

***Introduction to Operations & Supply Chain Management, 5e (Bozarth)***  
**Chapter 1 Introduction to Operations and Supply Chain Management**

**1.1 Why Study Operations and Supply Chain Management?**

1) The collection of people, technology, and systems within an organization that has primary responsibility for providing the organization's products or services is called:

- A) the supply chain.
- B) the operations function.
- C) the factory set.
- D) relationship management.

Answer: B

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: operations function

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

2) Which of these is NOT a component of the operations function in an organization?

- A) people
- B) technology
- C) systems
- D) information

Answer: D

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: operations function, people

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

3) \_\_\_\_\_ is an example of an output of the transformation process.

- A) Material
- B) Information
- C) Satisfied customers
- D) Intangible needs

Answer: C

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: output, transformation, process, customer

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

4) Typical inputs to the transformation process include:

- A) tangible goods.
- B) satisfied customers.
- C) intangible needs.
- D) fulfilled needs.

Answer: C

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: intangible needs, inputs, transformation process

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

5) Which of the following statements about the operations function is NOT correct?

- A) Inputs to operations can take many different forms.
- B) Nearly all operations activities require coordination with other business functions.
- C) The outputs of an operations function are always tangible.
- D) Operations management activities are information and decision intensive.

Answer: C

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: operations function, tangible outputs

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

6) Which of the following is NOT a flow typically found in a supply chain?

- A) physical
- B) information
- C) monetary
- D) risk

Answer: D

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, flow

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

7) Which of the following is primarily a supply chain management decision?

- A) from whom to purchase materials
- B) how many of each item should be produced
- C) the mix of labor skill and automation
- D) the location of the plant

Answer: A

Diff: 3

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, decision, supplier

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

- 8) Which of these statements about flows in a supply chain is best?
- A) Information and monetary flows move upstream and downstream, but physical flows move downstream only.
  - B) Information flows move upstream and downstream, monetary flows move upstream only, and physical flows move downstream only.
  - C) Information and monetary flows move upstream only and physical flows move downstream only.
  - D) Information, physical and monetary flows move both upstream and downstream.

Answer: D

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: information flows, physical flows, monetary flows

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

- 9) Which of the following statements regarding the supply chain is TRUE?

- A) A second-tier supplier is downstream from a first-tier supplier.
- B) A first-tier supplier is upstream from a second-tier supplier.
- C) A first-tier supplier is downstream from a second-tier supplier.
- D) A customer is upstream from a first-tier supplier.

Answer: C

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, upstream, tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

10) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) The busy bees are a first-tier supplier of the local restaurant.
- B) The beekeeper is a first-tier supplier of the local restaurant.
- C) The baker is a first-tier supplier of the local restaurant.
- D) The local restaurant is a first-tier supplier of the loyal diners.

Answer: C

Diff: 3

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, first-tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

11) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) The busy bees are a second-tier supplier of the local restaurant.
- B) The beekeeper is a second-tier supplier of the local restaurant.
- C) The baker is a second-tier supplier of the local restaurant.
- D) The local restaurant is a second-tier supplier of the loyal diners.

Answer: B

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, second-tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

12) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) The busy bees are within the span of the SCOR model of the local restaurant.
- B) The beekeeper is within the span of the SCOR model of the local restaurant.
- C) The loyal patrons are within the span of the SCOR model of the beekeeper.
- D) The loyal patrons are within the span of the SCOR model of the busy bees.

Answer: B

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: SCOR model, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

13) In the *Sweet Action!* supply chain, the flowers produce the nectar which is collected by the bees. The busy bees take this nectar and produce honey, which is collected by the beekeeper, who puts it in quart jars and supplies it to the baker. The baker produces a lovely array of confections, which are purchased by the local restaurant. The restaurant sells these confections to their loyal diners, who gleefully consume them and nag the chef for his recipe. Which of these statements about this supply chain is best?

