

Managing Supply Chain and Operations, (Foster et al.)
Chapter 2 Supply Chain and Operations Strategy

Learning Objective 2-1

1) Operations strategy focuses on allocating resources within the firm to provide value to customers.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

2) Focus strategy, which is part of Porter's generic strategies, focuses on reducing cost.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

3) Differentiation strategy, which is part of Porter's generic strategies, emphasizes select customers or markets.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

4) In Fisher's strategy model, functional products require efficient supply chains.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

5) In Fisher's strategy model, innovative products are matched with efficient supply chains.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

6) Agility is the capability to adjust a supply chain's design to meet major structural shifts in the market.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

7) Supply chain adaptability is important to capturing the value of long-term changes in the competitive market landscape.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

8) Order winners are minimal necessary attributes that allow a firm to enter into and compete in a market.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

9) Which of the following is not one of the strategy in Porter's Generic Strategies model?

A) Cost

B) Differentiation

C) Focus

D) Speed

Answer: D

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

10) According to Fisher's strategy model, supply chains for function products should focus on being

A) efficient.

B) responsive.

C) local.

D) global.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

11) According to Fisher's strategy model, supply chains for innovative products should focus on being

A) efficient.

B) responsive.

C) local.

D) global.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

12) According to Fisher's strategy model, supply chains for custom-built made-to-order windows should focus on being

- A) efficient.
- B) responsive.
- C) local.
- D) global.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Reflective Thinking

13) The ability of a supply chain to quickly respond to short-term changes in demand or supply is called

- A) agility.
- B) adaptability.
- C) lean.
- D) alignment.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

14) The capability to adjust a supply chain's design to meet major structural shifts in the market is called

- A) agility.
- B) adaptability.
- C) lean.
- D) alignment.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

15) Zara, a Spanish fashion retailer is able to have their supply chain design, create, and deliver product in 15 days as compared to couple of months for their competitors. This gives them the ability to quickly respond to short-term changes in demand and is called

- A) adaptability.
- B) lean.
- C) agility.
- D) alignment.

Answer: C

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Reflective Thinking

16) In the context of firm and SC&O strategy, necessary attributes that allow a firm to enter into and compete in a market are called

- A) order winners.
- B) order qualifiers.
- C) agility.
- D) alignment.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

17) According to Fisher's strategy model, supply chains for functional products should focus on being _____.

Answer: efficient

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

18) According to Fisher's strategy model, supply chains for innovative products should focus on being _____.

Answer: responsive

Difficulty: Challenging

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

19) According to Fisher's strategy model, supply chains for standardized kitchen appliances should focus on being _____.

Answer: efficient

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Reflective Thinking

20) The ability of a supply chain to quickly respond to short-term changes in demand or supply is called _____.

Answer: agility

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

21) The capability to adjust a supply chain's design to meet major structural shifts in the market is called _____.

Answer: adaptability

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

22) Recognizing that their product is moving from being an innovative, disruptive product to a more mature product, the firm shifts their supply chain focus to efficiency. This capability of the firm is called _____.

Answer: adaptability

Difficulty: Challenging

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Reflective Thinking

23) In the context of firm and SC&O strategy, attributes that differentiate a company's product from those of its competitors are called _____.

Answer: order winners

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

24) In the context of firm and SC&O strategy, necessary attributes that allow a firm to enter into and compete in a market are called _____.

Answer: order qualifiers

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

25) Discuss Michael Porter's generic strategies and how they apply to the way firms compete in a market.

Answer: Michael Porter suggests that there are three main ways that companies may gain an advantage over their competition. Some companies, such as Walmart, use a **cost strategy** and find ways to reduce costs and provide customers with a lower price than competitors. Others, such as Amazon.com, use a **focus strategy** and seek to service only select customers and provide these niche customers with a narrow range of unique products and services. Others still, such as Apple, Inc., use a **differentiation strategy** and seek to provide such distinctive products or services that competitors cannot compete with them. In each case, the company focuses on unique ways to gain advantage over competitors and win customers. The company must then develop plans

in order to achieve a life-long commitment from customers.

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Difficulty: Challenging

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

26) Discuss Fisher's strategy model and how it can be used to achieve alignment between a firm's generic strategy and SC&O strategy.

Answer: Alignment in SC&O strategy matches capabilities with the supply chain needs of the customer. The **Fisher strategy model** shows one example of alignment. In this model, managers match the type of supply chain they use with their customer's needs.

Functional products, such as kitchen appliances, tend to be more mass produced, and interactive products, such as tailored clothing or custom-made shoes, tend to be more customized. Trade-offs between functionality and interactivity have to be made relative to efficiency and responsiveness in the supply chain.

Difficulty: Moderate

Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies

AACSB: Application of Knowledge

Learning Objective 2-2

1) The correct hierarchy for strategic planning is to develop company strategy first, followed by development of the mission and vision and then the operational subplans.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

2) Catchball is the strategic back-and-forth dialogue process to develop an error-free sales forecast.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

3) Abilities that companies compete on that are difficult for competitors to replicate are known as capabilities.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

4) Resources that are rare help a firm to sustain competitive advantage.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

- 5) The network of people that helps create value for a firm's customers is part of the firm's
- A) capabilities.
 - B) competencies.
 - C) opportunities.
 - D) none of the above.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

- 6) Resources that provide a firm with competitive advantage are (choose two)

- A) valuable.
- B) imitation-proof.
- C) nonsubstitutable.
- D) rare.

Answer: A, D

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

- 7) Resources that sustains competitive advantage are (choose two)

- A) valuable.
- B) imitation-proof.
- C) rare.
- D) nonsubstitutable.

