

Test Bank for Operations and Supply Chain Management 17th Jacobs

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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

- 1) An operations and supply chain strategy must be integrated with the organization's corporate strategy.
☐ true
☐ false
- 2) Operations effectiveness relates to the profitability of the core business processes.
☐ true
☐ false
- 3) Operations and supply chain strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.
☐ true
☐ false
- 4) There are two characteristics of a product or service that define quality: design quality and cost.
☐ true
☐ false
- 5) The corporate strategy is operationalized through a set of operations and supply chain decisions.
☐ true
☐ false
- 6) An operation can excel simultaneously on all competitive dimensions. This is what makes a truly great operations company.
☐ true
☐ false
- 7) Straddling occurs when activities are incompatible so that more of one thing necessitates less of another.
☐ true
☐ false

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- 8) One of the competitive dimensions that forms the competitive position of a company when planning its strategies is cost.
- ☐ true
 - ☐ false
- 9) One of the competitive dimensions that forms the competitive position of a company when planning its strategies is delivery speed.
- ☐ true
 - ☐ false
- 10) One of the competitive dimensions that forms the competitive position of a company when planning its strategies is making the best trade-off.
- ☐ true
 - ☐ false
- 11) The process where a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio is called flexibility.
- ☐ true
 - ☐ false
- 12) The process where a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio is called straddling.
- ☐ true
 - ☐ false
- 13) By following a straddling strategy, firms can broaden their capabilities and effectively compete with more focused firms in markets requiring low cost for success.
- ☐ true
 - ☐ false
- 14) An order winner is a set of criteria that differentiates the products or services of one firm from another.
- ☐ true
 - ☐ false

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- 15) An order winner is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.
- ☐ true
 - ☐ false
- 16) An order qualifier is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.
- ☐ true
 - ☐ false
- 17) Activity-system maps show how a company's strategy is delivered through a set of tailored activities.
- ☐ true
 - ☐ false
- 18) Activity-system maps are useful in understanding how well a system of activities fits the overall company's strategy.
- ☐ true
 - ☐ false
- 19) Operations risk is the likelihood of a disruption that would impact the ability of a company to continuously supply products or services.
- ☐ true
 - ☐ false
- 20) There are four types of risk mitigation strategy: avoidance, remittance, acceptance, and transference.
- ☐ true
 - ☐ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

- 21) _____ depict how a company's strategy is delivered through a set of tailored activities.
- A) Risk-association maps
 - B) Activity-system maps
 - C) Risk-reductions processes
 - D) Just-in-time diagrams
 - E) Activity-adjusted processes

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- 22) An operations strategy must be designed to:
- A) anticipate future needs.
 - B) resist change because of the long-term nature of investments.
 - C) remain constant and unchanging in the midst of market fluctuations.
 - D) reduce focus on efficiency to make room for innovation.
 - E) negate the possibility of competitive products entering the market.
- 23) _____ strategy can be viewed as part of a _____ process that coordinates operational goals with those of the larger organization.
- A) Marketing; planning
 - B) Finance; planning
 - C) Operations and supply chain; planning
 - D) Operations and supply; marketing
 - E) Finance; operations and supply
- 24) The job of operations and supply chain strategy is to:
- A) develop market plans that will reach sales goals.
 - B) establish a budget that the organization can operate within.
 - C) hire personnel that can execute the company's goals.
 - D) establish applicable corporate goals and key performance indicators.
 - E) set broad policies and plans for using resources of a firm.
- 25) Productivity is a(n) _____ measure.
- A) automatic
 - B) disruptive
 - C) relative
 - D) inappropriate
 - E) biased
- 26) In a partial measure of productivity, the denominator of the ratio would include:
- A) units produced, sales, and time.
 - B) all inputs used.
 - C) all resources used.
 - D) a single input.
 - E) time and units produced.

