

Student: _____

1. Which one of the following is an activity of Operations Management (OM)?
 - A. Forecasting
 - B. Capacity planning
 - C. Quality control
 - D. All of the above
2. What best describes all the activities managers do to help companies create goods?
 - A. Production management
 - B. Produce management
 - C. Service management
 - D. Operations management
3. What is the management of systems or processes that convert or transform resources (including human resources) into goods and services?
 - A. Production management
 - B. Produce management
 - C. Service management
 - D. Operations management
4. What is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs?
 - A. A transformation process
 - B. A production process
 - C. A service process
 - D. A produce process
5. What is the term used to describe the difference between the cost of inputs and the value of price of outputs.
 - A. Value-added tax
 - B. Value-divided tax
 - C. Value-multiplied
 - D. Value-multiplied tax
6. Managers can use information systems to heavily influence OM decisions including: productivity, costs, flexibility, quality, and customer satisfaction.
 - A. productivity, profits, flexibility, quality, and customer satisfaction.
 - B. productivity, costs, flexibility, quality, and customer satisfaction.
 - C. productivity, costs, flexibility, quantity, and customer satisfaction.
 - D. productivity, profits, flexibility, quantity, and customer satisfaction.
7. Decisions are sometimes referred to as _____, which focuses on long range planning such as plant size, location, and type of process to be used.
 - A. Strategic planning
 - B. Tactical planning
 - C. Transportation planning
 - D. Operations planning

8. _____ focuses on producing goods and services as efficiently as possible within the strategic plan
- A. Strategic planning
 - B. Tactical planning**
 - C. Transportation planning
 - D. Operations planning
9. Today, SCM systems focus on extending beyond an organization's four walls to influence:
- A. Suppliers
 - B. Suppliers' supplier
 - C. Customers' customer
 - D. All of the above**
10. Which of the following is not one of the three main links in the supply chain?
- A. Materials flow from suppliers and their "downstream" suppliers at all levels**
 - B. Transformation of materials into semifinished and finished products-the organization's own production processes
 - C. Distribution of products to customers and their "downstream" customers at all levels
 - D. None of the above
11. Which of the following is not one of the five basic components of supply chain management?
- A. Plan
 - B. Source
 - C. Cost**
 - D. Deliver
12. What is it called when distorted product demand information passes from one entity to the next throughout the supply chain?
- A. Bullwhip effect**
 - B. Demand planning software
 - C. Supply chain planning software
 - D. Supply chain execution software
13. Which of the following automates the different steps and stages of the supply chain?
- A. Bullwhip effect
 - B. Demand planning software
 - C. Supply chain planning software
 - D. Supply chain execution software**
14. What is the ability to view all areas up and down the supply chain?
- A. Bullwhip effect
 - B. Demand planning software
 - C. Supply chain visibility**
 - D. Supply chain execution software
15. Which of the following generates demand forecasts using statistical tools and forecasting techniques?
- A. Bullwhip effect
 - B. Demand planning software**
 - C. Supply chain visibility
 - D. Supply chain execution software
16. Which one of the following quality standard aims at no more than 3.4 defects per million opportunities?
- A. ISO 9,000
 - B. Six Sigma**
 - C. Capability Maturity Model Integration
 - D. All of the above

17. Which one of the following is not a characteristic of an efficient and effective supply chain management?
- A. Decrease threat of new entrant to market place
 - B. Increase its own power as supplier
 - C. Decrease threat of substitute products and services
 - D. Increase buyer power**
18. Which of the following is not a principle of supply chain management?
- A. Customize the logistics network and focus intensively on the service requirements
 - B. Listen to signals of market demand and plan accordingly
 - C. Segment customers by service needs and then tailor services to those particular segments
 - D. Listen to signals from telecommunications equipment and plan accordingly**
19. Which of the following is a principle of supply chain management?
- A. Customize the logistics network and focus intensively on the service requirements
 - B. Listen to signals of market demand and plan accordingly
 - C. Segment customers by service needs and then tailor services to those particular segments
 - D. All of the above**
20. Which of the following is a key to SCM success?
- A. Be future oriented**
 - B. Listen to signals from telecommunications equipment and plan accordingly
 - C. Wean suppliers off traditional business practices
 - D. Make the sale to the manufacturers
21. Which of the following practices drives the supply chain performance?
- A. Explicitly link the supply chain strategy to the corporate strategy and set clear, well understood aspirations
 - B. Use segmentation to embrace the complexity that matters
 - C. Design and build forward looking networks that meet service, cost and risk aspirations
 - D. All of the above**
22. What provides control and visibility to the status of individual items maintained in inventory?
- A. Inventory management and control software**
 - B. Global inventory management system
 - C. Transportation planning system
 - D. Distribution management software
23. What tracks and analyzes the movement of materials and products to ensure the delivery of materials and finished goods at the right time, the right place, and the lowest cost?
- A. Inventory management and control software
 - B. Global inventory management system
 - C. Transportation planning system**
 - D. Distribution management software
24. What are the four primary drivers of supply chain management?
- A. Visibility, consumer behaviour, competition, and service
 - B. Non-visibility, consumer behaviour, competition, and service
 - C. Visibility, consumer behaviour, competition, and speed**
 - D. Non-visibility, consumer behaviour, competition, and speed
25. Which one of the following is a characteristic of an efficient and effective supply chain management?
- A. Decrease threat of new entrant to market place
 - B. Increase its own power as supplier
 - C. Decrease threat of substitute products and services
 - D. All of the above**

