**Chapter 01**

**Introduction to Managing Operations Across the Supply Chain**

**Multiple Choice Questions**

1. Which of the following is NOT one of the processes included in operations management?

A. Design

B. Finance

C. Produce

D. Deliver

2. A supply chain is a global network of organizations and activities involved in:

A. Producing, buying, servicing, and disposing of goods and services.

B. Designing, transforming, consuming, and disposing of goods and services.

C. Financing, producing, and marketing of goods and services.

D. Designing, financing, selling, and disposing of goods and services

3. Operations managers answer questions of what, how, when, where, and who by defining both the \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_ aspects of the operations management system.

A. Financing and capacity

B. Marketing and delivery

C. Structural and infrastructural

D. Production and accounting

4. Structural operations management decisions include:

A. Workforce, capacity, and facilities.

B. Workforce, production planning, and materials controls.

C. Capacity, facilities, and technology.

D. Materials controls, supply chain, and value definition.

 5. Joe Jones was asked to undertake a project to determine the resources and capacity his firm would need in the next three to 10 years. These types of decisions are considered to be:

A. Infrastructural aspects of operations management.

B. Positional aspects of operations management.

C. Assessment aspects of operations management.

D. Structural aspects of operations management.

6. Physical goods can be differentiated from services in the operations management process by:

A. Longer lead times and they can be inventoried.

B. More capital intensive and short lead times.

C. More labor intensive and longer lead times.

D. More expensive and easier to control.

7. Which of the following functions would NOT have to think about "processes"?

A. Logistics management

B. Production management

C. Supply management

D. Accounting

E. All of these have to think about "processes."

8. Which of the following statements about operations management processes is NOT true?

A. Inputs to operations management processes can be materials, people, and/or information.

B. Outputs of operations management processes are always tangible goods.

C. Operations management processes involve transformation of inputs into valuable outputs.

D. Design of operations processes should reflect what customers want.

9. Growth of the supply chain management perspective in operations management results from the advent of:

A. Technology and infrastructure advances.

B. Collaborative networks.

C. A focus on core capabilities.

D. All of these.

10. During the "mass production" era, operations management focused primarily on:

A. Production and design.

B. Internal production.

C. The global supply chain.

D. Sales, production and design.

11. While there is overlap between operations management and supply chain management, the two are different in that:

A. Operations management focuses on production, supply chain management focuses on supply and logistics.

B. Operations management focuses on tangible goods, supply chain management focuses on services.

C. Operations management focuses on processes, supply chain management focuses on relationships and flows.

D. All of these.

12. Johnson Company makes widgets, which it then sends to Smith Company. Smith Company puts the widgets in packages. Smith Company is considered by Johnson to be a:

A. Critical customer.

B. Upstream product supplier.

C. Aftermarket supplier.

D. Downstream product supplier.

13. To an operations manager, the "critical customer" is:

A. The person who buys a product.

B. The person who has the greatest impact on design, sales, and growth opportunities for the product.

C. The Echelon 1 customer.

D. The person who uses the product.

14. Which functional activities are the most closely related to operations managers’ attempts to manage the flow of materials and information in a firm?

A. Finance, accounting, and supply management

B. Logistics, finance and supply management

C. Logistics, supply, and customer management

D. Customer, finance, and logistics management

15. Jones Manufacturing sells a part to Lear Corporation. Lear puts this part into a radio, which Lear then sells to Ford. From Ford's point of view, Jones Manufacturing is a(n) \_\_\_\_\_\_\_\_\_\_ supplier.