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- 27) In a multifactor measure of productivity, the denominator of the ratio would include:
- A) a single input.
 - B) a single resource.
 - C) all inputs.
 - D) all resources.
 - E) several but not all inputs.
- 28) The_____ considers evaluating the firm against social, economic, and environmental criteria.
- A) triple bottom line
 - B) triple measure scale
 - C) triangular process
 - D) square bottom line
 - E) comprehensive bottom line
- 29) _____ means meeting a firm's current needs without compromising the ability of future generations to meet their own needs.
- A) Growth
 - B) Sustainability
 - C) Benchmarking
 - D) Planning
 - E) Forecasting
- 30) The_____ impact of the triple bottom line concept pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.
- A) environmental
 - B) carbon
 - C) financial
 - D) social
 - E) economic
- 31) A firm's business practices toward its labor force pertain mainly to the_____ aspect of the triple bottom line concept.
- A) social
 - B) economic
 - C) financial
 - D) environmental
 - E) logistical

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- 32) According to the _____ aspect of the triple bottom line concept, the firm is required to compensate shareholders via a competitive return on investment.
- A) social
 - B) environmental
 - C) fair hiring
 - D) economic
 - E) financial
- 33) Within a _____ framework, the economic dimension of the triple bottom line concept goes beyond just profit for the firm but also provides lasting economic benefit to society.
- A) non-profit
 - B) for-profit
 - C) disruptive
 - D) static
 - E) sustainability
- 34) Within a sustainability framework, the _____ dimension of the triple bottom line concept has to do with the company's ecological footprint and use of natural resources.
- A) social
 - B) economic
 - C) financial
 - D) environmental
 - E) growth
- 35) Which of the following is not a major strategic operational competitive dimension that forms a company's competitive position?
- A) Cost or price
 - B) Delivery speed
 - C) Delivery reliability
 - D) Management acumen
 - E) Coping with changes in demand
- 36) A major competitive dimension that forms a company's strategic operational competitive position in their strategic planning is which of the following?
- A) Cost or price
 - B) Focus
 - C) Automation
 - D) Straddling
 - E) Activity-system mapping

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- 37) When developing an operations and supply chain strategy, which of the following is an important product-specific criterion to consider?
- A) Technical liaison and support
 - B) Learning curve
 - C) Competitor's product performance
 - D) Production lot size
 - E) Total quality management
- 38) In development of an operations and supply chain strategy, which of the following may be an important product-specific criteria to consider?
- A) Focus
 - B) Production lot size
 - C) Supplier after-sale support
 - D) Learning curve
 - E) Total quality management
- 39) What is the process called where a company seeks to match the benefits of a successful position while maintaining its existing position in offering customers a variety of differing services?
- A) Operations capability analysis
 - B) Straddling
 - C) Order qualifying
 - D) Order winning
 - E) Inter-functional analysis
- 40) An activity-system map is which of the following?
- A) A network guide to route airlines
 - B) A listing of activities that make up a project
 - C) A diagram that shows how a company's strategy is delivered to customers
 - D) A facility layout schematic noting what is done where
 - E) A timeline displaying major planned events
- 41) Which of the following is a partial measure of productivity?
- A) $\text{Output} \div \text{Materials}$
 - B) $\text{Output} \div (\text{Labor} + \text{Capital} + \text{Energy})$
 - C) $\text{Output} \div \text{All resources used}$
 - D) $\text{Output} \div \text{Inputs}$
 - E) $\text{Input} \div \text{All resources used}$

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- 42) Which of the following is a multifactor measure of productivity?
- A) $\text{Output} \div \text{Materials}$
 - B) $\text{Output} \div (\text{Labor} + \text{Capital} + \text{Energy})$
 - C) $\text{Output} \div \text{All resources used}$
 - D) $\text{Output} \div \text{Inputs}$
 - E) $\text{Input} \div \text{All resources used}$
- 43) Which of the following is a total measure of productivity?
- A) $\text{Output} \div \text{Materials}$
 - B) $\text{Output} \div (\text{Labor} + \text{Capital} + \text{Energy})$
 - C) $\text{Output} \div \text{Labor}$
 - D) $\text{Output} \div \text{Inputs}$
 - E) $\text{Input} \div \text{All resources used}$
- 44) If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, what kind of productivity measure could you use to compute productivity?
- A) Partial measure
 - B) Multifactor measure
 - C) Total measure
 - D) Global measure
 - E) Nominal measure
- 45) If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, and the total materials used were 425 units, what kind of productivity measure(s) could you use to compute productivity?
- A) Partial measure
 - B) Multifactor measure
 - C) Total measure
 - D) Partial measure and Multifactor measure
 - E) Multifactor measure and Total measure