26. What would an organization choose that focuses on transportation efficiency?
- A. Ship its products directly to its customers
 - B.** Ship its products to a distributor that ships the products to customers
 - C. Ship its products to a distributor by air only
 - D. Ship its products to its customers by boat
27. What allows an organization to reduce the cost and time required during the design process of a product?
- A. Supply chain event management
 - B. Selling chain management
 - C.** Collaborative engineering
 - D. Collaborative demand planning
28. Which of the following would an organization choose if it wanted to focus on transportation effectiveness?
- A.** Ship its products directly to its customers
 - B. Ship its products to a distributor that ships the products to customers
 - C. Ship its products to a distributor by air only
 - D. Ship its products to a distributor by boat only
29. What enables an organization to react more quickly to resolve supply chain issues?
- A.** Supply chain event management
 - B. Selling chain management
 - C. Collaborative engineering
 - D. Collaborative demand planning
30. What applies technology to the activities in the order life cycle from inquiry to sale?
- A. Supply chain event management
 - B.** Selling chain management
 - C. Collaborative engineering
 - D. Collaborative demand planning
31. What helps organizations reduce their investment in inventory, while improving customer satisfaction through product availability?
- A. Supply chain event management
 - B. Selling chain management
 - C. Collaborative engineering
 - D.** Collaborative demand planning
32. In a supply chain, which one of the following doesn't flow in the direction of upstream?
- A. Order information
 - B. Payment
 - C.** Goods
 - D. None of the above
33. While developing an operations strategy, management needs to consider the following factor.
- A. the level of technology that is or will be available,
 - B. the required skill levels of the workers,
 - C. the degree of vertical integration, in terms of the extent to which outside suppliers are used.
 - D.** All of the above.
34. The goal of six sigma quality standard is to detect potential problems to prevent their occurrence and achieve no more than _____ defects per million opportunities.
- A. 2.3
 - B.** 3.4
 - C. 4.3
 - D. None of the above

35. In _____ component of supply chain management, companies must carefully choose reliable suppliers that will deliver goods and services required for making products, and develop a set of pricing, delivery, and payment processes with suppliers and create metrics for monitoring and improving the relationships.
- A. Plan
 - B. Source**
 - C. Cost
 - D. Deliver
36. In a supply chain, which one of the following moves in the direction of downstream?
- A. Order information
 - B. Payment
 - C. Goods**
 - D. None of the above
37. The ability of a firm to provide consistent and fast delivery allows it to charge a premium price for its products.
- True** False
38. The customers' customer is upstream in the supply chain.
- True **False**
39. Plan, source, make, deliver, and return are the five basic supply chain management components.
- True** False
40. Information technology, consumer behaviour, visibility, and speed are the four changes resulting from advances in technology that are driving supply chains.
- True **False**
41. Information technology's primary role in supply chain management is creating the integrations or tight process and information linkages between functions within a firm-such as marketing, sales, finance, manufacturing, and distribution-and between firms.
- True** False
42. Deploy in incremental phases and measure and communicate success is one of the keys to success for SCM.
- True** False
43. Distribution management systems coordinate the process of transporting materials from a manufacturer to distribution centers to the final customer.
- True** False
44. An organization's supply chain strategy can focus on efficiency or effectiveness, but not both.
- True **False**
45. Production management describes all the activities managers do to help companies create goods.
- True** False
46. Operations management is responsible for managing the core processes used to manufacture goods and produce services.
- True** False
47. A transformation process is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs.
- True** False
48. Managers can use information systems to heavily influence decisions including productivity, costs, flexibility, quality, and customer satisfaction.
- True** False

49. Strategic planning focuses on producing goods and services as efficiently as possible within the strategic plan
True **False**
50. Being the low-cost producer always guarantee profitability and success.
True **False**
51. Low-cost market segments are frequently very large, and many companies are lured by the potential for significant profits, which are associated with large unit volumes of product.
True False
52. The goal of six sigma quality is to detect potential problems to prevent their occurrence and achieve no more than 4.3 defects per million opportunities.
True **False**
53. Global inventory management systems (GIMS) provide the ability to locate, track, and predict the movement of every component or material anywhere upstream or downstream in the business process.
True False
54. _____ will become an effective tool for tracking and monitoring inventory movement in a real-time SCM environment.

55. _____ describes all the activities managers do to help companies create goods.

56. _____ is responsible for managing the core processes used to manufacture goods and produce services.

57. _____ is the term used to describe the difference between the cost of inputs and the value of price of outputs.

58. Managers can use information systems to heavily influence _____ decisions including productivity, costs, flexibility, quality, and customer satisfaction.

59. _____ coordinate the process of transporting materials from a manufacturer to distribution centres to the final customers.

60. _____ track and analyze the movement of materials and products to ensure the delivery of materials and finished goods at the right time, the right place, and the lowest cost.

61. _____ use sales forecasts to make sure that needed parts and materials are available at the right time and place in a specific company.

62. _____ provide control and visibility to the status of individual items maintained in inventory.

