File: ch02, Chapter 2: Supply Chain Strategy

Multiple Choice

1. SCM competitive advantage can be derived from two primary areas:
2. Cost and value
3. Suppliers and customers
4. Productivity and sustainability
5. Logistics and marketing
6. Responsiveness and relationship management

Ans: a

Response: page 29

Level: Easy

1. A product’s cost advantage may include the following:
2. High service
3. Customization
4. Reputation
5. Sustainability
6. None of the above

Ans: e

Response: page 29-30

Level: Medium

1. Ways that companies can gain a value advantage include:
2. Value-segmenting
3. Supplier relationship management
4. Service and support
5. Lowest cost
6. a and c

g

Ans: a

Response: page 30-31

Level: Medium

1. The experience curve describes the relationship between:
2. Value and experience
3. Volume and experience
4. Service levels and experience
5. Costs and experience
6. Innovation and experience

Ans: d

Response: page 30

Level: Medium

1. Building blocks of SCM strategy include:
2. Operations
3. Distribution
4. Sourcing
5. Customer service
6. All of the above

Ans: e

Response: page 32

Level: Easy

1. Operations *strategy* focuses primarily on:
2. Improved coordination between supply chain partners
3. Reducing inventory across the supply chain
4. How goods and services will be produced
5. Segmenting customers/markets
6. All of the above

Ans: c

Response: page 33

Level: Difficult

1. The most effective strategy for companies that produce standardized, commodity products is:
2. Make-to-order
3. Assemble-to-order
4. Make-to-stock
5. Reverse logistics
6. Customer service

Ans: c

Response: page 33

Level: Medium

1. The most effective strategy when there are many variations of the end product is:
2. Make-to-order
3. Assemble-to-order
4. Make-to-stock
5. Adaptability
6. None of the above

Ans: b

Response: page 34

Level: Medium

1. Customers’ ability to customize products reflects which operations strategy
2. Make-to-order
3. Assemble-to-order
4. Make-to-stock
5. Reverse logistics
6. None of the above

Ans: a

Response: page 34

Level: Medium

1. Distribution strategy involves decisions about:
2. Supplier selection
3. Product development
4. Transportation modes
5. How to get products to customers
6. a and b

Ans: d

Response: page 35

Level: Medium

1. In defining a distribution strategy, a company must consider the importance of channel intermediaries including:
2. Suppliers and manufacturers
3. Suppliers and customers
4. Retailers and distributors
5. Distributors and suppliers
6. None of the above

Ans: c

Response: page 35-36

Level: Difficult

1. The outsourcing decision relates to which building block of SCM strategy:
2. Operations
3. Distribution
4. Sourcing
5. Logistics
6. Customer service

Ans: c

Response: page 36-37

Level: Easy

1. An outsourcing strategy can result in the following:
2. Ability to respond quickly to demand changes
3. Gain a competitive advantage
4. Eliminate risk
5. Loss of flexibility
6. a and b

Ans: e

Response: page 36-37

Level: Medium

1. Risks to a company that can result from outsourcing include:
2. Customers demanding higher quality and better service
3. Loss of control over a product or process
4. Increasing technological capabilities
5. Lower costs
6. a and b

Ans: b

Response: page 37

Level: Easy

1. Benefits to a company that can result from outsourcing include:
2. Accessing new markets/customers
3. Lower costs
4. Decreased flexibility
5. Decreased demand
6. a and b

Ans: e

Response: page 37

Level: Easy

1. When defining a customer service strategy, companies should first:
2. Outsource non-core competencies
3. Define the sales volume and profits in each market segment
4. Improve relationship management processes
5. Pressure suppliers for lower costs and better service
6. None of the above

Ans: b

Response: page 37-38

Level: Difficult

1. How a company competes in the marketplace is defined as:
2. Operations strategy
3. Market segmentation
4. Competitive priority
5. Alliance development
6. All of the above

Ans: c

Response: page 39

Level: Medium

1. Of the five priorities by which companies compete in the marketplace, which relates to having efficient, integrated operations:
2. Cost
3. Time
4. Logistics
5. Service
6. Market segmentation

Ans: a

Response: page 40

Level: Easy

1. Companies that compete primarily on innovation typically focus on two attributes:
2. Operations and logistics
3. Sourcing and operations
4. Quality and time
5. Speed and product design
6. Cost and time

Ans: d

Response: page 41

Level: Medium

1. Investing in and utilizing RFID tag technology typically fits with which competitive priority:
2. Time
3. Quality
4. Cost
5. Segmentation
6. a and b

Ans: b

Response: page 41

Level: Medium

1. Two concepts that companies must continually monitor when evaluating strategy are:
2. Regulation and compliance requirements
3. Inventory levels and costs
4. Time and quality
5. Order winners and order qualifiers
6. Innovation and quality

Ans: d

Response: page 42-43

Level: Easy

1. Adaptability, in terms of defining SCM strategy, relates to a company’s ability to:
2. Continually locate the lowest cost supplier
3. Evolve and adapt as market conditions change
4. Increase capacity as demand increases
5. Outsource production
6. None of the above

Ans: b

Response: page 43-44

Level: Easy

1. Factors in today’s business environment that require companies to have adaptable supply chains include:
2. Development of new technologies
3. Frequent changing to a company’s business scope
4. Increase in outsourcing
5. Increasing working capital needs
6. a and b

Ans: e

Response: page 43-44

Level: Easy

1. A worker can produce 1000 units during an 8 hour shift, thus the productivity of that worker is:
2. 100 units/hour
3. 80 units/hour
4. 800 units/hour
5. 125 units/hour
6. None of the above

Ans: d

Response: page 45

Level: Easy

1. One of the key aspects that must be considered when interpreting productivity measures is:
2. Benchmarking
3. Collaboration
4. Coordination
5. Responsiveness
6. None of the above

Ans: a

Response: page 46

Level: Medium

True/False

1. A business strategy is a company plan that defines short term goals and core competencies.

Ans: False

Response: page 28

Level: Easy

1. Supply chain strategy should closely link with and support a company’s business strategy.

Ans: True

Response: page 28

Level: Easy

1. Competitive advantage, derived from supply chain management practices, can be the result of two primary areas: cost AND productivity.

