

Managing Supply Chain and Operations, 2e (Foster)

Chapter 1 Introduction to Supply Chain and Operations Management

1.1 Understand Why You Are Studying Supply Chain and Operations Management

1) When a company moves its production to another country it is known as

- A) nearsourcing.
- B) insourcing.
- C) offshoring.
- D) onboarding.

Answer: C

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

2) The recent development where General Motors moved the production of some cars from Michigan to China can be described as

- A) insourcing.
- B) offshoring.
- C) onboarding.
- D) nearsourcing.

Answer: B

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Reflective Thinking

3) The administration of transformation processes that create value for customers by meeting their needs or enabling them to meet their own needs is known as

- A) supply chain management.
- B) operations management.
- C) change management.
- D) process management.

Answer: B

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

4) The cooperation between different firms to create value for customers is known as

- A) supply chain management.
- B) operations management.
- C) change management.
- D) process management.

Answer: A

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 5) The function in any business that is responsible for managing and investing the resources of the firm is
- A) accounting and finance.
 - B) supply chain management.
 - C) marketing.
 - D) human resources.

Answer: A

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 6) The function in any business that is responsible for designing, managing, and improving processes that lead to customer satisfaction and delight is
- A) accounting and finance.
 - B) supply chain and operations management.
 - C) marketing.
 - D) human resources.

Answer: B

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 7) The act of executing and controlling the productive functions of a firm is known as
- A) process design.
 - B) process management.
 - C) process control.
 - D) process improvement.

Answer: B

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 8) The act of monitoring a process for its efficacy, a process that includes dimensions such as cost, timeliness, or quality is known as
- A) process design.
 - B) process management.
 - C) process control.
 - D) process improvement.

Answer: C

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

9) The sale of the same product with another trademark in different countries is known as

- A) licensing.
- B) subsidiary.
- C) franchising.
- D) joint venture.

Answer: A

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

10) The mechanism that a U.S. corporation can use to allow foreign firms to sell in restricted markets while using the original design is

- A) franchising.
- B) joint venture.
- C) licensing.
- D) subsidiary.

Answer: C

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

11) Geographically moving the production of a component or product to a supplier closer from where it was originally produced is known as

- A) nearsourcing.
- B) insourcing.
- C) outsourcing.
- D) onboarding.

Answer: A

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

12) The recent development where Apple announced that it was moving production of some Mac computers to the United States from China can be described as

- A) insourcing.
- B) outsourcing.
- C) onboarding.
- D) nearshoring.

Answer: D

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Reflective Thinking

- 13) The proactive management of resources in an effort to be environmentally friendly is called
- A) sustainability.
 - B) environmental management.
 - C) resource management.
 - D) green management.

Answer: A

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 14) The country with the highest index score in the year 2013 for Global Manufacturing Competitiveness was

- A) Germany.
- B) USA.
- C) China.
- D) India.

Answer: C

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 15) Supply chain management is the administration of transformation processes that create value for customers by meeting their needs or enabling them to meet their own needs.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 16) Operations management is cooperation between different firms to create value for customers.

Answer: FALSE

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 17) Supply chain and operations (SC&O) emphasizes the linkages between firms that tie operations together with the goal of satisfying customers.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

- 18) The act of monitoring a process for its efficacy, a process that includes dimensions such as cost, timeliness, or quality is known as process design.

Answer: FALSE

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

19) _____ is cooperation between different firms to create value for customers.

Answer: Supply chain management

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

20) _____ is the administration of transformation processes that create value for customers by meeting their needs or enabling them to meet their own needs.

Answer: Operations management

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

21) _____ emphasizes the linkages between firms that tie operations together with the goal of satisfying customers.

Answer: Supply chain and operations (SC&O)

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

22) _____ are responsible for managing and investing the resources of the firm.

Answer: Accounting and financial managers

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

23) _____ proposes new products, performs market studies, and manages sales.

Answer: Marketing

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

24) _____ are experts in designing, managing, and improving processes that lead to customer satisfaction and delight.

Answer: SC&O managers

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

25) _____ consists of configuring inputs and resources in a way that provides value, enhances quality, and is productive.

Answer: Process design

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

26) _____ is the act of executing and controlling the productive functions of a firm.