63. The ability of a firm to provide consistent and fast delivery allows it to charge a _____ price for its products.

64. Currently, there appears to be a trend toward offering _____ friendly products that are made through environmentally friendly processes.

65. Materials flow from suppliers and their _____ suppliers at all levels.

66. Distribution of products flow from customers and their _____ customers at all levels.

67. Consumer behaviour, _____, competition, and speed are the four changes resulting from advances in IT that are driving supply chains.

68. The _____ effect occurs when distorted product demand information passes from one entity to the next throughout the supply chain.

69. Make the sale to _____ is one of the keys to SCM success.

70. A supply _____ consists of all parties involved, directly or indirectly, in the procurement of a product or raw material.

71. Global _____ management system provides the ability to locate, track, and predict the movement of every component or material anywhere upstream or downstream in the supply chain.

72. _____ management and control software provides control and visibility to the status of individual items maintained in inventory.

73. Supply chain _____ management enables an organization to react more quickly to resolve supply chain issues.

74. _____ chain management applies technology to the activities in the order life cycle from inquiry to sale.

75. Collaborative _____ allows an organization to reduce the cost and time required during the design process of a product.

76. Collaborative _____ planning helps organizations reduce their investment in inventory, while improving customer satisfaction through product availability.

77. The goal of _____ quality standard is to detect potential problems to prevent their occurrence and achieve no more than 3.4 defects per million opportunities.

78. In a supply chain, order information flows in the direction of _____.

79. In a supply chain, foods or services flows in the direction of _____.

80. In a supply chain, payment flows in the direction of _____.

87. Describe Wal-Mart's supply chain management strategy in terms of its four drivers.

88. Describe the fastest growing components of SCM systems.

89. Describe the future trends in supply chain management systems.

05 Key

1. Which one of the following is an activity of Operations Management (OM)?
(p. 144)
- A. Forecasting
 - B. Capacity planning
 - C. Quality control
 - D. All of the above**

These are OM activities.

Chapter - Chapter 05 #1
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

2. What best describes all the activities managers do to help companies create goods?
(p. 142)
- A. Production management**
 - B. Produce management
 - C. Service management
 - D. Operations management

Production management describes all the activities managers do to help companies create goods.

Chapter - Chapter 05 #2
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

3. What is the management of systems or processes that convert or transform resources (including human resources) into goods and services?
(p. 142)
- A. Production management
 - B. Produce management
 - C. Service management
 - D. Operations management**

Operations management (OM) is the management of systems or processes that convert or transform resources (including human resources) into goods and services.

Chapter - Chapter 05 #3
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

4. What is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs?
(p. 142)
- A. A transformation process**
 - B. A production process
 - C. A service process
 - D. A produce process

A transformation process is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs.

Chapter - Chapter 05 #4
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

5. What is the term used to describe the difference between the cost of inputs and the value of price of outputs.
(p. 143)
- A.** Value-added tax
 - B. Value-divided tax
 - C. Value-multiplied
 - D. Value-multiplied tax

Value-added is the term used to describe the difference between the cost of inputs and the value of price of outputs.

Chapter - Chapter 05 #5
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

6. Managers can use information systems to heavily influence OM decisions including: productivity, costs, flexibility, quality, and customer satisfaction.
(p. 145)
- A. productivity, profits, flexibility, quality, and customer satisfaction.
 - B.** productivity, costs, flexibility, quality, and customer satisfaction.
 - C. productivity, costs, flexibility, quantity, and customer satisfaction.
 - D. productivity, profits, flexibility, quantity, and customer satisfaction.

Managers can use information systems to heavily influence decisions including productivity, costs, flexibility, quality, and customer satisfaction.

Chapter - Chapter 05 #6
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

7. Decisions are sometimes referred to as _____, which focuses on long range planning such as plant size, location, and type of process to be used.
(p. 145)
- A.** Strategic planning
 - B. Tactical planning
 - C. Transportation planning
 - D. Operations planning

These decisions are sometimes referred to as strategic planning, which focuses on long range planning such as plant size, location, and type of process to be used.

Chapter - Chapter 05 #7
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

8. _____ focuses on producing goods and services as efficiently as possible within the strategic plan
(p. 146)
- A. Strategic planning
 - B.** Tactical planning
 - C. Transportation planning
 - D. Operations planning

Tactical planning focuses on producing goods and services as efficiently as possible within the strategic plan

Chapter - Chapter 05 #8
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

9. Today, SCM systems focus on extending beyond an organization's four walls to influence:
(p. 151) A. Suppliers
B. Suppliers' supplier
C. Customers' customer
D. All of the above

SCM efforts extend beyond an organization's four walls to influence the entire supply chain including customers, customers' customer, suppliers, and suppliers' supplier.

Chapter - Chapter 05 #9
Gradable: automatic
Learning Outcome: 5.3
Level: Easy

10. Which of the following is not one of the three main links in the supply chain?
(p. 151) **A.** Materials flow from suppliers and their "downstream" suppliers at all levels
B. Transformation of materials into semifinished and finished products-the organization's own production processes
C. Distribution of products to customers and their "downstream" customers at all levels
D. None of the above

Materials flow from suppliers and their "upstream" suppliers at all levels.