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- 46) The total output from a production system in one day is 500 units and the total labor necessary to produce the 500 units is 350 hours. Using the appropriate productivity measure, which of the following numbers represents the resulting productivity ratio?
- A) 1.000
 - B) 1.429
 - C) 0.700
 - D) 0.411
 - E) 1.755
- 47) The total output from a production system in one day is 900 units and the total labor necessary to produce the 900 units is 900 hours. Using the appropriate productivity measure, what is the resulting productivity ratio?
- A) 1.000
 - B) 1.429
 - C) 0.700
 - D) 0.411
 - E) 1.755
- 48) Larry's Auto Body Repair Shop had revenues that averaged \$60,000 per week in April and \$50,000 per week in May. During both months, the shop employed six full-time (40 hours ÷ week) workers. In April the firm also had four part-time workers working 25 hours per week, but in May there were only two part-time workers and they only worked 10 hours per week. What is the percentage change in labor productivity from April to May for Larry's Auto Body Repair?
- A) -20.00%
 - B) -15.82%
 - C) 8.97%
 - D) 2.30%
 - E) -25.00%
- 49) A process has a total measure of productivity of 1.26 and output of 15,000. What are the total inputs?
- A) 3,200
 - B) 11,905
 - C) 19,533
 - D) 27,800
 - E) Not enough information to calculate

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50) A process has a total measure of productivity of 1.41 and total inputs of 9,050. What was the output?

- A) 3,750
- B) 12,761
- C) 18,104
- D) 21,850
- E) Not enough information to calculate

51) Various financial data for SunPath Manufacturing for 2021 and 2022 follow.

	2021	2022
Output:		
Sales	\$ 300,000	\$ 330,000
Inputs:		
Labor	40,000	43,000
Raw Materials	45,000	51,000
Energy	10,000	9,000
Capital Employed	250,000	262,000
Other	2,000	6,000

What is the percentage change in SunPath's total productivity measure between 2021 and 2022?

- A) -9.22
- B) 2.33
- C) -0.53
- D) 2.88
- E) 10.39

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52) Various financial data for SunPath Manufacturing for 2021 and 2022 follow.

	2021	2022
Output:		
Sales	\$ 300,000	\$ 330,000
Inputs:		
Labor	40,000	43,000
Raw Materials	45,000	51,000
Energy	10,000	9,000
Capital Employed	250,000	262,000
Other	2,000	6,000

What is the percentage change in the energy partial productivity measure for SunPath between 2021 and 2022?

- A) -9.22%
- B) 2.33%
- C) -0.53%
- D) 2.88%
- E) 22.2%

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53) Various financial data for SunPath Manufacturing for 2021 and 2022 follow.

	2021	2022
Output:		
Sales	\$ 300,000	\$ 330,000
Inputs:		
Labor	40,000	43,000
Raw Materials	45,000	51,000
Energy	10,000	9,000
Capital Employed	250,000	262,000
Other	2,000	6,000

What is the percentage change in the labor partial productivity measure for SunPath between 2021 and 2022?

- A) -9.22
- B) 2.33
- C) -0.53
- D) 2.88
- E) 10.39

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54) Various financial data for SunPath Manufacturing for 2021 and 2022 follow.

	2021	2022
Output:		
Sales	\$ 300,000	\$ 330,000
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Labor	40,000	43,000
Raw Materials	45,000	51,000
Energy	10,000	9,000
Capital Employed	250,000	262,000
Other	2,000	6,000

What is the percentage change in the multifactor labor and raw materials productivity measure for SunPath between 2021 and 2022?

