**Chapter 01: Operations Management, Processes, and Supply Chain Management**

**Practice Problems**

**MULTIPLE CHOICE**

1. Which of the following statement BEST defines *operations management*?

|  |  |
| --- | --- |
| a. | The effective planning, organizing, and controlling of the many value-creating activities of the firm |
| b. | The integration of key business processes concerning the flow of materials from raw material suppliers to the final customer |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | The planning, scheduling, and controlling of resources to meet the specific goals of a project |
| e. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |

ANS: A PTS: 1 DIF: Easy

OBJ: LO 1-1: Define and discuss operations management

2. Which of the following is NOT one of the basic operations activities?

|  |  |
| --- | --- |
| a. | Distribution |
| b. | Product returns |
| c. | Transformation |
| d. | Accounting |
| e. | Storage |

ANS: D PTS: 1 DIF: Easy

OBJ: LO 1-1: Define and discuss operations management

3. Which of the following activities falls under the responsibility of operations managers?

|  |  |
| --- | --- |
| a. | Inventory management |
| b. | Product and process design |
| c. | Supplier relationship management |
| d. | Quality assessment and improvement |
| e. | All of these activities |

ANS: E PTS: 1 DIF: Easy

OBJ: LO 1-1: Define and discuss operations management

4. Which of the following is NOT true about processes?

|  |  |
| --- | --- |
| a. | Processes are methods for getting work done |
| b. | Processes consist of a series of steps that turn inputs into outputs |
| c. | All processes require significant effort and resources over long periods of time to be managed successfully |
| d. | Some processes are trivial |
| e. | All of these |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-2: Define processes and supply chains

5. Which of the following is NOT true about business processes?

|  |  |
| --- | --- |
| a. | Create valued goods, services, and decisions for internal and external customers |
| b. | When successfully managed, ultimately keep employees, stakeholders, and customers satisfied |
| c. | Underlie every aspect of the organization |
| d. | Involve suppliers, employees, customers, manufacturing equipment, and computers |
| e. | If unsuccessful, should be left alone |

ANS: E PTS: 1 DIF: Medium

OBJ: LO 1-2: Define processes and supply chains

6. Which of the following statements about process decisions made in organizations is NOT true?

|  |  |
| --- | --- |
| a. | Identify the best mix of personnel and technology |
| b. | Decide what activities to perform in house and what to obtain elsewhere |
| c. | Implement a new service to accommodate customer requests |
| d. | Determine how to increase manufacturing costs to stay competitive |
| e. | Improve an existing assembly process when current quality levels are deteriorating |

ANS: D PTS: 1 DIF: Easy

OBJ: LO 1-2: Define processes and supply chains

7. A supply chain is the network of companies involved in

|  |  |
| --- | --- |
| a. | Financing, designing, selling, and disposing of goods and services |
| b. | Producing, financing, and marketing of goods and services |
| c. | Enabling the purchasing, production, delivery, and recycling of materials, components, and end products |
| d. | Producing, buying, servicing, and disposing of goods and services |
| e. | Designing, producing, selling, and financing of goods and services |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-2: Define processes and supply chains

8. Growth of the supply chain management perspective results from

|  |  |
| --- | --- |
| a. | Rapid technological changes |
| b. | Increasing competitive pressures |
| c. | Quest for cheaper operating costs |
| d. | Global customer base |
| e. | All of these |

ANS: E PTS: 1 DIF: Easy

OBJ: LO 1-2: Define processes and supply chains

9. Sharing and coordination of key processes between companies in a supply chain can be characterized as

|  |  |
| --- | --- |
| a. | Concurrent engineering |
| b. | Systems thinking |
| c. | Lean thinking |
| d. | Business process integration |
| e. | Total quality management |

ANS: D PTS: 1 DIF: Medium

OBJ: LO 1-2: Define processes and supply chains

10. Who are first-tier suppliers?

|  |  |
| --- | --- |
| a. | Outside agents that move items domestically or into foreign locations |
| b. | The firm’s most valued direct customers |
| c. | The firm’s primary goods and service suppliers |
| d. | All of these |
| e. | None of these |