Chapter - Chapter 05 #10
Gradable: automatic
Learning Outcome: 5.3
Level: Medium

11. Which of the following is not one of the five basic components of supply chain management?
(p. 151) A. Plan
B. Source
C. Cost
D. Deliver

Plan, source, make, deliver, and return are the five components of SCM.

Chapter - Chapter 05 #11
Gradable: automatic
Learning Outcome: 5.3
Level: Easy

12. What is it called when distorted product demand information passes from one entity to the next throughout the supply chain?
(p. 154) **A.** Bullwhip effect
B. Demand planning software
C. Supply chain planning software
D. Supply chain execution software

This is the definition of the bullwhip effect.

Chapter - Chapter 05 #12
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

13. Which of the following automates the different steps and stages of the supply chain?
(p. 155)
- A. Bullwhip effect
 - B. Demand planning software
 - C. Supply chain planning software
 - D. Supply chain execution software**

This is the definition of the supply chain execution software.

Chapter - Chapter 05 #13
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

14. What is the ability to view all areas up and down the supply chain?
(p. 154)
- A. Bullwhip effect
 - B. Demand planning software
 - C. Supply chain visibility**
 - D. Supply chain execution software

This is the definition of supply chain visibility.

Chapter - Chapter 05 #14
Gradable: automatic
Learning Outcome: 5.3
Level: Easy

15. Which of the following generates demand forecasts using statistical tools and forecasting techniques?
(p. 154)
- A. Bullwhip effect
 - B. Demand planning software**
 - C. Supply chain visibility
 - D. Supply chain execution software

This is the definition of demand planning software.

Chapter - Chapter 05 #15
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

16. Which one of the following quality standard aims at no more than 3.4 defects per million opportunities?
(p. 147)
- A. ISO 9,000
 - B. Six Sigma**
 - C. Capability Maturity Model Integration
 - D. All of the above

The goal of six sigma quality is to detect potential problems to prevent their occurrence and achieve no more than 3.4 defects per million opportunities.

Chapter - Chapter 05 #16
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

17. Which one of the following is not a characteristic of an efficient and effective supply chain management?
(p. 150)
- A. Decrease threat of new entrant to market place
 - B. Increase its own power as supplier
 - C. Decrease threat of substitute products and services
 - D. Increase buyer power**

Porter's five forces model (Figure 5.8).

Chapter - Chapter 05 #17
Gradable: automatic
Learning Outcome: 5.5
Level: Medium

18. Which of the following is not a principle of supply chain management?
(p. 157)
- A. Customize the logistics network and focus intensively on the service requirements
 - B. Listen to signals of market demand and plan accordingly
 - C. Segment customers by service needs and then tailor services to those particular segments
 - D. Listen to signals from telecommunications equipment and plan accordingly**

Listen to signals of market demand and plan accordingly is the correct principle of supply chain management.

Chapter - Chapter 05 #18
Gradable: automatic
Learning Outcome: 5.5
Level: Medium

19. Which of the following is a principle of supply chain management?
(p. 157)
- A. Customize the logistics network and focus intensively on the service requirements
 - B. Listen to signals of market demand and plan accordingly
 - C. Segment customers by service needs and then tailor services to those particular segments
 - D. All of the above**

These are the principles among those listed in Figure 5.16.

Chapter - Chapter 05 #19
Gradable: automatic
Learning Outcome: 5.5
Level: Medium

20. Which of the following is a key to SCM success?
(p. 158)
- A. Be future oriented**
 - B. Listen to signals from telecommunications equipment and plan accordingly
 - C. Wean suppliers off traditional business practices
 - D. Make the sale to the manufacturers

Be future oriented is an SCM key to success.

Chapter - Chapter 05 #20
Gradable: automatic
Learning Outcome: 5.5
Level: Medium

21. Which of the following practices drives the supply chain performance?
(p. 144)
- A. Explicitly link the supply chain strategy to the corporate strategy and set clear, well understood aspirations
 - B. Use segmentation to embrace the complexity that matters
 - C. Design and build forward looking networks that meet service, cost and risk aspirations
 - D. All of the above**

These are the practices that drive supply chain performance as per Figure 5.17.

Chapter - Chapter 05 #21
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

22. What provides control and visibility to the status of individual items maintained in inventory?
(p. 146)
- A. Inventory management and control software**
 - B. Global inventory management system
 - C. Transportation planning system
 - D. Distribution management software

This is the definition of inventory management and control software.

Chapter - Chapter 05 #22
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

23. What tracks and analyzes the movement of materials and products to ensure the delivery of materials and finished goods at the right time, the right place, and the lowest cost?
(p. 146)
- A. Inventory management and control software
 - B. Global inventory management system
 - C. Transportation planning system**
 - D. Distribution management software

This is the definition of transportation planning systems.

Chapter - Chapter 05 #23
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

24. What are the four primary drivers of supply chain management?
(p. 154)
- A. Visibility, consumer behaviour, competition, and service
 - B. Non-visibility, consumer behaviour, competition, and service
 - C. Visibility, consumer behaviour, competition, and speed**
 - D. Non-visibility, consumer behaviour, competition, and speed

Visibility, consumer behaviour, competition, and speed are the four drivers of SCM.