- A) -9.22
- B) 2.33
- C) -0.53
- D) -2.88
- E) 10.39

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55) If the employees of a firm attend a training program, then the time to assemble one unit is reduced by 10%. Assuming this labor reduction will improve several other factors in the company as well, we can conclude the training program will:

- A) increase the labor productivity only.
- B) increase the multifactor productivity only.
- C) increase both labor and multifactor productivity.
- D) decrease capital productivity.
- E) have no effect on productivity.

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56) If the material usage per unit of final product decreases to half of the current usage, then the firm will:

1. double the material productivity.
2. increase the multifactor productivity.
3. decrease capital productivity.
4. have no effect on productivity.

- A) 1
- B) 2
- C) Both 1 and 2
- D) 3
- E) 4

57) The nature of risks lends them to a three-step risk management process that can be applied to situations where disruptions are possible. There are three steps to the process. Which of the following is not one of those steps?

- A) Identify the sources of potential disruptions.
- B) Insure to protect against the risks.
- C) Assess the potential impact of the risk.
- D) Develop plans to mitigate the risk.

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Answer Key

Test name: Chapter 02

1) TRUE

Operations and supply chain strategy is concerned with setting broad policies and plans for using the resources of a firm and must be integrated with corporate strategy.

2) FALSE

Operations effectiveness relates to the core business processes needed to run the business.

3) TRUE

Operations and supply chain strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.

4) FALSE

There are two characteristics of a product or service that define quality: design quality and process quality.

5) FALSE

The corporate strategy is operationalized through a set of operations and supply chain initiatives. Initiatives are the major steps that need to be taken to drive success in the firm.

6) FALSE

The underlying logic is that an operation cannot excel simultaneously on all competitive dimensions. Consequently, management has to decide which parameters of performance are critical to the firm's success and then concentrate the resources of the firm on these particular characteristics.

7) FALSE

Trade-offs occur when activities are incompatible so that more of one thing necessitates less of another.

8) TRUE

The major competitive dimensions that form the competitive position of a firm include cost (or price).

9) TRUE

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The major competitive dimensions that form the competitive position of a firm include delivery speed.

10) FALSE

The major competitive dimensions that form the competitive position of a firm do not include making the best trade-off.

11) FALSE

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

12) TRUE

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

13) FALSE

Straddling is a risky strategy that often results in failure. More focused firms can effectively compete with a straddling firm in each segment the straddling firm enters.

14) TRUE

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An order winner is a criterion that differentiates the products or services of one firm from those of another.

15) FALSE

An order qualifier is a screening criterion that permits a firm's products to even be considered as possible candidates for purchase.

16) TRUE

An order qualifier is a screening criterion that permits a firm's products to even be considered as possible candidates for purchase.

17) TRUE

Activity-system maps such as the one for IKEA show how a company's strategy is delivered through a set of tailored activities.

18) TRUE

This type of map can be useful in understanding how good the fit is between the system of activities and the company's strategy.

19) FALSE

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Supply chain risk is the likelihood of a disruption that would impact the ability of a company to continuously supply products or services.

20) FALSE

There are four types of risk mitigation strategy: avoidance, acceptance, transference, and limitation.

21) B

Activity-system maps are conceptual and depict how a company's strategy is delivered through a set of tailored activities.

22) A

Because the goals of the larger organization change over time, the operations strategy must be designed to anticipate future needs.

23) C

Operations and supply chain strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.

24) E

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Operations and supply chain strategy is concerned with setting broad policies and plans for using the resources of a firm and must be integrated with corporate strategy.

25) C

Productivity is what we call a relative measure. In other words, to be meaningful, it needs to be compared with something else.

26) D

In a partial measure of productivity, the denominator includes only a single input.

27) E

In a multifactor measure of productivity, the denominator includes several but not all inputs.

28) A

The triple bottom line considers evaluating the firm against social, economic, and environmental criteria.

29) B

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By adding "sustainability" to the concept of strategy, we add the requirement to meet these current needs without compromising the ability of future generations to meet their own needs.

30) D

"Social" pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

31) A

Social responsibility pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

32) D

The firm is obligated to compensate shareholders who provide capital through stock purchases and other financial instruments via a competitive return on investment.