ANS: C PTS: 1 DIF: Easy

OBJ: LO 1-2: Define processes and supply chains

11. Who are first-tier customers?

|  |  |
| --- | --- |
| a. | Outside agents that move items domestically or into foreign locations |
| b. | The firm’s most valued direct customers |
| c. | The firm’s primary goods and service suppliers |
| d. | All of these |
| e. | None of these |

ANS: B PTS: 1 DIF: Easy

OBJ: LO 1-2: Define processes and supply chains

12. Supply chain management is

|  |  |
| --- | --- |
| a. | The effective planning, organizing, and controlling of the many value-creating activities of the firm |
| b. | The integration of key business processes concerning the flow of materials from raw material suppliers to the final customer |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | The planning, scheduling, and controlling of resources to meet the specific goals of a project |
| e. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |

ANS: B PTS: 1 DIF: Easy

OBJ: LO 1-2: Define processes and supply chains

13. Customer relationship management is

|  |  |
| --- | --- |
| a. | Creating and maintaining customer relationships |
| b. | Interacting with customers to maintain customer satisfaction |
| c. | Balancing customer requirements with supply chain capabilities |
| d. | Satisfying customer orders |
| e. | Managing product returns and disposal effectively |

ANS: A PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

14. Customer service management is

|  |  |
| --- | --- |
| a. | Creating and maintaining customer relationships |
| b. | Interacting with customers to maintain customer satisfaction |
| c. | Balancing customer requirements with supply chain capabilities |
| d. | Satisfying customer orders |
| e. | Managing product returns and disposal effectively |

ANS: B PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

15. Demand management is

|  |  |
| --- | --- |
| a. | Making goods to satisfy target markets |
| b. | Developing new products frequently and getting them to market effectively |
| c. | Balancing customer requirements with supply chain capabilities |
| d. | Satisfying customer orders |
| e. | Creating and maintaining customer relationships |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

16. Order fulfillment is

|  |  |
| --- | --- |
| a. | Making goods to satisfy target markets |
| b. | Developing new products frequently and getting them to market effectively |
| c. | Interacting with customers to maintain customer satisfaction |
| d. | Satisfying customer orders |
| e. | Creating and maintaining customer relationships |

ANS: D PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

17. Who are third-party logistics services?

|  |  |
| --- | --- |
| a. | Outside agents that move items domestically or into foreign locations |
| b. | The firm’s most valued direct customers |
| c. | The firm’s primary goods and service suppliers |
| d. | All of these |
| e. | None of these |

ANS: A PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

18. Manufacturing flow management is

|  |  |
| --- | --- |
| a. | Creating and maintaining customer relationships |
| b. | Balancing customer requirements with supply chain capabilities |
| c. | Making goods to satisfy target markets |
| d. | Developing new products frequently and getting them to market effectively |
| e. | Managing product returns and disposal effectively |

ANS: C PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

19. Supplier relationship management is

|  |  |
| --- | --- |
| a. | Balancing customer requirements with supply chain capabilities |
| b. | Making goods to satisfy target markets |
| c. | Creating and maintaining supplier relationships |
| d. | Developing new products frequently and getting them to market effectively |
| e. | Managing product returns and disposal effectively |

ANS: C PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

20. Developing new products frequently and getting them to market effectively describes which key supply chain process?

|  |  |
| --- | --- |
| a. | Demand management |
| b. | Manufacturing flow management |
| c. | Customer relationship management |
| d. | Product development and commercialization |
| e. | Returns management |

ANS: D PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

21. Returns management is

|  |  |
| --- | --- |
| a. | Creating and maintaining customer relationship |
| b. | Interacting with customers to maintain customer satisfaction |
| c. | Making goods to satisfy target markets |
| d. | Developing new products frequently and getting them to market effectively |
| e. | Managing product returns and disposal effectively |

ANS: E PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

22. An activity associated with the customer relationship management process is

|  |  |
| --- | --- |
| a. | Designing a distribution network to deliver goods on time |
| b. | Tailoring goods and services to meet the needs of customer groups |
| c. | Designing manufacturing processes to create goods that customers want |
| d. | Designing and implementing customer response procedures |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: B PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

23. An activity associated with the customer relationship management process is

|  |  |
| --- | --- |
| a. | Identifying and categorizing key customers |
| b. | Managing product and service agreements with customers |
| c. | Designing manufacturing processes to create goods that customers want |
| d. | Designing a distribution network to deliver goods on time |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: A PTS: 1 DIF: Hard