A. Echelon 1

B. Echelon 2

C. Tier 1

D. Tier 2

16. Operations management is:

A. The management of production.

B. The management of services.

C. The management of processes.

D. The management of physicians.

17. Which of the following statements are reasons why operations management is important?

A. Efficient and productive operations drive the economic well-being of nations.

B. Operations management is responsible for much of the value created by organizations.

C. Operations management is a key source of competitive differentiation among firms.

D. All of these are reasons why operations management is important.

18. A process is:

A. A set of planned steps used to achieve an objective.

B. A system of activities that transforms inputs into valuable outputs.

C. A system of decisions.

D. A combined effort by people who want to get something done.

19. Which of the following statements is NOT true regarding supply chain management?

A. Globalization has slowed the growth of supply chain management.

B. Supply chain management is a way of viewing operations management.

C. Supply chain management has grown as a result of a focus on core competencies.

D. Supply chain management is about making the most of relationships with suppliers.

20. Every organization operates which of the following types of supply chains?

A. Product and tangible goods supply chains.

B. Information and personnel supply chains.

C. Direct and indirect supply chains.

D. Product and resource/technology supply chains.

21. Which of the following factors is NOT a major change driver that supply chain managers are concerned about?

A. Technology changes

B. Regulatory changes

C. Global political changes

D. Supply chain managers are concerned about all of these changes.

22. Different levels of planning in supply chain operations management include:

A. General and detailed planning.

B. Strategic, tactical, and operational planning.

C. Long-term and short-term planning.

D. Logistical, operational, and procurement planning.

23. An example of strategic planning is:

A. Deciding where to locate a new manufacturing plant.

B. Forecasting next week's demand of a given product item.

C. Targeting customer demand for aggregate product families.

D. Setting inventory levels for a given product.

24. Which of the following decisions would NOT be under the direct control of operations managers?

A. What resources will be used to satisfy customer demand?

B. What customers should be targeted with greatest priority?

C. What suppliers should provide needed inputs?

D. What mode of transportation should be used to ship products?

25. Customer service management connects what functional groups?

A. Supply management, marketing, and finance.

B. Logistics management, sales and distribution, and product engineering.

C. Marketing, logistics management, and sales and distribution.

D. Human resources management, marketing, and finance.

26. Supply chain management has grown as a prevalent perspective on operations management because:

A. Purchasing managers now have stronger roles in companies.

B. Firms have become more vertically integrated.

C. Technology has facilitated globalization.

D. Governments have become less open to trade.

27. Fundamental areas of management in supply chain operations management include:

A. Quality, Inventories, and Processes

B. People, Equipment, and Money

C. Markets, Processes, and Sales

D. Lean Systems, Quality, and Flexibility

28. Which of the following statements best describes “process thinking”?

A. It is a way to manage thought processes to make better decisions.

B. It is a way to view business as a system of inter-related activities

C. It is a way to approach work systematically

D. It is a way to categorize elements of work activities

29. Operations management is important because:

A. It affects the quality of life of workers and consumers

B. It is a major cost for firms that needs to be minimized

C. Managers need to continually find ways to automate processes

D. It is more important than finance or marketing

30. Which of the following challenges are more likely to be faced by service operations managers, rather than manufacturing operations manager?

A. Operations is typically less financially important in service businesses

B. Pure service operations need to be separated from pure goods producing operations

C. The “total product experience” is more important in services

D. Customers are more directly involved in service processes, so their perceptions need to be considered

31. Up until the latter parts of the 20th century, operations management mainly focused on:

A. Design

B. Internal production

C. External Outsourcing

D. Globalization

32. How is “supply chain management” different than “operations management?”

A. They are exactly the same thing

B. Supply chain management focuses mainly on supplier relationships, while operations management focuses mainly on production

C. Supply chain management is about relationships and flows, while operations management is about processes

D. Supply chain management is external, while operations management is internal

33. In working with downstream processes, internal operations managers typically work closely with:

A. Marketing and sales managers

B. Information technology managers

C. Human resource managers

D. Government regulators

34. Internal operations managers work with what function to coordinate inbound and outbound flows of materials and information?

A. Finance

B. Purchasing

C. Marketing

D. Logistics

35. A supplier of materials used in manufactured goods is a member of:

A. A union

B. The product supply chain

C. The resource/technology supply chain

D. The tier 2 supply chain

36. Which of the following groups are NOT likely to be stakeholders for operations in a local bank?

A. Customers

B. Regulators

C. Employees

D. All of the above are likely to be stakeholders

37. What kinds of questions does an operations manager who is responsible for tactical level planning address?

A. What new technologies should the company buy?

B. What new customers should the company pursue?

C. How many workers should we hire or fire?

D. Which customer order should we work on first today?

38. What kinds of questions does an operations manager who is responsible for operational level planning address?

A. How many units of inventory for product X should I order?

B. Where should we locate a new distribution center?

C. What new information system should we install?

D. What technical training program should we purchase?

39. What kinds of questions does an operations manager who is responsible for strategic level planning address?

A. Which employees should work the day shift tomorrow?

B. How should this process be organized?

C. How many manufacturing plants should the company operate?

D. Should we make this part or buy it?

40. Suppose that you are the general manager of a hotel. For which of the following issues would you first seek help from an operations manager in your firm?