- A) There is only one first-tier supplier in this supply chain.
- B) There are only two first-tier suppliers in this supply chain.
- C) There are only three first-tier suppliers in this supply chain.
- D) There are four first-tier suppliers in this supply chains.

Answer: D

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, first-tier, supplier, customer

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

14) Which of the following lists is in correct supply chain order?

- A) first-tier supplier – manufacturer – distributor
- B) distributor – manufacturer – retailer
- C) first-tier supplier – second-tier supplier – third-tier supplier
- D) customer – retailer – distributor

Answer: A

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, tier, supplier, distributor, customer

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

15) Which of these is NOT an element of the SCOR model?

- A) Operate
- B) Plan
- C) Source
- D) Return

Answer: A

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: SCOR model

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

16) Which of these statements is best?

- A) Supply chains are linked by two types of flows: physical and monetary.
- B) An operations function contains several supply chains.
- C) Very few organizations are actually members of a supply chain.
- D) Every organization has an operations function.

Answer: D

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, operations function

AACSB: Application of Knowledge

LO: 1.3: Discuss what is meant by operations management and supply chain management.

17) Every organization has an operations function.

Answer: TRUE

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: organization, operations function

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

18) Information and materials are two examples of inputs to the transformation process.

Answer: TRUE

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: information, materials, input, transformation process

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

19) In general, operations management activities are information and decision intensive.

Answer: TRUE

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: information, decisions, operations management

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

20) Most organizations function as part of a larger supply chain.

Answer: TRUE

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: organization, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

21) The supply chain is a network of manufacturers and service providers that work together to create products or services needed by end users.

Answer: TRUE

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: organization, supply chain, network

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

22) To participate in a supply chain, a firm must actually handle the physical goods at some point.

Answer: FALSE

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, operations function

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

23) Of the three flows linking organizations in a supply chain, information and monetary flows always move upstream and physical flows always move downstream.

Answer: FALSE

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: information flows, monetary, physical flows, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

24) A second-tier supplier is downstream from a first-tier supplier in a supply chain.

Answer: FALSE

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, supply chain, second tier

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

25) Most of the participants in a supply chain are both suppliers and customers.

Answer: TRUE

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, supplier, customer

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

26) A supply chain is composed of two or more operations functions.

Answer: TRUE

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, operations function

AACSB: Application of Knowledge

LO: 1.3: Discuss what is meant by operations management and supply chain management.

27) The collection of people, technology, and systems within an organization that has primary responsibility for providing the organization's products or services is the \_\_\_\_\_.

Answer: operations function

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: operations function, product, service

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

28) Operations can be considered a transformation process that takes things like labor, and capital, called \_\_\_\_\_, and transforms them into goods or services, called \_\_\_\_\_.

Answer: inputs; outputs

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: operations function, transformation, inputs, outputs

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

29) Most organizations function as part of larger \_\_\_\_\_ that are linked through physical, monetary, and information flows.

Answer: supply chains

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

30) An activity or firm that is positioned earlier in the supply chain relative to another activity or firm is said to be \_\_\_\_\_.

Answer: upstream

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: upstream, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

31) Printing and binding a book takes place \_\_\_\_\_ from the conversion of wood to paper pulp in a publishing supply chain.

Answer: downstream

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: downstream, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

32) The \_\_\_\_\_ model is used to define the processes, metrics and relationships in supply chain management.

Answer: SCOR

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: SCOR model, supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

33) A(n) \_\_\_\_\_-tier supplier for Acme sells directly to them.

Answer: first

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: first-tier, supply chain, supplier

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

34) A second-tier supplier is located \_\_\_\_\_ from a first-tier supplier.

Answer: upstream

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: upstream, supply chain, supplier

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

35) A(n) \_\_\_\_\_ is a network of manufacturers and service providers that collaborate to create a product or service.

Answer: supply chain

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, operations function

AACSB: Application of Knowledge

LO: 1.3: Discuss what is meant by operations management and supply chain management.