Chapter - Chapter 05 #24
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

25. Which one of the following is a characteristic of an efficient and effective supply chain management?
(p. 150)
- A. Decrease threat of new entrant to market place
 - B. Increase its own power as supplier
 - C. Decrease threat of substitute products and services
 - D. All of the above**

Porter's five forces model (Figure 5.8).

Chapter - Chapter 05 #25
Gradable: automatic
Learning Outcome: 5.5
Level: Medium

26. What would an organization choose that focuses on transportation efficiency?
(p. 147)
- A. Ship its products directly to its customers
 - B. Ship its products to a distributor that ships the products to customers**
 - C. Ship its products to a distributor by air only
 - D. Ship its products to its customers by boat

An efficient transportation route ships goods to a distributor who ships the goods to the customers.

Chapter - Chapter 05 #26
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

27. What allows an organization to reduce the cost and time required during the design process of a product?
(p. 160)
- A. Supply chain event management
 - B. Selling chain management
 - C. Collaborative engineering**
 - D. Collaborative demand planning

This is the definition of collaborative engineering.

Chapter - Chapter 05 #27
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

28. Which of the following would an organization choose if it wanted to focus on transportation effectiveness?
(p. 147)
- A. Ship its products directly to its customers**
 - B. Ship its products to a distributor that ships the products to customers
 - C. Ship its products to a distributor by air only
 - D. Ship its products to a distributor by boat only

An effective transportation route ships goods directly to its customers.

Chapter - Chapter 05 #28
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

29. What enables an organization to react more quickly to resolve supply chain issues?
(p. 160) **A.** Supply chain event management
B. Selling chain management
C. Collaborative engineering
D. Collaborative demand planning

This is the definition of SCEM.

Chapter - Chapter 05 #29
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

30. What applies technology to the activities in the order life cycle from inquiry to sale?
(p. 160) A. Supply chain event management
B. Selling chain management
C. Collaborative engineering
D. Collaborative demand planning

This is the definition of selling chain management.

Chapter - Chapter 05 #30
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

31. What helps organizations reduce their investment in inventory, while improving customer satisfaction through product availability?
(p. 160) A. Supply chain event management
B. Selling chain management
C. Collaborative engineering
D. Collaborative demand planning

This is the definition of collaborative demand planning.

Chapter - Chapter 05 #31
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

32. In a supply chain, which one of the following doesn't flow in the direction of upstream?
(p. 155) A. Order information
B. Payment
C. Goods
D. None of the above

Figure 5.13. Order information and payment flow in the direction of upstream where the goods flow in the direction of downstream.

Chapter - Chapter 05 #32
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

33. While developing an operations strategy, management needs to consider the following factor.
(p. 145) A. the level of technology that is or will be available,
B. the required skill levels of the workers,
C. the degree of vertical integration, in terms of the extent to which outside suppliers are used.
D. All of the above.

All these are considered while developing an operations strategy.

Chapter - Chapter 05 #33
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

34. The goal of six sigma quality standard is to detect potential problems to prevent their occurrence and achieve no more than _____ defects per million opportunities.
(p. 147) A. 2.3
B. 3.4
C. 4.3
D. None of the above

The goal of six sigma quality is to detect potential problems to prevent their occurrence and achieve no more than 3.4 defects per million opportunities.

Chapter - Chapter 05 #34
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

35. In _____ component of supply chain management, companies must carefully choose reliable suppliers that will deliver goods and services required for making products, and develop a set of pricing, delivery, and payment processes with suppliers and create metrics for monitoring and improving the relationships.
(p. 152) A. Plan
B. Source
C. Cost
D. Deliver

This is the definition of sourcing.

Chapter - Chapter 05 #35
Gradable: automatic
Learning Outcome: 5.3
Level: Easy

36. In a supply chain, which one of the following moves in the direction of downstream?
(p. 155) A. Order information
B. Payment
C. Goods
D. None of the above

Figure 5.13. Order information and payment flow in the direction of upstream where the goods flow in the direction of downstream.

Chapter - Chapter 05 #36
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

37. The ability of a firm to provide consistent and fast delivery allows it to charge a premium price for its products.

(p. 148)

TRUE

premium

Chapter - Chapter 05 #37
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

38. The customers' customer is upstream in the supply chain.

(p. 151)

FALSE

The customers' customer is downstream in the supply chain.

Chapter - Chapter 05 #38
Gradable: automatic
Learning Outcome: 5.3
Level: Medium

39. Plan, source, make, deliver, and return are the five basic supply chain management components.

(p. 152)

TRUE

Plan, source, make, deliver, and return are the five basic supply chain management components.

Chapter - Chapter 05 #39
Gradable: automatic
Learning Outcome: 5.3
Level: Easy

40. Information technology, consumer behaviour, visibility, and speed are the four changes resulting from advances in technology that are driving supply chains.

(p. 154)

FALSE

Consumer behaviour, competition, visibility, and speed are the four changes resulting from advances in technology that are driving supply chains.

Chapter - Chapter 05 #40
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

41. Information technology's primary role in supply chain management is creating the integrations or tight process and information linkages between functions within a firm-such as marketing, sales, finance, manufacturing, and distribution-and between firms.

(p. 153)

TRUE

Information technology's primary role in supply chain management is creating the integrations or tight process and information linkages between functions within a firm-such as marketing, sales, finance, manufacturing, and distribution-and between firms.