A. Our prices seem to be too high.

B. Customers complaints are rising.

C. We need a new insurance policy.

D. We are running out of cash.

Chapter 01 Introduction to Managing Operations Across the Supply Chain Answer Key

**Multiple Choice Questions**

1. Which of the following is NOT one of the processes included in operations management?

A.  Design

**B.**  Finance

C.  Produce

D.  Deliver

Design, supply, produce, and deliver are operations management processes. Finance is not.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-01 Explain what operations management is and why it is important.Level of Difficulty: 1 EasyTopic Area: A Broad Definition of Supply Chain Operations Management* |

2. A supply chain is a global network of organizations and activities involved in:

A.  Producing, buying, servicing, and disposing of goods and services.

**B.**  Designing, transforming, consuming, and disposing of goods and services.

C.  Financing, producing, and marketing of goods and services.

D.  Designing, financing, selling, and disposing of goods and services.

The organizations and activities in a supply chain are involved in designing, transforming, consuming, and disposing of goods and services.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-01 Explain what operations management is and why it is important.Level of Difficulty: 1 EasyTopic Area: A Broad Definition of Supply Chain Operations Management* |

3. Operations managers answer questions of what, how, when, where, and who by defining both the \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_ aspects of the operations management system.

A.  Financing and capacity

B.  Marketing and delivery

**C.**  Structural and infrastructural

D.  Production and accounting

Structural and infrastructural aspects of operations management must be defined to answer questions of what, how, when, where, and who.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-02 Describe the major decisions that operations managers typically make.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

4. Structural operations management decisions include:

A.  Workforce, capacity, and facilities.

B.  Workforce, production planning, and materials controls.

**C.**  Capacity, facilities, and technology.

D.  Materials controls, supply chain, and value definition.

Structural decisions include capacity, facilities, technology, and the supply chain network. The other decisions are infrastructural decisions.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-02 Describe the major decisions that operations managers typically make.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

5. Joe Jones was asked to undertake a project to determine the resources and capacity his firm would need in the next three to 10 years. These types of decisions are considered to be:

A.  Infrastructural aspects of operations management.

B.  Positional aspects of operations management.

C.  Assessment aspects of operations management.

**D.**  Structural aspects of operations management.

Resources and capacity are among the structural decisions.

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| *AACSB: Reflective ThinkingBlooms: ApplyLearning Objective: 01-02 Describe the major decisions that operations managers typically make.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

6. Physical goods can be differentiated from services in the operations management process by:

**A.**  Longer lead times and they can be inventoried.

B.  More capital intensive and short lead times.

C.  More labor intensive and longer lead times.

D.  More expensive and easier to control.

Physical goods typically have longer lead times than services and can be inventoried (services typically cannot). See Table 1-1.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-02 Describe the major decisions that operations managers typically make.Level of Difficulty: 1 EasyTopic Area: A Broad Definition of Supply Chain Operations Management* |

7. Which of the following functions would NOT have to think about "processes"?

A.  Logistics management

B.  Production management

C.  Supply management

D.  Accounting

**E.**  All of these have to think about "processes."

All functions must think about processes.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-03 Explain the role of processes and "process thinking" in operations management.Level of Difficulty: 1 EasyTopic Area: A Broad Definition of Supply Chain Operations Management* |

8. Which of the following statements about operations management processes is NOT true?

A.  Inputs to operations management processes can be materials, people, and/or information.

**B.**  Outputs of operations management processes are always tangible goods.

C.  Operations management processes involve transformation of inputs into valuable outputs.

D.  Design of operations processes should reflect what customers want.

Outputs of operations management processes can be services.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-03 Explain the role of processes and "process thinking" in operations management.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

9. Growth of the supply chain management perspective in operations management results from the advent of:

A.  Technology and infrastructure advances.

B.  Collaborative networks.

C.  A focus on core capabilities.

**D.**  All of these.

In addition to the three listed alternatives, reduction in trade barriers also contributed to growth of the supply chain perspective.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 1 EasyTopic Area: Operations Management Yesterday and Today* |

10. During the "mass production" era, operations management focused primarily on:

A.  Production and design.

**B.**  Internal production.

C.  The global supply chain.

D.  Sales, production and design.

In the mass production era, the operations focus was on internal production.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 2 MediumTopic Area: Operations Management Yesterday and Today* |

11. While there is overlap between operations management and supply chain management, the two are different in that:

A.  Operations management focuses on production, supply chain management focuses on supply and logistics.

B.  Operations management focuses on tangible goods, supply chain management focuses on services.

**C.**  Operations management focuses on processes, supply chain management focuses on relationships and flows.

D.  All of these.

The key distinction is that supply chain management focuses on relationships and flows, whereas operations management focuses on processes.