36) Describe the operations function's transformation process and provide an example for each element.  
Answer: The transformation process view of operations management holds that inputs are transformed into outputs. Examples of inputs are raw materials, labor, capital, equipment, information, and intangible needs. The transformation process is the conversion of these inputs using either manufacturing or service operations (and sometimes both). Manufacturing operations might be painting, welding, machining, or assembling. Outputs of the transformation process are tangible goods, services, fulfilled needs, and satisfied customers. Specific examples may vary depending on the company chosen.

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: transformation process, operations function, input, output

AACSB: Application of Knowledge

LO: 1.1: Describe what the operations function is and why it is critical to an organization's survival.

37) Distinguish between upstream and downstream firms in a supply chain and provide an example.  
Answer: Upstream and downstream are relative terms that describe the position of a supply chain member from one point of reference. A supply chain member that is upstream from a firm is sending their output to the firm for use as an input. A supply chain member that is downstream from a firm is taking the firm's output and using it as an input to their own processes. It is possible for a single member of a supply chain to be both upstream and downstream from one or more members of their supply chain. Examples may vary.

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: upstream, downstream, supply chain, input, output

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

38) Distinguish between first-tier and second-tier suppliers in a supply chain and provide an example.  
Answer: First-tier, second-tier, and any subsequent steps are measured relative to their position from a common point in the supply chain. All companies at a level (call it A) receive inputs from their first-tier suppliers (level B). These first-tier suppliers (at level B) in turn receive their inputs from their own first-tier suppliers (level C). These companies (level C) are considered second-tier suppliers of the companies at level A. Both tiers are upstream from level A, but level B is downstream from level C. Examples will vary.

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: first-tier, second-tier, upstream, downstream, supply chain, input, output

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

39) Supply chains have been in existence for over a century. What is different about supply chains in the 21<sup>st</sup> century from those in existence 100 years ago?

Answer: The active management of supply chain activities is the big difference between supply chains in existence today and those of decades ago. Active management includes relationship management and an examination of the supply chain as a whole to optimize it from a global perspective. In the past, the production managers of each company in the supply chain were more concerned with the operation and financial well-being of their own companies, often to the detriment of other members of the supply chain.

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain

AACSB: Application of Knowledge

LO: 1.2: Describe what a supply chain is and how it relates to a particular organization's operations function.

40) Offer definitions of the operations function and the supply chain. What is the relationship between operations and supply chain?

Answer: The operations function is the collection of people, technology, and systems within an organization that has primary responsibility for providing the organization's products or services. The supply chain is a network of manufacturers and service providers that work together to create products or services needed by end users. These manufacturers and service providers are linked together through physical flows, information flows, and monetary flows. The supply chain has multiple actors, each of which has their own operations function — the output of one operations function is the input to the downstream partner's operations function, and so on across the breadth of the supply chain.

Diff: 2

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: supply chain, operations function

AACSB: Application of Knowledge

LO: 1.3: Discuss what is meant by operations management and supply chain management.

41) What are three reasons that the study of operations and supply chain management is important?

Answer: One reason that the study of operations management is important is that every organization must make a product or provide a service that someone values. Without this, there is no reason for the existence of the organization. The study of supply chain management is important because most organizations function as part of a larger supply chain. Finally, organizations must carefully manage their operations and supply chains in order to prosper. The better the supply chain and operations functions are coordinated, the greater chance for success of all members.

Diff: 1

Reference: 1.1 Why Study Operations and Supply Chain Management?

Keywords: organization, operations, supply chain

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

## 1.2 Important Trends

1) An electronic commerce system:

- A) is used to transmit information upstream only.
- B) uses computers and telecommunications equipment to conduct business electronically.
- C) is used to transmit information downstream only.
- D) links everyone in the supply chain except customers.

Answer: B

Diff: 2

Reference: 1.2 Important Trends

Keywords: e-commerce, business, communications, electronic commerce

AACSB: Information Technology

LO: 1.5: Make a case for studying both operations management and supply chain management.