Ans: False

Response: page 29-30

Level: Medium

1. Commodity products are typically bought by consumers because of the product’s value.

Ans: False

Response: page 30-31

Level: Medium

1. A key area where companies are adding value to products is by focusing on service.

Ans: True

Response: page 31

Level: Easy

1. One building block of SCM strategy is alliance development.

Ans: False

Response: page 32

Level: Medium

1. Operations strategy involves decisions about which suppliers to utilize.

Ans: False

Response: page 33

Level: Medium

1. A made to stock operations strategy offers customers the ability to customize products.

Ans: False

Response: page 33

Level: Medium

1. An assemble to order operations strategy allows firms to lower inventory costs.

Ans: True

Response: page 34

Level: Medium

1. The make to order operations strategy typically requires longer customer lead times.

Ans: True

Response: page 34

Level: Difficult

1. All industries should strive to implement a make to order strategy because this strategy provides the highest level of customer service.

Ans: False

Response: page 34-35

Level: Difficult

1. Understanding a product’s life cycle is important to defining an operations strategy.

Ans: True

Response: page 35

Level: Medium

1. Distribution strategy involves the decision to sell products directly to consumers or through channel intermediaries.

Ans: True

Response: page 35

Level: Medium

1. The same distribution strategy should be deployed to all markets because of cost savings.

Ans: False

Response: page 35

Level: Difficult

1. Sourcing strategy involves decisions about outsourcing.

Ans: True

Response: page 36

Level: Easy

1. Processes that are strategic differentiators for a company should be outsourced because they are typically the most expensive processes to manage.

Ans: False

Response: page 36-37

Level: Medium

1. Outsourcing can allow companies to respond to demand changes more quickly.

Ans: True

Response: page 36-37

Level: Easy

1. Outsourcing can provide many benefits but it also carries numerous risks that must be evaluated and managed.

Ans: True

Response: page 37

Level:Easy

1. As a company increases the scope of an outsourced process, the risk to the company decreases.

Ans: False

Response: page 37

Level: Difficult: Medium

1. Giving one supplier too much control creates a dependency risk for a company.

Ans: True

Response: page 37

Level: Easy

1. Customer service strategies should be developed based on market segmentation.

Ans: True

Response: page 38

Level: Easy

1. When designing a SCM strategy, mimicking a market leader always leads to success.

Ans: False

Response: page 39

Level: Easy

1. Successful companies are able to compete on all competitive priorities.

Ans: False

Response: page 42-43

Level: Easy

1. An order qualifier is an attribute that is a must-have for a company to compete in the marketplace.

Ans: True

Response: page 43

Level: Medium

1. Without substantial market influence, there are very few strategies for small firms to compete.

Ans: False

Response: page 43

Level: Medium

1. The ability to adapt strategies to a changing environment is the same for all industries.

Ans: False

Response: page 43-44

Level: Difficult

1. Evaluating SCM strategy is best done on an annual or bi-annual basis.

Ans: False

Response: page 44

Level: Easy

1. Productivity measures the utilizations of a company’s resources.

Ans: True

Response: page 45

Level: Medium

1. For the month of August, the values of a company’s outputs and inputs were $100,000 and $40,000 respectively, thus the total productivity measure would be 2.0

Ans: False

Response: page 45

Level: Easy

1. Productivity must be measured over time in order to provide a valuable measure of performance.

Ans: True

Response: page 46

Level: Easy

Essay

1. A company’s SCM strategy should align with its business strategy. Provide an example of a business strategy and the SCM strategy that would support it.

Ans: Student should describe a business strategy such as low cost , fast delivery, innovation and provide examples of associated SCM strategies that would accompany that strategy.

Response: page 29

Level: Medium

1. Describe how SCM can provide both a cost and value advantage over competitors.

Ans: Cost advantages include reduced costs through product, distribution, coordination costs, and increased sales volume. Value advantages include identifying value segments in the market, quality, variety, and improvements in service.

Response: page 29-32

Level: Easy

1. List the five primary SCM competitive priorities and select one to describe in depth, including an example of how that priority is executed.

Ans: 1.) Cost – focuses on meeting efficiency-based metrics, product and process standardization – Wal-Mart; 2.)Time – deliver products in a short time; eliminate or combine processes to save time – FedEx; 3.) Innovation – develop ‘must have’ products, superior marketing, speed and product design – Nike; 4.) Quality – products and services are premium; known for consistency and reliability; TQM in all SCM processes – Mercedes; 5.) Service – tailor products and services to meet individual customer needs; generate strong customer loyalty; exceptional order fulfillment – Zappos.

Response: page 39-42

Level: Medium