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| *AACSB: Reflective ThinkingBlooms: ApplyLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 1 EasyTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

12. Johnson Company makes widgets, which it then sends to Smith Company. Smith Company puts the widgets in packages. Smith Company is considered by Johnson to be a:

A.  Critical customer.

B.  Upstream product supplier.

C.  Aftermarket supplier.

**D.**  Downstream product supplier.

Companies that enhance finished goods are considered downstream product suppliers.

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| *AACSB: Reflective ThinkingBlooms: ApplyLearning Objective: 01-05 Identify the partners and functional groups that work together in operations management.Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Perspective* |

13. To an operations manager, the "critical customer" is:

A.  The person who buys a product.

**B.**  The person who has the greatest impact on design, sales, and growth opportunities for the product.

C.  The Echelon 1 customer.

D.  The person who uses the product.

The critical customer is one who has the greatest impact on design, sales, and growth opportunities.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-05 Identify the partners and functional groups that work together in operations management.Level of Difficulty: 1 EasyTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

14. Which functional activities are the most closely related to operations managers’ attempts to manage the flow of materials and information in a firm?

A.  Finance, accounting, and supply management

B.  Logistics, finance and supply management

**C.**  Logistics, supply, and customer management

D.  Customer, finance, and logistics management

Supply management, logistics management, and customer management are the functions most directly related to the flows of both materials and information. Finance and accounting are primarily about managing capital and reporting information.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-06 Define the planning activities associated with managing operations across the supply chain.Level of Difficulty: 1 EasyTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

15. Jones Manufacturing sells a part to Lear Corporation. Lear puts this part into a radio, which Lear then sells to Ford. From Ford's point of view, Jones Manufacturing is a(n) \_\_\_\_\_\_\_\_\_\_ supplier.

A.  Echelon 1

B.  Echelon 2

C.  Tier 1

**D.**  Tier 2

A supplier's supplier is known as a Tier 2 supplier.

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| *AACSB: Reflective ThinkingBlooms: ApplyLearning Objective: 01-05 Identify the partners and functional groups that work together in operations management.Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

16. Operations management is:

A.  The management of production.

B.  The management of services.

**C.**  The management of processes.

D.  The management of physicians.

"Processes" comprehends all of the aspects of operations management. The other answers are just possible components of operations management.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-01 Explain what operations management is and why it is important.Level of Difficulty: 1 EasyTopic Area: A Broad Definition of Supply Chain Operations Management* |

17. Which of the following statements are reasons why operations management is important?

A.  Efficient and productive operations drive the economic well-being of nations.

B.  Operations management is responsible for much of the value created by organizations.

C.  Operations management is a key source of competitive differentiation among firms.

**D.**  All of these are reasons why operations management is important.

Operations management affects both macroeconomic and individual firm outcomes

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-01 Explain what operations management is and why it is important.Level of Difficulty: 1 EasyTopic Area: A Broad Definition of Supply Chain Operations Management* |

18. A process is:

A.  A set of planned steps used to achieve an objective.

**B.**  A system of activities that transforms inputs into valuable outputs.

C.  A system of decisions.

D.  A combined effort by people who want to get something done.

Processes involve transformation, and they may or may not involve people.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-03 Explain the role of processes and "process thinking" in operations management.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

19. Which of the following statements is NOT true regarding supply chain management?

**A.**  Globalization has slowed the growth of supply chain management.

B.  Supply chain management is a way of viewing operations management.

C.  Supply chain management has grown as a result of a focus on core competencies.

D.  Supply chain management is about making the most of relationships with suppliers.

Globalization has increased the growth of supply chain management. SCM involves relationships with customers and partners, not just suppliers.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

20. Every organization operates which of the following types of supply chains?

A.  Product and tangible goods supply chains.

B.  Information and personnel supply chains.

C.  Direct and indirect supply chains.

**D.**  Product and resource/technology supply chains.

Product supply chains manage flows of goods and services. Resource/technology supply chains manage acquisitions and flows of equipment, facilities, workers, product designs, and so on.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

21. Which of the following factors is NOT a major change driver that supply chain managers are concerned about?

A.  Technology changes

B.  Regulatory changes

C.  Global political changes

**D.**  Supply chain managers are concerned about All of these changes.

Supply chain managers also track market changes, including social issues such as sustainability.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