Chapter - Chapter 05 #41
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

42. Deploy in incremental phases and measure and communicate success is one of the keys to success for SCM.
(p. 158) **TRUE**

This is a key to success for SCM.

Chapter - Chapter 05 #42
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

43. Distribution management systems coordinate the process of transporting materials from a manufacturer to distribution centers to the final customer.
(p. 146-147) **TRUE**

This is the definition of distribution management systems.

Chapter - Chapter 05 #43
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

44. An organization's supply chain strategy can focus on efficiency or effectiveness, but not both.
(p. 150) **FALSE**

An organization's supply chain strategy can focus on efficiency and effectiveness, such as the example with Wal-Mart.

Chapter - Chapter 05 #44
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

45. Production management describes all the activities managers do to help companies create goods.
(p. 142) **TRUE**

Production management describes all the activities managers do to help companies create goods.

Chapter - Chapter 05 #45
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

46. Operations management is responsible for managing the core processes used to manufacture goods and produce services.
(p. 142) **TRUE**

Operations management is responsible for managing the core processes used to manufacture goods and produce services.

Chapter - Chapter 05 #46
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

47. A transformation process is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs.

(p. 142)

TRUE

A transformation process is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs.

Chapter - Chapter 05 #47
Gradable: automatic
Learning Outcome: 5.1
Level: Easy

48. Managers can use information systems to heavily influence decisions including productivity, costs, flexibility, quality, and customer satisfaction.

(p. 145)

TRUE

Managers can use information systems to heavily influence decisions including productivity, costs, flexibility, quality, and customer satisfaction.

Chapter - Chapter 05 #48
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

49. Strategic planning focuses on producing goods and services as efficiently as possible within the strategic plan

(p. 146)

FALSE

Tactical planning focuses on producing goods and services as efficiently as possible within the strategic plan.

Chapter - Chapter 05 #49
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

50. Being the low-cost producer always guarantee profitability and success.

(p. 147)

FALSE

Being the low-cost producer does not always guarantee profitability and success.

Chapter - Chapter 05 #50
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

51. Low-cost market segments are frequently very large, and many companies are lured by the potential for significant profits, which are associated with large unit volumes of product.

(p. 147)

TRUE

Low-cost market segments are frequently very large, and many companies are lured by the potential for significant profits, which are associated with large unit volumes of product.

Chapter - Chapter 05 #51
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

52. The goal of six sigma quality is to detect potential problems to prevent their occurrence and achieve no more than 4.3 defects per million opportunities.

FALSE

The goal of six sigma quality is to detect potential problems to prevent their occurrence and achieve no more than 3.4 defects per million opportunities.

Chapter - Chapter 05 #52
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

53. Global inventory management systems (GIMS) provide the ability to locate, track, and predict the movement of every component or material anywhere upstream or downstream in the business process.

TRUE

Global inventory management systems (GIMS) provide the ability to locate, track, and predict the movement of every component or material anywhere upstream or downstream in the business process.

Chapter - Chapter 05 #53
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

54. _____ will become an effective tool for tracking and monitoring inventory movement in a real-time SCM environment.

RFID

Chapter - Chapter 05 #54
Gradable: automatic
Learning Outcome: 5.5
Level: Hard

55. _____ describes all the activities managers do to help companies create goods.

Production management

Chapter - Chapter 05 #55
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

56. _____ is responsible for managing the core processes used to manufacture goods and produce services.

Operations management

Chapter - Chapter 05 #56
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

57. _____ is the term used to describe the difference between the cost of inputs and the value of price of outputs.

Value-added

Chapter - Chapter 05 #57
Gradable: automatic
Learning Outcome: 5.1
Level: Medium

58. Managers can use information systems to heavily influence _____ decisions including productivity, costs, flexibility, quality, and customer satisfaction.

OM-operations management

Chapter - Chapter 05 #58
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

59. _____ coordinate the process of transporting materials from a manufacturer to distribution centres to the final customers.

(p. 146-147)

Distribution management systems

Chapter - Chapter 05 #59
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

60. _____ track and analyze the movement of materials and products to ensure the delivery of materials and finished goods at the right time, the right place, and the lowest cost.

(p. 146)

Transportation planning systems

Chapter - Chapter 05 #60
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

61. _____ use sales forecasts to make sure that needed parts and materials are available at the right time and place in a specific company.

(p. 146)

Material requirements planning (MRP) systems

Chapter - Chapter 05 #61
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

62. _____ provide control and visibility to the status of individual items maintained in inventory.

(p. 146)

Inventory management and control systems

Chapter - Chapter 05 #62
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

63. The ability of a firm to provide consistent and fast delivery allows it to charge a _____ price for its products.

(p. 148)

Premium

Chapter - Chapter 05 #63
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

64. Currently, there appears to be a trend toward offering _____ friendly products that are made through environmentally friendly processes.

(p. 148)

environmentally

Chapter - Chapter 05 #64
Gradable: automatic
Learning Outcome: 5.2
Level: Medium

65. Materials flow from suppliers and their _____ suppliers at all levels.

(p. 151)

Upstream

Chapter - Chapter 05 #65
Gradable: automatic
Learning Outcome: 5.3
Level: Medium

66. Distribution of products flow from customers and their _____ customers at all levels.

(p. 151)

Downstream

Chapter - Chapter 05 #66
Gradable: automatic
Learning Outcome: 5.3
Level: Medium

67. Consumer behaviour, _____, competition, and speed are the four changes resulting from advances in IT that are driving supply chains.

