |
| --- | --- |
| a. | 5% to 10% |
| b. | 15% to 20% |
| c. | 20% to 25% |
| d. | 30% to 35% |

ANS: C PTS: 1 DIF: Hard

22. When incoming shipments from various suppliers are sorted and batched and then delivered to buyers and spend little or no time in storage, that is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | consolidated warehousing |
| b. | cross-docking warehousing |
| c. | supply warehousing |
| d. | public warehousing |

ANS: B PTS: 1 DIF: Medium

23. Warehouses that are typically part of a manufacturing plant and are used for the long-term storage of goods, including raw materials, parts, and partially finished goods, are known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | consolidated warehouses |
| b. | cross-docking warehouses |
| c. | supply warehouses |
| d. | public warehouses |

ANS: C PTS: 1 DIF: Medium

24. \_\_\_\_\_\_ lead to a reduction in overall cost, decreased inventory levels, and improved customer service by meeting higher customer demand through the ability to store a large variety of products.

|  |  |
| --- | --- |
| a. | Consolidated warehouses |
| b. | Cross-docking warehouses |
| c. | Supply warehouses |
| d. | Public warehouses |

ANS: A PTS: 1 DIF: Medium

25. Approximately what proportion of total logistics costs are associated with inventory carrying costs?

|  |  |
| --- | --- |
| a. | one tenth |
| b. | one fourth |
| c. | one third |
| d. | one half |

ANS: C PTS: 1 DIF: Hard

26. What was the world’s largest trading block in 2014?

|  |  |
| --- | --- |
| a. | ASEAN |
| b. | EU |
| c. | MERCOSUR |
| d. | NAFTA |

ANS: B PTS: 1 DIF: Easy

27. A document that specifies the country in which the goods in a particular shipment were manufactured or processed is a \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | bill of lading |
| b. | certificate of origin |
| c. | commercial invoice |
| d. | tariff waiver |

ANS: B PTS: 1 DIF: Medium

28. A \_\_\_\_\_\_ is a document that delineates the terms of the contract between the shipper and the transportation company. It indicates who has the title to the goods—that is, who owns them—and who has the contractual agreement with the carrier.

|  |  |
| --- | --- |
| a. | bill of lading |
| b. | certificate of origin |
| c. | commercial invoice |
| d. | tariff waiver |

ANS: A PTS: 1 DIF: Medium

29. A firm that performs such international shipment functions as obtaining rate quotes, chartering and booking space on carriers, preparing all the necessary documentation, arranging for cargo insurance, arranging and tracing inland surface transportation, and providing translation services is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | a customs house broker |
| b. | a global freight forwarder |
| c. | an export trading company |
| d. | a 3LP |

ANS: B PTS: 1 DIF: Medium

30. A firm that helps domestic companies locate potential importers of their products and also provides services such as preparing export documents that meet the foreign government’s import requirements and arranges for transportation is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | a customs house broker |
| b. | a global freight forwarder |
| c. | an export trading company |
| d. | a 3LP |

ANS: C PTS: 1 DIF: Medium

31. A firm that oversees the movement of goods through customs and verifies that accompanying documents are complete and accurate is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | a customs house broker |
| b. | a global freight forwarder |
| c. | an export trading company |
| d. | a 3LP |

ANS: A PTS: 1 DIF: Medium

32. \_\_\_\_\_\_ enables the seller, or exporter, to avoid all risk and receive payment before the ownership of the goods is transferred to the foreign buyer.

|  |  |
| --- | --- |
| a. | A cash-in-advance method |
| b. | A documentary collections method |
| c. | A letters of credit method |
| d. | An open-account method |

ANS: A PTS: 1 DIF: Medium

33. The most secure payment method available to international traders is \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | a cash-in-advance method |
| b. | a documentary collections method |
| c. | a letters of credit method |
| d. | an open-account method |

ANS: C PTS: 1 DIF: Medium

34. A mode of payment in which a bank used by the seller sends the required shipment documents to the buyer’s bank, along with instructions for payment, is known as \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | a cash-in-advance method |
| b. | a documentary collections method |
| c. | a letters of credit method |
| d. | an open-account method |

ANS: B PTS: 1 DIF: Medium

35. \_\_\_\_\_\_ is the most risky option to the exporter.

|  |  |
| --- | --- |
| a. | A cash-in-advance method |
| b. | A documentary collections method |
| c. | A letters of credit method |
| d. | An open-account method |

ANS: D PTS: 1 DIF: Medium

36. \_\_\_\_\_\_ performs some or all of the logistics functions, such as warehousing, outbound transportation, export packing, carrier negotiation, and freight consolidation, for a company.

