Chapter 01 Test Bank Static

1. Efficiency means doing the right things to create the most value for the company.

**FALSE**

Efficiency means doing something at the lowest possible cost.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

2. Effectiveness means doing the right things to create the most value for the company.

**TRUE**

Effectiveness means doing the right things to create the most value for the company.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

3. A doctor completes a surgical procedure on a patient without error. The patient dies anyway. In operations management terms, we could refer to this doctor as being efficient but not effective.

**TRUE**

Efficiency means doing something at the lowest possible cost. Effectiveness means doing the right things to create the most value. The doctor performed the surgery without error. Because the patient died, no value was created.

*AACSB: Analytic  
Blooms: Analyze  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

4. A worker can be efficient without being effective.

**TRUE**

Efficiency means doing something at the lowest possible cost. Effectiveness means doing the right things to create the most value. These are different things.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

5. A process can be effective without being efficient.

**TRUE**

Often, maximizing effectiveness and efficiency at the same time creates conflict between the two goals. "Being efficient" at the customer service counter at a local store or bank means using the smallest number of clerks possible at the counter. Being effective, though, means minimizing the amount of time customers need to wait in line.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

6. Operations and supply chain management is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services.

**TRUE**

Operations and supply chain management is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

7. The term "value" refers to the relationship between quality and the price paid by the consumer.

**TRUE**

Related to efficiency and effectiveness is the concept of value, which can be metaphorically defined as quality divided by price.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

8. Attempting to balance the desire to efficiently use resources while providing a highly effective service may create conflict between the two goals.

**TRUE**

Often maximizing effectiveness and efficiency at the same time creates conflict between the two goals.

*AACSB: Analytic  
Blooms: Analyze  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

9. Central to the concept of operations strategy are the notions of operations focus and trade-offs.

**TRUE**

Central to their thinking was the notion of factory focus and manufacturing trade-offs. Because a factory cannot excel on all performance measures, its management must devise a focused strategy, (to perform) a limited set of tasks extremely well. This requires trade-offs.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

10. OSCM is concerned with management of the trickiest parts of the system that produces a good or delivers a service.

**FALSE**

OSCM is concerned with the management of the entire system that produces a good or delivers a service.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

11. OSCM is a functional field of business with clear line management responsibilities.

**TRUE**

OSCM is a functional field of business with clear line management responsibilities.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-02 Know the potential career opportunities in operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

12. The supply network as can be thought of as a pipeline through which cash, material and information flows.

**FALSE**

Think of the supply network as a pipeline through which material and information flows.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

13. Supply networks cannot be constructed for every product or service.

**FALSE**

Networks such as this can be constructed for any product or service.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

14. "Operations" refers to manufacturing and service processes used to transform resources employed by a firm into products desired by customers.

**TRUE**

Operations refers to manufacturing, service, and health care processes that are used to transform the resources employed by a firm into products desired by customers.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

15. "Supply chain" refers to processes that move information and material to and from the manufacturing and service processes of the firm.

**TRUE**

Supply chain refers to processes that move information and material to and from the manufacturing and service processes of the firm.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

16. "Supply chain" includes only inbound freight and inventory.

**FALSE**

Supply chain refers to processes that move information and material to and from the manufacturing and service processes of the firm.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

17. It is critical that a sustainable strategy meet the needs of shareholders and employees first, and then focus on preserving the environment.

**FALSE**

A sustainable strategy that meets the needs of shareholders and employees while preserving the environment is critical.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

18. Planning is where a firm must determine how anticipated demand will be met with available resources.

**TRUE**

Planning consists of the processes needed to operate an existing supply chain strategically. Here a firm must determine how anticipated demand will be met with available resources.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

19. Although planning involves determining how the various supply chain processes (sourcing, making, delivering, and returning) will be met, planning itself is not considered a supply chain process.

**FALSE**

Operations and supply chain processes can be conveniently categorized…as planning, sourcing, making, delivering, and returning.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

20. The supply chain processes mentioned in the textbook are planning, sourcing, delivering, and returning.

**FALSE**

Operations and supply chain processes can be conveniently categorized…as planning, sourcing, making, delivering, and returning.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

21. All managers should understand the basic principles that guide the design of transformation processes.

**TRUE**

All managers should understand the basic principles that guide the design of transformation processes.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

22. Operations and supply management changes constantly because of the dynamic nature of competing in global business and the constant evolution of information technology.

**TRUE**

The field of operations and supply management is ever changing due to the dynamic nature of competing in global business and the constant evolution of information technology.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: What Is Operations and Supply Chain Management?*

23. Internet technology has made the sharing of reliable real-time information expensive.

**FALSE**

Internet technology has made the sharing of reliable real-time information inexpensive.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: What Is Operations and Supply Chain Management?*

24. Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has had little impact on operations and supply chain management.