Answer: Process management

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

27) _____ is the act of monitoring a process for its efficacy, a process that includes dimensions such as cost, timeliness, or quality.

Answer: Process control

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

28) A proactive effort to enhance process performance is known as _____.

Answer: process improvement

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

29) _____ is the sale of the same product with another trademark in different countries.

Answer: Licensing

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

30) The process of moving the production of an item to another firm or producer is known as _____.

Answer: outsourcing

Diff: Easy

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

31) Geographically moving the production of a component or product closer to where it was originally produced is known as _____.

Answer: nearshoring

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

32) Proactively managing to save resources and to "green" production is known as _____.

Answer: sustainability

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Application of Knowledge

33) What is supply chain management? How is it different from operations management? How do they come together to create value for a business?

Answer: Supply chain management is cooperation between different firms to create value for customers. Operations management is the administration of transformation processes that create value for customers by meeting their needs or enabling them to meet their own needs. Supply chain and operations (SC&O) emphasizes the linkages between firms that tie operations together with the goal of satisfying customers. The move to SC&O management from just operations management externalizes the view of a productive firm in a way that is healthy for the world, individual firms, and their global competitiveness.

Diff: Moderate

Learning Obj.: LO 1.1: Understand Why You Are Studying Supply Chain and Operations Management

AACSB: Reflective Thinking

1.2 Define, Understand, and Apply the Components of Supply Chain and Operations Management

1) Supply Chain and Operations (SC&O) Management encompasses fields such as

- A) purchasing.
- B) logistics.
- C) accounting.
- D) All of the above
- E) Only A and B above

Answer: E

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

2) Critical thinking skills

- A) involves purposeful and goal-directed thinking.
- B) are used to define and solve problems.
- C) are used to make decisions related to a particular situation.
- D) All of the above
- E) Only A and C above

Answer: D

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

3) Critical thinking skills

- A) involves cognitive and metacognitive components.
- B) involves dispositional components.
- C) may manifest (or be applied) the same way only in the present context.
- D) All of the above
- E) Only A and B above

Answer: E

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

4) Knowledge application and analysis

A) is defined as the ability to learn a concept.

B) is the application of that knowledge appropriately in another setting.

C) helps achieve a higher level of understanding.

D) All of the above

E) Only A and C above

Answer: D

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

5) Corporate Social Responsibility (CSR) is

A) a form of ethical behavior.

B) guides organizations to eliminate unethical economic behaviors.

C) guides organizations to eliminate unethical environmental behaviors.

D) guides organizations to eliminate unethical social behaviors.

E) All of the above

Answer: E

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

6) Information technology application and computing skills

A) are defined as the ability to select an appropriate technology to accomplish a given task.

B) are defined as the ability to use that technology to accomplish a given task.

C) requires the individual to apply computing skills to solve problems.

D) requires the individual to show proficiency with computer software programs.

E) All of the above

Answer: E

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

7) The core activities any firm performs are called

A) value chain management.

B) supply chain management.

C) operations management.

D) process management.

Answer: A

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

8) Supplier management is an activity which would fall within the domain of

- A) value chain management.
- B) supply chain management.
- C) operations management.
- D) process management.
- E) All of the above

Answer: E

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Reflective Thinking

9) Which primary supply chain flow is always bidirectional?

- A) Product flow
- B) Monetary flow
- C) Information flow
- D) Process flow

Answer: C

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

10) Which primary supply chain flow is always unidirectional?

- A) Product flow
- B) Monetary flow
- C) Information flow
- D) Process flow

Answer: B

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

11) Supply Chain and Operations (SC&O) encompasses fields such as purchasing and logistics.

Answer: TRUE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

12) Critical thinking involves purposeful and goal-directed thinking used to define and solve problems.

Answer: TRUE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

13) Critical thinking involves cognitive, metacognitive, and dispositional components, which are always applied the same way in specific contexts.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

14) Knowledge application and analysis is defined as the ability to learn a concept and then apply that knowledge appropriately in always the same setting only.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

15) Business ethics are sets of guiding principles that influence the way individuals and organizations behave within the society in which they operate.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

16) Corporate social responsibility (CSR) is a form of ethical behavior that requires that organizations understand, identify, and eliminate only unethical social behaviors.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

17) Applying the principles of Corporate Social Responsibility (CSR), business can make the world a better place by alleviating poverty and improving environmental performance.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

18) Information technology application and computing skills are defined as the ability to select and use appropriate technology to accomplish a given task.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

19) A key part of a firm's value chain is collaboration with and management of the key suppliers.