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

24. An activity associated with the customer service management process is

|  |  |
| --- | --- |
| a. | Tailoring goods and services to meet the needs of customer groups |
| b. | Managing product and service agreements with customers |
| c. | Designing manufacturing processes to create goods that customers want |
| d. | Establishing formal relationships with key suppliers |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: B PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

25. An activity associated with the customer service management process is

|  |  |
| --- | --- |
| a. | Identifying and categorizing key customers |
| b. | Designing manufacturing processes to create goods that customers want |
| c. | Establishing formal relationships with key suppliers |
| d. | Designing and implementing customer response procedures |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: D PTS: 1 DIF: Hard

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

26. An activity associated with the demand management process is

|  |  |
| --- | --- |
| a. | Identifying and categorizing key customers |
| b. | Designing manufacturing processes to create goods that customers want |
| c. | Forecasting demand |
| d. | Designing and implementing customer response procedures |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

27. An activity associated with the order fulfillment process is

|  |  |
| --- | --- |
| a. | Designing a distribution network to deliver goods on time |
| b. | Designing manufacturing processes to create goods that customers want |
| c. | Developing guidelines for returns and disposal |
| d. | Designing and implementing customer response procedures |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: A PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

28. An activity associated with the manufacturing flow management process is

|  |  |
| --- | --- |
| a. | Designing a distribution network to deliver goods on time |
| b. | Designing manufacturing processes to create goods that customers want |
| c. | Tailoring goods and services to meet the needs of customer groups |
| d. | Designing and implementing customer response procedures |
| e. | Developing cross-functional product teams that include customers and suppliers |

ANS: B PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

29. An activity associated with the supplier relationship management process is

|  |  |
| --- | --- |
| a. | Designing a distribution network to deliver goods on time |
| b. | Managing product and service agreements with customers |
| c. | Tailoring goods and services to meet the needs of customer groups |
| d. | Designing and implementing customer response procedures |
| e. | Establishing formal relationships with key suppliers |

ANS: E PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

30. An activity associated with the returns management process is

|  |  |
| --- | --- |
| a. | Designing a distribution network to deliver goods on time |
| b. | Managing product and service agreements with customers |
| c. | Developing guidelines for returns and disposal |
| d. | Designing and implementing customer response procedures |
| e. | Forecasting demand |

ANS: C PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

31. An activity associated with the returns management process is

|  |  |
| --- | --- |
| a. | Designing a distribution network to deliver goods on time |
| b. | Managing product and service agreements with customers |
| c. | Developing cross-functional product teams that include customers and suppliers |
| d. | Designing and implementing customer response procedures |
| e. | Developing a returns network |

ANS: E PTS: 1 DIF: Easy

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

32. A successful customer relationship management program should

|  |  |
| --- | --- |
| a. | Identify the firm’s key customers and their needs |
| b. | Design strategies to maximize value for the firm’s key customers |
| c. | Assign resources to maximize value for the firm’s key resources |
| d. | Treat customers right |
| e. | All of these |

ANS: E PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

33. Concurrent engineering means

|  |  |
| --- | --- |
| a. | The planning, scheduling, and controlling of resources to meet the specific goals of a project |
| b. | Software applications that were developed to try to balance part purchases and plant capacities with production requirements |
| c. | Designing the manufacturing process or service delivery system simultaneously with the design of the product |
| d. | Software systems that were designed to allow firms to perform forward-looking *what-if analyses* of plant capacities |
| e. | A multimodule software application for managing a firm’s functional activities, suppliers, and customers |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-4: Describe the eight key processes linking organizations along the supply chain

34. Lean thinking can be defined as

|  |  |
| --- | --- |
| a. | The effective planning, organizing, and controlling of the many value-creating activities of the firm |
| b. | The integration of key business processes concerning the flow of materials from raw material suppliers to the final customer |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | The planning, scheduling, and controlling of resources to meet the specific goals of a project |
| e. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |

ANS: E PTS: 1 DIF: Easy

OBJ: LO 1-6: Summarize a number of the important developments in operations management