(p. 154)

Visibility

Chapter - Chapter 05 #67
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

68. The _____ effect occurs when distorted product demand information passes from one entity to the next throughout the supply chain.

Bullwhip

Chapter - Chapter 05 #68
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

69. Make the sale to _____ is one of the keys to SCM success.

(p. 157) **Suppliers**

Chapter - Chapter 05 #69
Gradable: automatic
Learning Outcome: 5.5
Level: Medium

70. A supply _____ consists of all parties involved, directly or indirectly, in the procurement of a product or raw material.

(p. 149) **Chain**

Chapter - Chapter 05 #70
Gradable: automatic
Learning Outcome: 5.3
Level: Easy

71. Global _____ management system provides the ability to locate, track, and predict the movement of every component or material anywhere upstream or downstream in the supply chain.

(p. 146) **Inventory**

Chapter - Chapter 05 #71
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

72. _____ management and control software provides control and visibility to the status of individual items maintained in inventory.

(p. 146) **Inventory**

Chapter - Chapter 05 #72
Gradable: automatic
Learning Outcome: 5.2
Level: Easy

73. Supply chain _____ management enables an organization to react more quickly to resolve supply chain issues.

(p. 160) **Event**

Chapter - Chapter 05 #73
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

74. _____ chain management applies technology to the activities in the order life cycle from inquiry to sale.

(p. 160) **Selling**

Chapter - Chapter 05 #74
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

75. Collaborative _____ allows an organization to reduce the cost and time required during the design process of a product.

(p. 160) **Engineering**

Chapter - Chapter 05 #75
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

76. Collaborative _____ planning helps organizations reduce their investment in inventory, while improving customer satisfaction through product availability.

(p. 160) **Demand**

Chapter - Chapter 05 #76
Gradable: automatic
Learning Outcome: 5.5
Level: Easy

77. The goal of _____ quality standard is to detect potential problems to prevent their occurrence and achieve no more than 3.4 defects per million opportunities.

(p. 147)

Six Sigma

Chapter - Chapter 05 #77
Gradable: automatic
Learning Outcome: 5.2
Level: Hard

78. In a supply chain, order information flows in the direction of _____.

(p. 155)

upstream

Chapter - Chapter 05 #78
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

79. In a supply chain, goods or services flows in the direction of _____.

(p. 155)

downstream

Chapter - Chapter 05 #79
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

80. In a supply chain, payment flows in the direction of _____.

(p. 155)

upstream

Chapter - Chapter 05 #80
Gradable: automatic
Learning Outcome: 5.4
Level: Easy

81. Describe the five key competitive priorities translate directly into characteristics that are used to describe various processes by which a company can add value to its OM decisions

(p. 147-148)

(1) Cost: Every industry has low-cost providers. However, being the low-cost producer does not always guarantee profitability and success. Products sold strictly on the basis of cost are typically commodity-like products including such goods as flour, petroleum, and sugar. In other words, customers cannot distinguish the products made by one firm from those of another. As a result, customers use cost as the primary determinant in making a purchasing decision. Low-cost market segments are frequently very large, and many companies are lured by the potential for significant profits, which are associated with large unit volumes of product. As a consequence, the competition in this segment is exceedingly fierce—and so is the failure rate.

(2) Quality can be divided into two categories—product quality and process quality. Product quality levels vary as to the particular market that it aims to serve. Organizations must establish the "proper level" of product quality by focusing on the exact requirements of their customers. Process quality is critical in every market segment. Regardless of whether the product is a generic bike or a bike for an international cyclist, customers want products without defects. Thus, the primary goal of process quality is to produce error-free products.

(3) Delivery speed: Another key factor in purchasing decisions is delivery speed. The ability of a firm to provide consistent and fast delivery allows it to charge a premium price for its products.

(4) Flexibility, from a strategic perspective, refers to the ability of a company to offer a wide variety of products to its customers. Flexibility is also a measure of how fast a company can convert its process(es) from making an old line of products to producing a new product line. Product variety is often perceived by the customers to be a dimension of quality.

(5) Service: With shortened product life cycles, products tend to migrate toward one common standard. As a consequence, these products are often viewed as commodities in which price is the primary differentiator

Businesses are always looking toward the future to find the next competitive advantage that will distinguish their products in the marketplace. To obtain an advantage in such a competitive environment, firms must provide "value-added" goods and services, and the primary area where they can capitalize on all five competitive priorities is in the supply chain.

Chapter - Chapter 05 #81
Gradable: manual
Learning Outcome: 5.2
Level: Medium

82. List the components of a typical supply chain.

(p. 151)

The components of a typical supply chain include suppliers' supplier, supplier, manufacturer, distributor, retailer, customer, and customer's customer.

Chapter - Chapter 05 #82
Gradable: manual
Learning Outcome: 5.3
Level: Easy

83. Define the relationship between supply chain management and decision making.

(p. 142-153)

SCM enhances decision making. Collecting, analyzing, and distributing transactional information to all relevant parties, SCM systems help all the different entities in the supply chain work together more effectively. SCM systems provide dynamic holistic views of organizations. Users can "drill down" into detailed analyses of supply chain activities in a process analogous to DSS. Without SCM systems, organizations would be unable to make accurate and timely decisions regarding its supply chain.

