Student name:\_\_\_\_\_\_\_\_\_\_

**TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.  
1)** Efficiency means doing the right things to create the most value for the company.

⊚ true  
 ⊚ false

**2)** Effectiveness means doing the right things to create the most value for the customer.

⊚ true  
 ⊚ false

**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  
 ⊚ false

**4)** A worker can be efficient without being effective.

⊚ true  
 ⊚ false

**5)** A process can be effective without being efficient.

⊚ true  
 ⊚ false

**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  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**9)** Central to the concept of operations strategy are the concepts of operations focus and trade-offs.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**16)** "Supply Chain" includes only inbound freight and inventory.

⊚ true  
 ⊚ false

**17)** It is critical that a sustainable strategy meet the needs of shareholders and employees. It is also highly desirable that it preserves the environment.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**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.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**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  
 ⊚ false

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

⊚ true  
 ⊚ false

**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.

⊚ true  
 ⊚ false

**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.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**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.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**31)** Service innovations can be patented.

⊚ true  
 ⊚ false

**32)** Services are homogeneous.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**50)** 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  
 ⊚ false

**51)** The term "electronic commerce" refers to the buying and selling of electronic products and devices.

⊚ true  
 ⊚ false

**52)** The term "electronic commerce" refers to the use of the internet as an essential element of business activity.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**56)** 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.

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

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

⊚ true  
 ⊚ false

**MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.  
59)** 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

**60)** 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

**61)** Which of the following are defined as core goods?

A) Chemicals   
 B) Airlines  
 C) Data storage systems  
 D) Hotels  
 E) None of these

**62)** 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) Managing customer touch points  
 D) Increasing global supply chain employment

**63)** 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

**64)** 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

**65)** Which of the following is not a way that operations and supply processes are categorized?

A) Planning   
 B) Returning  
 C) Delivering  
 D) Selecting  
 E) Making

**66)** One of the "package of features" that make up a service is:

A) Appearance   
 B) Facilitating goods  
 C) Packaging  
 D) Cost  
 E) Implied use

**67)** Which of the following is not a measure of operations and supply chain management efficiency used by Wall Street?

A) Inventory turnover   
 B) Days inventory  
 C) Receivable turnover  
 D) Earnings per share  
 E) Asset turnover

**68)** 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) Receivables turnover  
 D) Earnings per share growth  
 E) Financial leverage

**69)** Managing customer touch points becomes a concern under current issues in OCSM when

A) complaints arise about shaking hands with customers in cultures that is frowned upon.   
 B) firms striving to become superefficient begin to scrimp on staffing and training customer support personnel.  
 C) a firm has a workforce trained in specifically diverse situations and the correct level of service may be hard to discern.  
 D) firms market global products.  
 E) senior executives fail to recognize the contribution OCSM can make to their success.

**70)** When considering the concept of value, how is quality defined?

A) By the price of the product   
 B) By the producer’s reputation in the industry  
 C) By the weight of the product  
 D) By the attractiveness of the product considering its features and durability  
 E) By the product’s uniqueness relative to other similar products

**71)** All other things remaining the same, if the revenue or sales decreases, asset turnover ratio will

A) Decrease   
 B) Increase  
 C) Stay the same  
 D) Will decrease, but the amount of change will depend on the profit margin  
 E) Decrease and Will decrease, but the amount of change will depend on the profit margin

**72)** Which of the following is the most appropriate regarding Inventory turnover?  
 A. Inventory turnover increases as average inventory decreases, while other things remain the same.   
   
 B. Inventory turnover is an efficiency measure.   
   
 C. Inventory turnover is unaffected by changes in annual sales.

A) Choice A   
 B) Choice B  
 C) Choice C  
 D) Choice A and B only.  
 E) Choice A, B and C will hold.

**73)** Identify the most appropriate answer regarding Cash conversion cycle.  
 A. Is also known as cash-to-cash cycle.  
   
 B. Cash conversion cycle goes down if payable period goes up.  
   
 C. Cash conversion cycle goes up if average inventory goes up.

A) Choice A   
 B) Choice B  
 C) Choice C  
 D) Choice A and B are correct.  
 E) Choice A, B and C are all correct.

**Answer Key**Test name: Management 1

1) FALSE

Efficiency means doing something at the lowest possible cost.

2) TRUE

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

3) 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.

4) 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.

5) 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.

6) 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.

7) TRUE

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

8) TRUE

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

9) 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.

10) FALSE

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

11) TRUE

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

12) FALSE

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

13) FALSE

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

14) 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.

15) TRUE

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

16) FALSE

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

17) FALSE

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

18) 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.

19) FALSE

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

20) FALSE

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

21) TRUE

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

22) 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.

23) FALSE

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

24) 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.

25) 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.

26) FALSE

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

27) 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.

28) 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.

29) 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.

30) 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.

31) FALSE

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

32) FALSE

The third is that services are inherently heterogeneous

33) TRUE

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

34) FALSE

Automobiles and appliances are classified as "core goods."

35) TRUE

Core service providers must integrate tangible goods.

36) TRUE

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

37) TRUE

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

38) FALSE

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

39) FALSE

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

40) TRUE

JIT was pioneered by the Japanese.

41) 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.

42) 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.

43) FALSE

Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes.

44) TRUE

Business Process Reengineering seeks to make revolutionary changes as opposed to evolutionary changes.

45) TRUE

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

46) TRUE

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

47) FALSE

Sustainability is the ability to maintain balance in a system.

48) 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.

49) 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.

50) 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.

51) FALSE

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

52) TRUE

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

53) FALSE

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

54) FALSE

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

55) 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.

56) FALSE

Investors are most often interested in financial returns. Comparing firms from an operations and supply chain view is important to investors since 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.

57) TRUE

Highly efficient firms usually shine when demand drops during recession periods since 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.

58) 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.

59) C

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

60) B

61) C

62) D

63) D

Typical management and staff jobs in operations and supply chain management do not list Data Center manager.

64) A

65) D

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

66) B

The package of features that make up a service is listed on page 9 of the text and includes facilitating goods.

67) D

Earnings per Share is not a measure of operations and supply chain efficiency.

68) C

69) B

70) D

71) A

1formula4.mml, sales or revenue is in the numerator and hence the value will go down as the numerator decreases. Logically, if sales decreases, while total assets remain the same, then asset turn over will go down.

72) D

1formula6.mml, if average inventory decreases (denominator decreasing) while other things remain the same, turnover will increase. (A is true). Inventory turnover is an efficiency measure and hence B is true. Change is sales will change the cost of goods sold and hence change the turnover ratio and hence C is false.

73) E

A is correct as per text description. Cash conversion cycle= Days sales outstanding + Days inventory− payable period , one would note that B and C are correct. Hence E is the right answer.