35. Just-in-time systems are

|  |  |
| --- | --- |
| a. | The set of activities associated with purchasing, making, delivering, and returning (or recycling) goods and services |
| b. | Software applications that were developed to try to balance part purchases and plant capacities with production requirements |
| c. | Systems in which supplies and assemblies are “pulled” through the system when and where they are needed |
| d. | Software systems that were designed to allow firms to perform forward-looking *what-if analyses* of plant capacities |
| e. | A multimodule software application for managing a firm’s functional activities, suppliers, and customers |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-6: Summarize a number of the important developments in operations management

36. Total quality management is

|  |  |
| --- | --- |
| a. | The effective planning, organizing, and controlling of the many value-creating activities of the firm |
| b. | The integration of key business processes concerning the flow of materials from raw material suppliers to the final customer |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | The planning, scheduling, and controlling of resources to meet the specific goals of a project |
| e. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |

ANS: C PTS: 1 DIF: Medium

OBJ: LO 1-6: Summarize a number of the important developments in operations management

37. Material requirements planning applications are

|  |  |
| --- | --- |
| a. | The set of activities associated with purchasing, making, delivering, and returning (or recycling) goods and services |
| b. | Software applications that were developed to try to balance part purchases and plant capacities with production requirements |
| c. | Systems in which supplies and assemblies are “pulled” through the system when and where they are needed |
| d. | Software systems that were designed to allow firms to perform forward-looking *what-if analyses* of plant capacities |
| e. | A multimodule software application for managing a firm’s functional activities, suppliers, and customers |

ANS: B PTS: 1 DIF: Medium

OBJ: LO 1-6: Summarize a number of the important developments in operations management

38. Manufacturing resource planning is

|  |  |
| --- | --- |
| a. | The set of activities associated with purchasing, making, delivering, and returning (or recycling) goods and services |
| b. | A set of software applications that were developed to try to balance part purchases and plant capacities with production requirements |
| c. | The maximum amount of goods and/or services that a system can produce over a set period of time |
| d. | Software systems that were designed to allow firms to perform forward-looking *what-if analyses* of plant capacities |
| e. | A multimodule software application for managing a firm’s functional activities, suppliers, and customers |

ANS: D PTS: 1 DIF: Medium

OBJ: LO 1-6: Summarize a number of the important developments in operations management

39. Which state best describes the enterprise resource planning applications?

|  |  |
| --- | --- |
| a. | The effective planning, organizing, and controlling of the many value-creating activities of the firm |
| b. | Software applications that were developed to try to balance part purchases and plant capacities with production requirements |
| c. | Designing the manufacturing process or service delivery system simultaneously with the design of the product |
| d. | Software systems that were designed to allow firms to perform forward-looking *what-if analyses* of plant capacities |
| e. | A multimodule software application for managing a firm’s functional activities, suppliers, and customers |

ANS: E PTS: 1 DIF: Easy

OBJ: LO 1-6: Summarize a number of the important developments in operations management

40. Project management involves

|  |  |
| --- | --- |
| a. | The effective planning, organizing, and controlling of the many value-creating activities of the firm |
| b. | The integration of key business processes concerning the flow of materials from raw material suppliers to the final customer |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | The planning, scheduling, and controlling of resources to meet the specific goals of a project |
| e. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |

ANS: D PTS: 1 DIF: Easy

OBJ: LO 1-6: Summarize a number of the important developments in operations management

41. Corporate social responsibility is

|  |  |
| --- | --- |
| a. | The sharing and coordination of key processes between companies in a supply chain |
| b. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | The practice of business ethics |
| e. | Designing the manufacturing process or service delivery system simultaneously with the design of the product |

ANS: D PTS: 1 DIF: Easy

OBJ: LO 1-6: Summarize a number of the important developments in operations management

42. Sustainability is defined as

|  |  |
| --- | --- |
| a. | The integration of key business processes concerning the flow of materials from raw material suppliers to the final customer |
| b. | The ability to meet the needs of current supply chain members without hindering the ability to meet the needs of future generations in terms of economic, environmental, and social challenges |
| c. | A philosophy that seeks to improve quality continuously to please customers, reduce costs, and ultimately create competitive advantage for the firm |
| d. | Designing the manufacturing process or service delivery system simultaneously with the design of the product |
| e. | An operating philosophy encompassing the objectives of high quality, fast response, and low waste within the organization and between supply chain trading partners |

ANS: B PTS: 1 DIF: Easy

OBJ: LO 1-6: Summarize a number of the important developments in operations management