Answer: TRUE

Diff: Challenging

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

20) In a supply chain for paper products, farmers that harvest fiber and wood chips are known as downstream members of the supply chain.

Answer: FALSE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

21) Consumers are downstream in a supply chain as compared to manufacturers.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

22) The value chain comprises the core activities any firm performs.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

23) The accounting function in any firm performs a key value-added activity for the customer.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Reflective Thinking

24) Operations management involves the firm's value-added activities.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Reflective Thinking

25) Product flows in a supply chain could sometimes be bidirectional.

Answer: TRUE

Diff: Challenging

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Reflective Thinking

26) Monetary flows in a supply chain are always bidirectional.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

27) Information flows in a supply chain are always bidirectional.

Answer: TRUE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

28) Service supply chains have lower customer-created variation as compared to product supply chains.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

29) Henry Ford pioneered the use of mass production and standardization.

Answer: TRUE

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

30) Manufacturers in a supply chain are _____ to the consumers in the supply chain.

Answer: upstream

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

31) In a supply chain for paper products, wholesalers and retailers are _____ to the pulp and paper mills.

Answer: downstream

Diff: Easy

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

32) In today's economy, supply chains compete against other _____.

Answer: supply chains

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

33) The process steps that enhance products in a way that makes them more valuable to customers are known as _____.

Answer: value-added activities

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

34) The core activities any firm performs are known as _____.

Answer: value chain

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

35) Discuss why Business Ethics and Social Responsibility should be important guiding principles for organizations.

Answer: Business ethics are sets of guiding principles that influence the way individuals and organizations behave within the society in which they operate. Corporate social responsibility (CSR) is a form of ethical behavior that requires that organizations understand, identify, and eliminate unethical economic, environmental, and social behaviors. Using Business Ethics and Social Responsibility as guiding principles, business can make the world a better place by alleviating poverty and improving environmental performance.

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

36) List and discuss the primary flows in a supply chain.

Answer: Supply chains involve three primary flows. The **three primary flows of a supply chain** are (1) *product flows*, (2) *monetary flows*, and (3) *information flows*. **Product flows** move from upstream to downstream and are generally unidirectional. Firms bring in raw materials, transform them, and ship them to customers. **Reverse logistics**, however, occurs when products move up the supply chain (in special cases such as product returns). One of the current trends in managing product flows is lean production.

Monetary flows are unidirectional but move from downstream to upstream. Customers pay retailers, who pay wholesalers, who pay producers, who pay suppliers, and so forth. The final customer pays for all the economic activity in the supply chain. Understanding this fact will help you understand the importance of adding value. Essentially, if the customer is willing to pay more for a core activity, that activity adds value. It is unlikely that a consumer will be willing to pay more for a purse because the producer has an excellent legal department.

Information flows are data flows and are bidirectional. **Bidirectional flows** move both upstream and downstream in the normal conduct of supply chain commerce. For example, order information comes from customers or flows upstream. Delivery information flows downstream from suppliers to customers at each stage of the supply chain. Many other types of information flow as well.

Diff: Moderate

Learning Obj.: LO 1.2: Define, Understand, and Apply the Components of Supply Chain and Operations Management

AACSB: Application of Knowledge

1.3 Explain the Integrative Model for Supply Chain and Operations Management

1) The entire supply chain is optimized by

- A) logistics.
- B) analytics.
- C) quality management.
- D) All of the above
- E) Only A and B above

Answer: D

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

2) Which component of the integrative SC&O management model involves the transformation of materials to finished goods?

- A) Operating core
- B) Upstream collaboration
- C) Downstream collaboration
- D) None of the above

Answer: A

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

3) In the integrative SC&O management model, downstream collaboration involves which of the following?

- A) Collaboration with operations
- B) Collaboration with suppliers
- C) Collaboration with customers
- D) Process collaboration

Answer: C

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

4) Logisticians manage only the sourcing of materials throughout the supply chain.