**FALSE**

Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has shifted the focus to understanding both what all the information is saying and also how good are the decisions that can be made using it.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: What Is Operations and Supply Chain Management?*

25. Use of systems like point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has made it more difficult to understand what all the information is saying.

**FALSE**

Capturing information directly from the source through such systems as point-of-sale, radio-frequency identification tags, bar-code scanners, and automatic recognition has shifted the focus to understanding both what all the information is saying and also how good are the decisions that can be made using it.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: What Is Operations and Supply Chain Management?*

26. Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, and delivering.

**FALSE**

Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, delivering, and returning.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

27. A major aspect of planning involves developing a set of metrics to monitor the supply chain.

**TRUE**

A major aspect of planning is developing a set of metrics to monitor the supply chain so that it is efficient and delivers high quality and value to customers.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

28. Returning involves processes for receiving worn-out, defective, and excess products back from customers but does not involve support for customers who have problems with the product.

**FALSE**

Returning involves the processes for receiving worn-out, defective, and excess products back from customers and support for customers who have problems with delivered products.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

29. Delivering is not considered in supply chain analysis when outside carriers are contracted to move products to customers.

**FALSE**

Delivering is also referred to as logistics processes. Carriers are picked to move products to warehouses and customers, coordinate and schedule the movement of goods and information through the supply network, develop and operate a network of warehouses, and run the information systems that manage the receipt of orders from customers and invoicing systems to collect payments from customers.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

30. Services are intangible processes that cannot be weighed or measured.

**TRUE**

There are five essential differences between services and goods. The first is that a service is an intangible process that cannot be weighed or measured, whereas a good is a tangible output of a process that has physical dimensions.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

31. Service innovations can be patented.

**FALSE**

A service innovation, unlike a product innovation, cannot be patented.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

32. Services are homogeneous.

**FALSE**

The third is that services are inherently heterogeneous.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

33. Services are defined and evaluated as a package of features that affect the five senses.

**TRUE**

The specifications of a service are defined and evaluated as a package of features that affect the five senses.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

34. Automobiles and appliances are classified as "pure goods."

**FALSE**

In Exhibit 1.4, automobiles and appliances are classified as "core goods."

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

35. Core service providers integrate tangible goods into their product.

**TRUE**

Core service providers must integrate tangible goods.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

36. "Product-service bundling" refers to a company building service activities into its product offerings for its customers.

**TRUE**

Product-service bundling refers to a company building service activities into its product offerings for its customers.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

37. In contrast to careers in finance and marketing, careers in OSCM involve hands-on involvement with people and processes.

**TRUE**

OSCM jobs are hands-on, working with people and figuring out the best way to do things.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-02 Know the potential career opportunities in operations and supply chain management.  
Topic: Careers in Operations and Supply Chain Management*

38. A bank branch manager position is not an OSCM-type of job.

**FALSE**

Listed as an OSCM job: branch manager (bank). Oversees all aspects of financial transactions at a branch.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-02 Know the potential career opportunities in operations and supply chain management.  
Topic: Careers in Operations and Supply Chain Management*

39. A supply chain manager is an OSCM job while a purchasing manager is not.

**FALSE**

Both supply chain manager and purchasing manager are listed as typical management and staff jobs in operations and supply chain management.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Careers in Operations and Supply Chain Management*

40. Just-in-time (JIT) production was a major breakthrough in manufacturing philosophy pioneered by the Japanese.

**TRUE**

JIT was pioneered by the Japanese.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

41. Lean manufacturing refers to just in time production coupled with total quality control.

**TRUE**

JIT—coupled with total quality control (TQC)—is now a cornerstone in many manufacturers' production practices, and the term "lean manufacturing" is used to refer to the set of concepts.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

42. The Baldrige National Quality Award was started under the direction of the National Institute of Standards and Technology.

**TRUE**

Helping the quality movement along is the Baldrige National Quality Award, which was started in 1987 under the direction of the National Institute of Standards and Technology.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

43. The approach that advocates making revolutionary changes as opposed to evolutionary changes is called "creation theory."

**FALSE**

Business process reengineering seeks to make revolutionary changes as opposed to evolutionary changes.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

44. The approach that advocates making revolutionary changes as opposed to evolutionary changes is called "business process reengineering."

**TRUE**

Business process reengineering seeks to make revolutionary changes as opposed to evolutionary changes.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

45. Business process reengineering, which seeks revolutionary change, is contrasted with total quality management which commonly advocates incremental change.

**TRUE**

Business process reengineering seeks to make revolutionary changes as opposed to evolutionary changes (which are commonly advocated in TQM).

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

46. The "triple bottom line" relates to the economic, employee, and environmental impact of a firm's strategy.

**TRUE**

Management must now consider the mandates related to the ongoing economic, employee, and environmental viability of the firm (the triple bottom line).