2) Efforts to improve cooperation among firms in the supply chain can be characterized as:

- A) globalization.
- B) domestic focus.
- C) relationship management.
- D) electronic commerce.

Answer: C

Diff: 2

Reference: 1.2 Important Trends

Keywords: relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

3) Among all supply chain functions, \_\_\_\_\_ is the most susceptible to breakdown.

- A) production
- B) logistics
- C) supplier selection
- D) relationship management

Answer: D

Diff: 2

Reference: 1.2 Important Trends

Keywords: relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

4) The greatest impact on business in the last quarter century has been made by information technology.

Answer: TRUE

Diff: 1

Reference: 1.2 Important Trends

Keywords: information technology

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

5) Currently, there is a shortage of talented operations and supply chain professionals.

Answer: TRUE

Diff: 1

Reference: 1.2 Important Trends

Keywords: people

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

6) Electronic commerce refers to the use of information technology solutions to automate business transactions.

Answer: TRUE

Diff: 1

Reference: 1.2 Important Trends

Keywords: electronic commerce, e-commerce, information, technology

AACSB: Information Technology

LO: 1.5: Make a case for studying both operations management and supply chain management.

7) The drive for efficiency has decreased the level of globalization in the world economy.

Answer: FALSE

Diff: 2

Reference: 1.2 Important Trends

Keywords: globalization

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

8) E-commerce is the component of a supply chain that is the most susceptible to breakdown.

Answer: FALSE

Diff: 2

Reference: 1.2 Important Trends

Keywords: e-commerce, electronic commerce, supply chain, relationship management

AACSB: Information Technology

LO: 1.5: Make a case for studying both operations management and supply chain management.

9) To avoid supply chain problems, firms must manage relationships with their *downstream* suppliers as well as their *upstream* customers.

Answer: FALSE

Diff: 2

Reference: 1.2 Important Trends

Keywords: customer, relationship management, downstream, upstream

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

10) \_\_\_\_\_ is the ability to recalculate plans in the face of market, demand, and supply volatility and deliver the same or comparable cost, quality and customer service.

Answer: Agility

Diff: 2

Reference: 1.2 Important Trends

Keywords: agility

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

11) \_\_\_\_\_ is the use of information technology solutions to conduct business via electronic transfer of data and documents.

Answer: Electronic commerce

Diff: 1

Reference: 1.2 Important Trends

Keywords: electronic commerce, e-commerce

AACSB: Information Technology

LO: 1.5: Make a case for studying both operations management and supply chain management.

12) \_\_\_\_\_ is the term that describes efforts to improve operations by increasing supply chain members' willingness to cooperate.

Answer: Relationship management

Diff: 2

Reference: 1.2 Important Trends

Keywords: relationship, relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

13) What is the meaning of *agility* to the operations and supply chain function?

Answer: Agility is the ability to recalculate plans in the face of market, demand, and supply volatility and deliver the same or comparable cost, quality and customer service.

Diff: 1

Reference: 1.2 Important Trends

Keywords: agility

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

14) What are some examples of agility for the operations and supply chain function?

Answer: Examples will vary. Some say that quickly adjusting production levels is one example of agility. Agility can also include the ability to quickly respond to interruptions in the supply chain, reconfigure the supply chain to include new partners, or even the ability to launch new products and services based on changing market conditions, all while simultaneously minimizing negative impacts on operational and financial performance.

Diff: 2

Reference: 1.2 Important Trends

Keywords: agility

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

15) Briefly discuss the three important trends in business that have focused attention on operations and supply chain management.

Answer: The three trends are agility, information technologies, and people. Agility is the ability to recalculate plans in the face of market, demand, and supply volatility and deliver the same or comparable cost, quality and customer service. Electronic commerce is the use of information technology, e.g., computer and telecommunications technologies, to conduct business via electronic transfer of data and documents. People refers specifically to the shortage of talented operations and supply chain professionals and the importance of relationship management.