33) E

Within a sustainability framework, the economic dimension goes beyond just profit for the firm but also provides lasting economic benefit to society.

34) D

Environmental criteria pertain to company's ecological footprint and use of natural resources, among other environmental impact measures.

35) D

The operational competitive dimensions that form a company's competitive position are listed in the text. Management acumen is not mentioned.

36) A

Cost or price is one of the competitive dimensions mentioned in the text.

37) A

A supplier may be expected to provide technical assistance for product development, particularly during the early stages of design and manufacturing.

38) C

An important competitive dimension may be the ability of a firm to support its product after the sale.

39) B

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Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

40) C

Activity-system maps such as the one for IKEA show how a company's strategy is delivered through a set of tailored activities.

41) A

See Exhibit 2.4 for sample partial measures.

42) B

See Exhibit 2.4 for sample multifactor measures.

43) D

See Exhibit 2.4 for two total measures of productivity.

44) A

Without measures of other inputs only a partial output measure is possible.

45) D

Partial measure and multifactor measure is the most correct of the answer choices. You could use either a partial or a multifactor measure or both kinds of measures.

46) B

500 units divided by 350 hours equals 1.429.

47) A

900 units divided by 900 hours equals 1.0 units per hour.

48) C

Labor productivity is output (revenue) divided by hours of labor input. For April, revenue per week was \$60,000 and labor hours were $4 \times [(40 \times 6) + (25 \times 4)]$. This is $\$60,000 \div 1,360$ or \$44.12 per hour of labor. For May, revenue per week was \$50,000 and labor hours were $4 \times [(40 \times 6) + (10 \times 2)]$. This is $\$50,000 \div 1,040$ or \$48.08 per hour of labor a difference of \$3.96 per hour. The percentage change in productivity between April and May, then, is $3.96 \div 44.12 = 0.0897 \times 100 = 8.97\%$. (Note: this analysis assumes four weeks in each month and equal productivity for each hour worked.)

49) B

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Productivity is output $\div$ input or $1.26 = 15,000 \div x$. Then solve for x .

50) B

Productivity is output $\div$ input or $1.41 = x \div 9,050$. Then solve for x .

51) D

Total productivity for 2021 is \$300,000 divided by the sum \$40,000 + \$45,000 + \$10,000 + \$250,000 + \$2,000 or 0.8646. Total productivity for 2022 is \$330,000 divided by the sum of \$43,000 + \$51,000 + \$9,000 + \$262,000 + \$6,000 or 0.8895. The difference between 2021 and 2022 is 0.0249 and the percentage difference is 0.0249 divided by 0.8646 = 0.0288 or 2.88%.

52) E

The energy partial productivity measure for 2021 is \$300,000 divided by \$10,000 or 30. For 2022 it is \$330,000 divided by \$9,000 or 36.67. The percentage change between 2021 and 2022 then is $(36.67 - 30) \div 30$ or 6.67 divided by 30 = 22.2%.

53) B

The labor partial productivity measure for 2021 is \$300,000 divided by \$40,000 or 7.5. For 2022 it is \$330,000 divided by \$43,000 or 7.67. The percentage change between 2021 and 2022, then, is $(7.67 - 7.5) \div 7.5$ or 0.17 divided by 7.5 = 2.33%.

54) C

The multifactor labor and raw materials productivity measure for 2021 is \$300,000 divided by the sum \$40,000 + \$45,000 or 3.53. For 2022 it is \$330,000 divided by the sum \$51,000 + \$43,000 or 3.51. The percentage change between 2021 and 2022, then is $(3.51 - 3.53) \div 3.529$ or -0.019 divided by 3.529 = -0.53%.

55) C

Labor productivity will increase since it takes less labor. Since labor is one of the components of multifactor productivity, it will also increase.

56) C

Labor productivity will not change. Material productivity doubles, since the denominator is halved. There is no effect on capital productivity.

57) B

This is discussed in the "Risk Management Framework" section. Insurance is not mentioned as one of the steps.