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Current Issues in Operations and Supply Chain Management*

47. Sustainability is the ability to maintain profits in a system.

**FALSE**

Sustainability is the ability to maintain balance in a system.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Current Issues in Operations and Supply Chain Management*

48. Raising senior management awareness of OSCM as a competitive weapon is not an important issue.

**FALSE**

Many senior executives entered the organization through finance, strategy, or marketing and built their reputations on work in these areas and, as a result, often take operations for granted. This can be a critical mistake.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Current Issues in Operations and Supply Chain Management*

49. "Green belt" programs are coordinated public works projects aimed a placing an environmentally friendly zone around major cities.

**FALSE**

Originally developed in the 1980s as part of total quality management, six-sigma quality in the 1990s saw a dramatic expansion as an extensive set of diagnostic tools was developed. These tools have been taught to managers as part of "green and black belt programs" at many corporations.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

50. Green and black belt programs teach six-sigma quality tools to managers at many corporations.

**TRUE**

Originally developed in the 1980s as part of total quality management, six-sigma quality in the 1990s saw a dramatic expansion as an extensive set of diagnostic tools was developed. These tools have been taught to managers as part of "green and black belt programs" at many corporations.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

51. The central idea of supply chain management is to apply a total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer.

**TRUE**

The central idea of supply chain management is to apply a total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

52. The term "electronic commerce" refers to the buying and selling of electronic products and devices.

**FALSE**

The term "electronic commerce" refers to the use of the Internet as an essential element of business activity.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

53. The term "electronic commerce" refers to the use of the Internet as an essential element of business activity.

**TRUE**

The term "electronic commerce" refers to the use of the Internet as an essential element of business activity.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

54. SSME is an acronym standing for "service sector management economics."

**FALSE**

A direct response to the growth of services is the development of a major industry and university program called service science management and engineering (SSME).

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

55. Service science management and engineering aims to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations.

**TRUE**

SSME aims to apply the latest concepts in information technology to continue to improve service productivity of technology-based organizations.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

56. "Business analytics" involves the analysis of data through a unique combination of linear programming, game theory, and queuing theory to better solve business problems.

**FALSE**

Business analytics is the use of current business data to solve business problems using mathematical analysis.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

57. The mathematical results of Business Analytics are used to automate decision making and eliminate the decision maker.

**FALSE**

These mathematical results can either be used to support the decision maker or to automate decision making.

*AACSB: Analytic  
Blooms: Understand  
Difficulty: 1 Easy  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Historical Development of Operations and Supply Chain Management*

58. Operations and supply chain strategy are not important issues to investors who tend to focus on growth, dividends, and earnings per share.

**FALSE**

Comparing firms from an operations view is important to investors since the relative cost of providing a good or service is essential to high earnings growth.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

59. Investors pay close attention to efficiency and productivity measures like net income per employee because they are interested in how well the firm manages its workforce relations.

**FALSE**

Investors are most often interested in financial returns. Comparing firms from an operations and supply chain view is important to investors because the relative cost of providing a good or service is essential to high earnings growth. How well a firm manages its workforce is of less interest to investors.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

60. During a recession, efficient firms often have an opportunity to increase market share while maintaining profitability.

**TRUE**

Highly efficient firms usually shine when demand drops during recession periods because they often can continue to make a profit due to their low-cost structure. These operations-savvy firms may even see a recession as an opportunity to gain market share as their less-efficient competitors struggle to remain in business.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

61. Wall Street analysts are not particularly concerned with how efficient companies are from an operations and supply management view.

**FALSE**

Comparing firms from an operations view is important to investors because the relative cost of providing a good or service is essential to high earnings growth.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

62. One reason for studying operations and supply chain management (OSCM) is which of the following?

A. OSCM is essential for understanding organizational behavior.

B. Most business graduates do OSCM work regardless of their job title.

**C.** All managers should understand the basic principles that guide the design of transformation processes.

D. OSCM is a required course in all business degree programs.

E. OSCM is the most rigorous business discipline.

All managers should understand the basic principles that guide the design of transformation processes.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: What Is Operations and Supply Chain Management?*

63. The goods-services continuum consists of which set of the following categories?

A. No goods, some goods, even mix, some service, no service

**B.** Pure goods, core goods, core services, pure services

C. No service, some service, good service, excellent service

D. Self-service, help desk service, face-to-face service, service-with-a-smile

E. None of these

Refer to the goods-services continuum exhibit in the text.

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

64. Which of the following are defined as core goods?

A. Chemicals

B. Airlines

**C.** Data storage systems

D. Hotels

E. None of these

Refer to the exhibit 1.4 on goods and services in the text.