Answer: FALSE

Diff: Challenging

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

5) Quality management helps to improve performance and quality.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

6) Analytics are quantitative tools to aid supply chain and operations professionals to analyze data and to make better decisions.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

7) The entire supply chain is optimized by logistics, analytics, and quality management.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

8) In the integrative SC&O management model, the operating core is where transformation of materials to finished goods takes place.

Answer: TRUE

Diff: Moderate

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

9) In the integrative SC&O management model, upstream collaboration involves customer relationship management.

Answer: FALSE

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

10) In the integrative SC&O management model, downstream collaboration involves working with and collaborating with suppliers.

Answer: FALSE

Diff: Easy

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

11) The transformation of materials to finished goods takes place in the _____ component of the integrative SC&O management model.

Answer: operating core

Diff: Moderate

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

12) Collaborating and working with suppliers takes place in the _____ component of the integrative SC&O management model.

Answer: upstream processes

Diff: Moderate

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Application of Knowledge

13) Discuss the Integrative model for Supply Chain and Operations (SC&O) Management. What are the key components of the model? How is strategic integration achieved across these elements?

Answer: The integrative SC&O model includes operating core, upstream processes, downstream processes, and strategic integration as the key components of this model. The operational core is where transformation of materials to finished goods takes place. In addition to operations management, the operating core includes operations strategy, sustainability, product design, process design, process mapping, forecasting, inventory management, sales and operations planning, enterprise resource planning, project management, statistical quality control, lean production, Six Sigma processes, and managing change.

Upstream collaboration involves working with and collaborating with suppliers which is a very important aspect of supply chain management because managers' relationships with and understanding of their suppliers are an integral aspect of keeping their supply chains operational. Downstream collaboration is mainly achieved through customer relationship management. Activities like logistics, quality management, and global supply chain strategy affect the entire supply chain and is key in achieving strategic integration.

Diff: Challenging

Learning Obj.: LO 1.3: Explain the Integrative Model for Supply Chain and Operations Management

AACSB: Reflective Thinking

1.4 Explain the Four I's

1) Improving, which is one of the Four I's of SC&O management, is a single initiative which can have a dramatic effect on business results.

Answer: FALSE

Diff: Moderate

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Application of Knowledge

2) Choosing the right suppliers so that finished products can be produced of right quality and specifications is part of the Impacting element of the Four I's of SC&O management.

Answer: TRUE

Diff: Easy

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Application of Knowledge

3) _____ means effectively managing core processes that affect the customer, which is one of the Four I's of SC&O management.

Answer: Impacting

Diff: Moderate

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Application of Knowledge

4) _____ is the result of effective process management, which is one of the Four I's of SC&O management.

Answer: Improving

Diff: Moderate

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Application of Knowledge

5) _____ is change on a larger scale that has a dramatic effect on business results, and which is also one of the Four I's of SC&O management.

Answer: Innovating

Diff: Moderate

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Application of Knowledge

6) _____ is collaborating and cooperating with all the stakeholders, which is one of the Four I's of SC&O management.

Answer: Integrating

Diff: Moderate

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Application of Knowledge

7) Discuss the Four I's of SC&O management and how they impact the competitiveness of a firm and a supply chain.

Answer: The **Four I's of SC&O management** are *impacting*, *improving*, *innovating*, and *integrating*.

Impacting means effectively managing core processes that affect the customer. If you manage SC&O processes well, your customers will be satisfied and the company will be successful. Research shows that customer retention (which ties into customer satisfaction) directly correlates to a firm's profitability.

Improving is a process, not a single event. It is the result of effective process management and design and is necessary to stay competitive as customer expectations are constantly rising.

Innovating is change on a larger scale (as compared to improving) that has a dramatic effect on business results. It could involve new product and new offerings and/or new business models to provide value to customers.

Integrating is collaborating and cooperating with all the stakeholders in SC&O processes. One of the best ways of managing complexity is through integrating. That is, by communicating and collaborating, teamwork is enhanced and problems are more easily solved.

Diff: Challenging

Learning Obj.: LO 1.4: Explain the Four I's

AACSB: Reflective Thinking