Diff: 2

Reference: 1.2 Important Trends

Keywords: e-commerce, agility

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

16) What is the most impactful trend in supply chain management over the last quarter century? Justify your choice.

Answer: The authors name electronic commerce as the greatest influence on business. Electronic commerce is the use of information technology solutions to automate business transactions. E-commerce promises to improve the speed, quality, and cost of business communications and can be used to coordinate a supply chain. Entire industries and countless business have developed thanks to the Internet and e-commerce. In the entertainment industry alone, Netflix has moved from a distributor of DVDs to a streaming service and the music industry has undergone a sea change in how new music is marketed and distributed. Answers may vary.

Diff: 2

Reference: 1.2 Important Trends

Keywords: e-commerce, supply chain

AACSB: Reflective Thinking

LO: 1.5: Make a case for studying both operations management and supply chain management.

17) Of all the activities of supply chain management, which poses the greatest challenge and why? Cite examples in popular media.

Answer: The authors indicate that relationship management is the most difficult and therefore the most susceptible to breakdown. Poor relationships with any link in the supply chain can have disastrous consequences for all other supply chain members. An unreliable supplier can starve a plant, leading to inflated lead times and resulting in problems across the chain, all the way to the final customer. If organizations do not manage relationships with both upstream supply chain members as well as with their customers, they run this risk. If supply chain partners are separated geographically or culturally, or both, it is easy to have misunderstandings. In some cases, many components can be purchased only through foreign suppliers with proprietary knowledge. Examples will vary as time passes.

Diff: 2

Reference: 1.2 Important Trends

Keywords: relationship management, supply chain

AACSB: Application of Knowledge

LO: 1.5: Make a case for studying both operations management and supply chain management.

### 1.3 Operations and Supply Chain Management and You

1) Which of these operations and supply chain activities deals only with suppliers as interorganizational participants?

- A) process selection
- B) forecasting
- C) inventory management
- D) purchasing

Answer: D

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: supply management, purchasing, interorganizational participants

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

2) Which of these operations and supply chain activities deals only with customers as interorganizational participants?

- A) process selection
- B) forecasting
- C) inventory management
- D) purchasing

Answer: A

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: supply management, process selection, interorganizational participants

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

3) Which of these operations and supply chain activities involves the greatest number of interfunctional participants?

- A) process selection
- B) forecasting
- C) inventory management
- D) purchasing

Answer: A

Diff: 3

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: supply management, process selection, interorganizational participants

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

4) The organization that provides national and institutional leadership in purchasing and materials management is:

- A) APICS.
- B) ISM.
- C) CLM.
- D) ASQ.

Answer: B

Diff: 3

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: supply management, purchasing, ISM, Institute for Supply Management

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

5) Which job title would be given to someone responsible for planning and controlling production in a manufacturing setting?

- A) supply chain manager
- B) production manager
- C) supplier development manager
- D) purchasing manager

Answer: B

Diff: 1

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: operations, production, manufacturing, manager

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

6) Which job title would be given to someone responsible for managing the physical movement of goods throughout the supply chain?

- A) supply chain manager
- B) production manager
- C) supplier development manager
- D) international logistics manager

Answer: D

Diff: 1

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: logistics, manager

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.



7) What are the primary duties of a transportation manager?

- A) creating timely, cost effective import/export supply chains
- B) managing private, third party and contract carriage systems to ensure timely delivery and cost-effective transportation
- C) using analytical and quantitative methods to understand, predict and improve processes
- D) identifying global sources of materials, selecting suppliers and managing ongoing relationships

Answer: B

Diff: 1

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: logistics, transportation manager r

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

8) Which department is least likely to interact with the purchasing function?

- A) Engineering
- B) Finance
- C) Human resources
- D) Operations

Answer: C

Diff: 3

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: marketing, purchasing, finance, engineering

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

9) The professional society for persons interested in operations and supply chain management is called APICS.