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

65. Current issues in OSCM do not include:

A. Coordinating relationships between organizations

B. Making senior management aware that OSCM can be a competitive weapon

C. The triple bottom line

D. Managing customer touch points

**E.** Increasing global supply chain employment

The "current issues" in OSCM are:  
1. Coordinating the relationships between mutually supportive but separate organizations  
2. Optimizing global supplier, production, and distribution networks  
3. Managing customer touch points  
4. Raising senior management awareness of OSCM as a significant competitive weapon  
5. Sustainability and the triple bottom line

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field.  
Topic: Current Issues in Operations and Supply Chain Management*

66. Which of the following are not listed in the text as jobs in OSCM?

A. Department store manager

B. Project manager

C. Hospital administrator

**D.** Data center manager

E. Call center manager

Typical management and staff jobs in operations and supply chain management do not list data center manager.

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-02 Know the potential career opportunities in operations and supply chain management.  
Topic: Careers in Operations and Supply Chain Management*

67. Which of the following is not a characteristic that distinguishes services from goods?

**A.** Service jobs are unskilled.

B. A service is intangible.

C. Services are perishable.

D. Services are heterogeneous.

E. None of these

Many service jobs are highly skilled such as physician, attorney, airline pilot, OSCM instructor, etc. The characteristics that distinguish goods from services are:  
1. Tangibility  
2. Interaction with the customer  
3. Services are heterogeneous  
4. Services are perishable and time dependent  
5. Services are seen as a package of features that affect the five senses

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

68. Which of the following is not a way that operations and supply processes are categorized?

A. Planning

B. Return

C. Delivery

**D.** Selecting

E. Making

Operations and supply chain processes can be conveniently categorized as planning, sourcing, making, delivering, and returning.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Operations and Supply Chain Processes*

69. One of the "package of features" that make up a service is:

A. Appearance

**B.** Facilitating goods

C. Packaging

D. Cost

E. Implied use

The package of features that make up a service is listed in the text and includes facilitating goods.

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

70. Which of the following is not a measure of operations and supply chain management efficiency used by Wall Street?

A. Inventory turnover

B. Revenue per employee

C. Receivable turnover

**D.** Earnings per share

E. Asset turnover

Earnings per share is not a measure of operations and supply chain efficiency. See Exhibit 1.6, Relationship of business performance and Efficiency Measures Used by Wall Street.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

71. Which of the following is a measure of operations and supply management efficiency used by Wall Street?

A. Dividend payout ratio

B. Current ratio

**C.** Receivable turnover

D. Earnings per share growth

E. Financial leverage

Receivables turnover, the correct answer, is listed in Exhibit 1.6 Relationship of business performance and Efficiency Measures Used by Wall Street.

*AACSB: Analytic  
Blooms: Remember  
Difficulty: 1 Easy  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

72. All other things remaining the same, if the sales revenue increases, asset turnover ratio will

**A**. Increase

B. Decrease

C. Stay the same

D. may increase or decrease

E. there is no way to tell for sure

Since sales revenue is in the numerator of equation [1.3], and no other variable in right hand side of equation [1.3] is affected, inventory turnover will increase.

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

73. Inventory turnover is an operations efficiency measure and which of the following is the most appropriate answer.

A. measures efficiency in turning inventory into sales

B. purpose os to measure liquidity

C. A or B but not both

**D**. A and B

E. Neither A nor B

It is clearly bath A and B. See discussion under equation [1.2].

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 2 Medium  
Learning Objective: 01-04 Evaluate the efficiency of a firm.  
Topic: Efficiency, Effectiveness, and Value*

74. The correct order in the good-services continuum is

A. pure services - core Services - core goods - pure goods

B. pure goods - pure services - core services - core goods

C. pure goods - pure services - core goods - core services

D. pure goods - core goods - core services - pure services

E. core goods - core services - pure goods - pure services

See exhibit 1.4 discussing the goods-services continuum.

*AACSB: Analytic  
Blooms: Apply  
Difficulty: 1 Easy  
Learning Objective: 01-01 Identify the elements of operations and supply chain management.  
Topic: Differences between Services and Goods*

Chapter 01 Test Bank - Static Summary

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| --- | --- |
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| Blooms: Apply | 6 |
| Blooms: Remember | 42 |
| Blooms: Understand | 21 |
| Difficulty: 1 Easy | 47 |
| Difficulty: 2 Medium | 24 |
| Learning Objective: 01-01 Identify the elements of operations and supply chain management. | 29 |
| Learning Objective: 01-02 Know the potential career opportunities in operations and supply chain management. | 4 |
| Learning Objective: 01-03 Recognize the major concepts that define the operations and supply chain management field. | 24 |
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| Topic: Historical Development of Operations and Supply Chain Management | 16 |
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