22. Different levels of planning in supply chain operations management include:

A.  General and detailed planning.

**B.**  Strategic, tactical, and operational planning.

C.  Long-term and short-term planning.

D.  Logistical, operational, and procurement planning.

Strategic, tactical, and operational planning address different time frames and levels of detail.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-06 Define the planning activities associated with managing operations across the supply chain.Level of Difficulty: 1 EasyTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

23. An example of strategic planning is:

**A.**  Deciding where to locate a new manufacturing plant.

B.  Forecasting next week's demand of a given product item.

C.  Targeting customer demand for aggregate product families.

D.  Setting inventory levels for a given product.

Strategic planning addresses long-term decisions involving large amounts of money.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-06 Define the planning activities associated with managing operations across the supply chain.Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

24. Which of the following decisions would NOT be under the direct control of operations managers?

A.  What resources will be used to satisfy customer demand?

**B.**  What customers should be targeted with greatest priority?

C.  What suppliers should provide needed inputs?

D.  What mode of transportation should be used to ship products?

Customer targeting is primarily the responsibility of the marketing function.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-02 Describe the major decisions that operations managers typically make.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

25. Customer service management connects what functional groups?

A.  Supply management, marketing, and finance.

B.  Logistics management, sales and distribution, and product engineering.

**C.**  Marketing, logistics management, and sales and distribution.

D.  Human resources management, marketing, and finance.

These groups work together to identify and fulfill customers' needs.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-05 Identify the partners and functional groups that work together in operations management.Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |

26. Supply chain management has grown as a prevalent perspective on operations management because:

A.  Purchasing managers now have stronger roles in companies.

B.  Firms have become more vertically integrated.

**C.**  Technology has facilitated globalization.

D.  Governments have become less open to trade.

Communications and transportation technologies have made global outsourcing easier, thus raising the need to focus on supply chains.

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| *AACSB: Reflective ThinkingBlooms: UnderstandLearning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a "supply chain perspective."Level of Difficulty: 2 MediumTopic Area: Viewing Operations Management from a Supply Chain Management Perspective* |
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27.  Fundamental areas of management in supply chain operations management include:

**A.** Quality, Inventories, and Processes.

B.  People, Equipment, and Money.

C.  Markets, Processes, and Sales.

D.  Lean Systems, Quality, and Flexibility.

These groups work together to identify and fulfill customers' needs.

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| *AACSB: Reflective ThinkingBlooms: RememberLearning Objective: 01-01 Explain what operations management is and why it is important.Level of Difficulty: 2 MediumTopic Area: A Broad Definition of Supply Chain Operations Management* |

28. Which of the following statements best describes “process thinking”?

A. It is a way to manage thought processes to make better decisions.

**B.** It is a way to view business as a system of inter-related activities

C. It is a way to approach work systematically

D. It is a way to categorize elements of work activities

Process thinking looks at all operations as systems of activities that are related by material, information, and people flows, and by shared resources.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-03 Explain the role of processes and “process thinking” in operations management*

*Level of Difficulty: 2 Medium*

*Topic Area: A Broad Definition of Supply Chain Operations Management*

29. Operations management is important because:

**A.** It affects the quality of life of workers and consumers

B. It is a major cost for firms that needs to be minimized

C. Managers need to continually find ways to automate processes

D. It is more important than finance or marketing

The ways that operations are managed affect the health, enjoyment, and mobility of workers, as well as the productivity and wealth of nations.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-01 Explain what operations management is and why it is important*

*Level of Difficulty: 2 Medium*

*Topic Area: A Broad Definition of Supply Chain Operations Management*

30. Which of the following challenges are more likely to be faced by service operations managers, rather than manufacturing operations manager?

A. Operations is typically less financially important in service businesses

B. Pure service operations need to be separated from pure goods producing operations

C. The “total product experience” is more important in services

**D.** Customers are more directly involved in service processes, so their perceptions need to be considered

Customers are often intimately a part of the operations process. The process *is* the product, and customers directly and immediately observe the process.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-01 Explain operations management operations is and why it is important*

*Level of Difficulty: 2 Medium*

*Topic Area: A Broad Definition of Supply Chain Operations Management*

31. Up until the latter parts of the 20th century, operations management mainly focused on:

A. Design

**B.** Internal production

C. External Outsourcing

D. Globalization

Over the last 50 years, globalization and outsourcing have caused a shift in operations management from an internal focus to a combined internal and external focus.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a “supply chain perspective.”*

*Level of Difficulty: 2 Medium*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

32. How is “supply chain management” different than “operations management?”

A. They are exactly the same thing

B. Supply chain management focuses mainly on supplier relationships, while operations management focuses mainly on production

**C.** Supply chain management is about relationships and flows, while operations management is about processes

D. Supply chain management is external, while operations management is internal

Supply chain management is a way of viewing operations that focuses on connections and flows of materials and information, whereas operations traditionally has more of a process orientation. These are not mutually exclusive differences, they simply represent differences in perspectives and functional scope.