Answer: TRUE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: APICS, professional organization

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

10) The Institute for Systems Management, ISM, is the branch of APICS dedicated to ecommerce and enterprise systems.

Answer: FALSE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: ISM, institute for supply management

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

11) Customers are key interfunctional participants in the operations and supply chain activity of capacity planning.

Answer: FALSE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: capacity planning, interfunctional participants

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

12) Suppliers are key interorganizational participants in the operations and supply chain logistics activity.

Answer: TRUE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: logistics, interorganizational participants

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

13) The purchasing activity identifies and qualifies suppliers of goods and services and manages the ongoing buyer-supplier relationships.

Answer: TRUE

Diff: 1

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: purchasing

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

14) Forecasting counts suppliers and customers among its key interorganizational participants.

Answer: TRUE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: forecasting

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

15) Scheduling and managing the flow of work through an organization and supply chain belongs to the logistics function of a supply chain.

Answer: FALSE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: logistics, planning and control

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

16) There is no need for an organizational interface between the finance function and the operations and supply chain management function.

Answer: FALSE

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: interface, finance, operations

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

17) A(n) \_\_\_\_\_ acquires knowledge in a specific market in which the organization purchases significant quantities of materials and services.

Answer: commodity manager

Diff: 3

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: commodity manager, commodity

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

18) A(n) \_\_\_\_\_ plans and controls production in a manufacturing setting.

Answer: production manager

Diff: 1

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: production manager, production

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

19) This organization, \_\_\_\_\_, is a leader in education and all aspects of quality improvement.

Answer: ASQ or American Society for Quality

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: quality, ASQ, professional organizations and American Society for Quality

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

20) \_\_\_\_\_ is an operations activity with the purpose of designing and implementing the transformation processes that best meet the needs of the customer and firm.

Answer: Process selection

Diff: 3

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: process selection

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

21) The \_\_\_\_\_ function of an organization manages the movement of physical goods throughout the supply chain.

Answer: logistics

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: logistics, supply chain

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

22) Describe the involvement of the engineering, IT and human resources functions as the operations and supply chain team are engaged in process selection.

Answer: The engineering and IT functions help identify the technologies needed. Human resources will help identify the people skills and training programs necessary to make the systems work.

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: process selection, human resources, engineering, IT

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

23) Choose any two non-operations business functions. Provide examples of an operations or supply chain activity that interfaces directly with each business function you have chosen.

Answer: The marketing function interfaces with operations and supply chain management during process selection, forecasting, capacity planning, planning and control, purchasing, and logistics. The finance function works closely with operations and supply chain management in process selection, forecasting, capacity planning, inventory management, and purchasing. The human resource function works directly with operations and supply chain management when making process selection, capacity planning decisions. The accounting function works with operations and supply chain management when capacity planning and forecasting is being performed.

The IT function is involved with operations and supply chain management while process selection, inventory management, and planning and control are taking place. Examples will vary.

Diff: 3

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: interfunctional participants, supply chain

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

24) Which of the major operations and supply chain activities do not deal directly with customers?

Explain why this is so.

Answer: The sole operations and supply chain activity that does not work directly with a customer is the purchasing function. Purchasing reaches upstream, i.e., in the opposite direction from the customer.

Diff: 2

Reference: 1.3 Operations and Supply Chain Management and You

Keywords: purchasing

AACSB: Application of Knowledge

LO: 1.4: Identify some of the major operations and supply chain activities, as well as career opportunities in these areas.

## 1.4 Employability Skills

1) There are no questions in this section.

## 1.5 Purpose and Organization of This Book

1) Transportation and warehousing are examples of logistics activities.

Answer: TRUE

Diff: 2

Reference: 1.5 Purpose and Organization of This Book

Keywords: logistics, transportation, warehousing

AACSB: Application of Knowledge

LO: 1.3: Discuss what is meant by operations management and supply chain management.