Chapter - Chapter 05 #83
Gradable: manual
Learning Outcome: 5.3
Level: Easy

84. Describe the four changes resulting from advances in IT that are driving supply chains.

(p. 154)

(1) Visibility-More visible models of different ways to do things in the supply chain have emerged. High visibility in the supply chain is changing industries, as Wal-Mart demonstrated. (2) Consumer behaviour-Companies must respond to demanding customer through supply chain enhancements. (3) Competition-Increased competition makes any organization that is ignoring its supply chain at risk of being obsolete. (4) Speed-As the pace of business increases through electronic media, an organization's supply chain must respond efficiently, accurately, and quickly.

Chapter - Chapter 05 #84
Gradable: manual
Learning Outcome: 5.4
Level: Medium

85. Summarize the best practices for implementing a successful supply chain management system.

(p. 157-158)

(1) Make the sale to suppliers-A large part of any SCM system extends beyond the organization to the suppliers. Since the organization has very little control over anything external to itself, these pieces are typically the most complicated. Be sure suppliers are on board with the benefits that the SCM system will provide to ease SCM implementation difficulties. (2) Wean employees off traditional business practices-If the organization cannot convince people that using the SCM software is worthwhile, the employees will probably find a way around using the software. (3) Ensure the SCM system supports the organizational goals-Be sure to select SCM software that supports organizational goals and strategies. (4) Deploy in Incremental phases and measure and communicate success-Designing the deployment of the SCM system in incremental phases is the most successful deployment method. The BIG BANG approach-implementing everything at once-fails 90 percent of the time. (5) Be future oriented-An SCM system, like all systems, must scale to meet future demands.

Chapter - Chapter 05 #85
Gradable: manual
Learning Outcome: 5.5
Level: Hard

86. Describe the four drivers of supply chain management.

(p. 154)

Visibility, consumer behaviour, competition, and speed are a few of the changes resulting from advances in information technology that are driving supply chains (see Figure 5.13). Supply chain visibility is the ability to view all areas up and down the supply chain. Making the change to supply chains requires a comprehensive strategy buoyed by information technology. The behaviour of customers has changed the way businesses compete. Customers will leave if a company does not continually meet their expectations. During the past decade, competition has focused on speed. New forms of servers, telecommunications, wireless applications, and software are enabling companies to perform activities that were once never thought possible.

*Chapter - Chapter 05 #86
Gradable: manual
Learning Outcome: 5.4
Level: Easy*

87. Describe Wal-Mart's supply chain management strategy in terms of its four drivers.

(p. 150)

Wal-Mart's supply chain management strategy emphasizes efficiency, but also maintains adequate levels of effectiveness. Facilities focus-Efficiency, Maintains few warehouse. Inventory focus-Efficiency, Ships directly to its stores from the manufacturer. Transportation focus-Effectiveness, Maintains its own fleet of trucks. Information focus-Efficiency, Invests heavily in technology and the flow of information through its entire supply chain. Although Wal-Mart has spent a lot of money on its supply chain and uses a push information sharing strategy-its overall information focus is on using information to enable the company to maintain small amounts of inventory (efficiency). Wal-Mart uses its supply chain to operate its business in a just-in-time fashion.

*Chapter - Chapter 05 #87
Gradable: manual
Learning Outcome: 5.5
Level: Hard*

88. Describe the fastest growing components of SCM systems.

(p. 160)

Fastest growing SCM components include Supply chain event management (SCEM)-enables an organization to react quickly to resolve supply chain issues. Selling chain management-applies technology to the activities in the order life cycle from inquiry to sale. Collaborative engineering-allows an organization to reduce the costs required during the design process of a product. Collaborative demand planning-helps organizations reduce their investment in inventory, while improving customer satisfaction through product availability. RFID is also going to change the future of supply chain.

*Chapter - Chapter 05 #88
Gradable: manual
Learning Outcome: 5.5
Level: Easy*

89. Describe the future trends in supply chain management systems.
(p. 159)

The future developments in supply chain management systems will be in three key areas: instrumentation, interconnectedness, and intelligence.

(a) Instrumentation: According to the study, the data contained within SCM systems will increasingly be machine generated from such devices as RFID (radio frequency identification)-enabled devices, GIS-enabled devices, meters, and actuators. Cargo containers will report contents and pallets will report location (or if they end up in the wrong place).

(b) Interconnectedness: The entire supply chain will be interconnected. Not just the customer, suppliers, and IT systems in general but all the parts, including transportation vehicles, shipping containers, pallets, and even individual products. The system will have pinpoint accuracy as to where every individual product in the supply chain is at any moment on a worldwide basis.

(c) Intelligence: Beyond the smart objects in the supply chain that can report where they are at any moment, supply chain software will become smarter with more advanced analytics, allowing executives to create better models and make decisions in a more complex world. These systems will be able to help decision makers evaluate alternatives with more complex and dynamic sets of risks and constraints and, in some instances, will make decisions automatically.

Chapter - Chapter 05 #89
Gradable: manual
Learning Outcome: 5.5
Level: Hard

05 Summary

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