|  |  |
| --- | --- |
| a. | An export trading company |
| b. | Third-party logistics provider (3PL) |
| c. | Fourth-party logistics provider (4PL) |
| d. | Fifth-party logistics provider (5PL) |

ANS: B PTS: 1 DIF: Medium

37. \_\_\_\_\_\_ is an independent supply chain integrator that assembles the resources and technology needed for the activities of the shipper, and other logistics providers build supply solutions for the shipper.

|  |  |
| --- | --- |
| a. | An export trading company |
| b. | Third-party logistics provider (3PL) |
| c. | Fourth-party logistics provider (4PL) |
| d. | Fifth-party logistics provider (5PL) |

ANS: C PTS: 1 DIF: Medium

38. \_\_\_\_\_\_ is an independent logistics service provider that mainly specializes in e-business solutions, including developing information systems for managing or tracking shipments through the supply chain.

|  |  |
| --- | --- |
| a. | An export trading company |
| b. | Third-party logistics provider (3PL) |
| c. | Fourth-party logistics provider (4PL) |
| d. | Fifth-party logistics provider (5PL) |

ANS: D PTS: 1 DIF: Medium

39. The food services industry is increasingly using \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | export trading companies |
| b. | third-party logistics providers (3PLs) |
| c. | fourth-party logistics providers (4PLs) |
| d. | fifth-party logistics providers (5PLs) |

ANS: B PTS: 1 DIF: Hard

40. The Intergovernmental Panel on Climate Change found that transportation accounts what percentage of greenhouse gas emissions?

|  |  |
| --- | --- |
| a. | about 5% |
| b. | about 15% |
| c. | about 25% |
| d. | about 40% |

ANS: B PTS: 1 DIF: Hard

41. In the European Union (EU), approximately what percentage of the total kilometers traversed by trucks are made by empty trucks on backhauls?

|  |  |
| --- | --- |
| a. | 10% |
| b. | 25% |
| c. | 40% |
| d. | 60% |

ANS: B PTS: 1 DIF: Hard

42. What mode of transportation is most efficient, as measured by kilograms of carbon dioxide per ton-kilometer?

|  |  |
| --- | --- |
| a. | air transportation |
| b. | motor carrier transportation |
| c. | rail transportation |
| d. | water transportation |

ANS: D PTS: 1 DIF: Easy

43. Warehouse management and inventory tracking has been heavily helped by what technology?

|  |  |
| --- | --- |
| a. | ERP |
| b. | DRI |
| c. | RFID |
| d. | SAP |

ANS: C PTS: 1 DIF: Easy

44. Optimizing the transportation routes and scheduling of trucks achieves all but which of the following?

|  |  |
| --- | --- |
| a. | avoidance of traffic jams |
| b. | lower costs |
| c. | full truckloads |
| d. | reduced carbon footprint |

ANS: C PTS: 1 DIF: Medium

45. What airfreight business used consolidation centers and multiuser warehouses to improve the use of transportation carrier space through FTL shipments while keeping warehousing costs to a minimum?

|  |  |
| --- | --- |
| a. | DHL |
| b. | FedEx |
| c. | Lufthansa Cargo |
| d. | UPS |

ANS: A PTS: 1 DIF: Easy

46. External costs of logistics activities include all but which of the following?

|  |  |
| --- | --- |
| a. | air and water pollution |
| b. | noise pollution |
| c. | operating expenses |
| d. | depletion of natural resources |

ANS: C PTS: 1 DIF: Easy

47. Which of the following would NOT be an example of unethical behavior in the area of logistics?

|  |  |
| --- | --- |
| a. | choosing the wrong shipping route |
| b. | covering up damaged products going out for shipment |
| c. | deceptive packaging |
| d. | manipulating inventory figures |

ANS: A PTS: 1 DIF: Hard

48. The production of paper packaging materials results in the loss of approximately how many trees each year?

|  |  |
| --- | --- |
| a. | 1 million |
| b. | 7 million |
| c. | 35 million |
| d. | 70 million |

ANS: B PTS: 1 DIF: Hard

49. What American retailer was able to save $5.6 million in transport costs in 2009 by taking advantage of the empty space in containers for its shipments?

|  |  |
| --- | --- |
| a. | J. C. Penney |
| b. | Macy’s |
| c. | Target |
| d. | Wal-Mart |

ANS: A PTS: 1 DIF: Easy

50. A technology that the developing company claims can reduce floor space by 70%, improve worker ergonomics, and increase productivity by up to 160% is \_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | ADA |
| b. | ELF |
| c. | RFID |
| d. | SAP |

ANS: B PTS: 1 DIF: Hard