*AACSB: Analytic*

*Blooms: Analyze*

*Learning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a “supply chain perspective.”*

*Level of Difficulty: 4 Hard*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

33. In working with downstream processes, internal operations managers typically work closely with:

**A.** Marketing and sales managers

B. Information technology managers

C. Human resource managers

D. Government regulators

Operations managers working in “customer facing” processes (e.g., order processing, fulfilment) will work closely with marketing and sales managers who are also customer-oriented.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-05 Identify the partners and functional groups that work together in operations management*

*Level of Difficulty: 2 Medium*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

34. Internal operations managers work with what function to coordinate inbound and outbound flows of materials and information?

A. Finance

B. Purchasing

C. Marketing

**D.** Logistics

Logistics operations managers focus on managing orders and inventories into and out of a companies facilities.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-05 Identify the partners and functional groups that work together in operations management*

*Level of Difficulty: 2 Medium*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

35. A supplier of materials used in manufactured goods is a member of:

A. A union

**B.** The product supply chain

C. The resource/technology supply chain

D. The tier 2 supply chain

Material suppliers provide items that go into finished products. Resource/technology suppliers provide knowledge or physical assets (e.g., equipment) that are used to accomplish product transformations.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-04 Explain what the supply chain is and what it means to view operations management using a “supply chain perspective.”*

*Level of Difficulty: 2 Medium*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

36. Which of the following groups are NOT likely to be stakeholders for operations in a local bank?

A. Customers

B. Regulators

C. Employees

**D.** All of the above are likely to be stakeholders

A bank must consider the needs of its customers and employees, while also complying with government and other regulators.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Learning Objective: 01-05 Identify the partners and functional groups that work together in operations management*

*Level of Difficulty: 2 Medium*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

37. What kinds of questions does an operations manager who is responsible for tactical level planning address?

A. What new technologies should the company buy?

B. What new customers should the company pursue?

**C.** How many workers should we hire or fire?

D. Which customer order should we work on first today?

Tactical planning deals with medium term issues (months) usually regarding capacity (e.g., labor, machines, space).

*AACSB: Analytic*

*Blooms: Apply*

*Learning Objective: 01-06 Define the planning activities associated with managing operations across the supply chain*

*Level of Difficulty: 3 Hard*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

38. What kinds of questions does an operations manager who is responsible for operational level planning address?

**A.** How many units of inventory for product X should I order?

B. Where should we locate a new distribution center?

C. What new information system should we install?

D. What technical training program should we purchase?

Operational level planning deals with short-term issues (hours or days), typically addressing order processing, labor allocations, and inventory management.

*AACSB: Analytic*

*Blooms: Apply*

*Learning Objective: 01-06 Define the planning activities associated with managing operations across the supply chain*

*Level of Difficulty: 3 Hard*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

39. What kinds of questions does an operations manager who is responsible for strategic level planning address?

A. Which employees should work the day shift tomorrow?

B. How should this process be organized?

**C.** How many manufacturing plants should the company operate?

D. Should we make this part or buy it?

Strategic planning deals with long term issues (years) at a business level, including making changes to a physical network of facilities.

*AACSB: Analytic*

*Blooms: Apply*

*Learning Objective: 01-06 Define the planning activities associated with managing operations across the supply chain*

*Level of Difficulty: 3 Hard*

*Topic Area: Viewing Operations Management form a Supply Chain Management Perspective*

40. Suppose that you are the general manager of a hotel. For which of the following issues would you first seek help from an operations manager in your firm?

A. Our prices seem to be too high.

**B.** Customers complaints are rising.

C. We need a new insurance policy.

D. We are running out of cash.

Although operations managers might be asked to get involved with any of these issues, customer complaints are probably due to ineffective processes, a primary operations management responsibility.

*AACSB: Analytic*

*Blooms: Apply*

*Learning Objective: 01-02 Describe the major decisions that operations managers typically make*

*Level of Difficulty: 3 Hard*

*Topic Area: A Broad Definition of Operations Management*