Answer: B, D

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

- 8) The Japanese term for "a compass," which indicates a vision or purpose to all existence is _____.

Answer: Hoshin

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

- 9) The Japanese term for management control or policy deployment is _____.

Answer: Kanri

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

10) The planning tool commonly used by Japanese managers for policy deployment through a strategic planning process that utilizes project-based improvement is known as _____.

Answer: Hoshin Kanri

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

11) The strategic back-and-forth dialogue between successive levels of managers and their teams is called _____.

Answer: catchball

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

12) The network of people, knowledge, information systems, tools, and business processes that create value for customers is _____.

Answer: capabilities

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

13) Abilities that companies compete on that are difficult for competitors to replicate are known as _____.

Answer: core competencies

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

14) Resources that cannot be easily replaced that provide a sustainable competitive advantage for a firm are known to be _____.

Answer: substitution proof or nonsubstitutable

Difficulty: Easy

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

15) A firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments are known as _____.

Answer: dynamic capabilities

Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

16) Discuss the supply chain and operations strategic hierarchy. What is the role of capabilities and competencies in this process?

Answer: The strategic planning process starts with a forecast and requires an understanding of the economic environment. Mission and vision also help inform strategic decision making. Managers use the forecast, mission, and vision, coupled with customer research and market analysis, to set strategic plans. From the strategic plan, *operational subplans* are established in the areas of finance, operations, supply chain management, information systems, human resources, and marketing. These **operational subplans** are portions of the strategic plan pertaining to the differing functional areas of the firm that help ensure attainment of strategic objectives. Strategic alignment occurs when there is consistency in choices made in the subplans to support the overall company strategy.

The firm also needs to ensure that it possesses *capabilities* to best meet its strategic objectives. A company must first have employees with the skills and training necessary to provide its unique brand of service. **Capabilities** are the network of people, knowledge, information systems, tools, and business processes that create value for customers. When a company has capabilities that align with key customers' needs, it can gain competitive advantage.

Moreover, companies that focus on their **core competencies** hone only those capabilities that tie most closely to their customer values and that provide companies with a unique competitive advantage.

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Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Application of Knowledge

17) How does a firm gain competitive advantage by applying tangible and intangible resources to operate effectively?

Answer: A firm achieves competitive advantage by applying tangible and intangible resources to operate effectively.

The **resource-based view (RBV)** of the firm suggests that there are four specific aspects to a capability that provide a company with a core competency: (1) value, (2) rarity, (3) imitation-proof, and (4) substitution-proof.

The first of these ideas is that a resource must be *valuable*. Specifically, effective SC&O companies have a resource that is valuable to customers. Without value to the customer, a company has a resource that may give it some short-term, tactical advantage but will not provide the company with longer-term, competitive advantage. Second, the company's resources must be *rare*. Rare resources provide the firm with competitive advantage because competitors cannot utilize these resources. Third, resources must be *difficult to imitate*. Imitation-proof resources provide the firm with resources that cannot be re-created or reverse engineered because of their uniqueness and allow the firm to sustain its competitive advantage. Finally, the RBV states that resources must be *nonsubstitutable*. Substitution-proof resources cannot be easily replaced, and the firm therefore sustains its competitive advantage.

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Difficulty: Moderate

Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content

AACSB: Reflective Thinking

Learning Objective 2-3

1) Bargaining power of employees is one of the five forces in Porter's model of competitiveness.

Answer: FALSE

Difficulty: Easy

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Application of Knowledge

2) As per Porter's five forces model, if buyer switching costs are high, it will reduce the threat of substitute products.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Reflective Thinking

3) A firm's patents will be associated with which of the following forces in Porter's model of competitiveness?

A) Threat of competitors

B) Threat of substitute products

C) Bargaining power of suppliers

D) Bargaining power of customers

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Reflective Thinking

4) In Porter's five forces model, the bargaining power of suppliers is called the

A) market of outputs.

B) market of inputs.

C) level of product differentiation.

D) intensity of competitive rivalry.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Application of Knowledge

5) In Porter's five forces model, the bargaining power of customers is called the

- A) market of outputs.
- B) market of inputs.
- C) level of product differentiation.
- D) intensity of competitive rivalry.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Application of Knowledge

6) In Porter's five forces model, the bargaining power of suppliers is called the _____.

Answer: market of inputs

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Application of Knowledge

7) In Porter's five forces model, the bargaining power of customers is called the _____.

Answer: market of outputs

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Application of Knowledge

8) Discuss Porter's five forces model and how it influences the ability of a firm to compete.
Answer: **Porter's five forces** model helps companies understand how all competitors and supply chain members influence their ability to compete. There are five considerations in this model:

1. Threat of new competitors
2. Threat of substitutes
3. Bargaining power of customers
4. Bargaining power of suppliers
5. Rivalry within the industry

A profitable market attracts new competitors, but too many new entrants decreases every company's market share and makes the industry less profitable. Unless the company can use barriers of entry, such as patents or high start-up costs, to hinder new firms, the company's profits will suffer.

Sometimes products or services exist outside of the realm of a company's product lines that allow customers to satisfy the same need as the company's product or service. If there are many credible substitutes to a firm's product, the substitutes will limit the price that firms can charge and will reduce the firm's profits.

The bargaining power of customers is called the *market of outputs*. It is the ability of customers to put the firm under pressure, and it affects the customer's sensitivity to price changes. The bargaining power of suppliers is called the *market of inputs*. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm, especially when there are few substitutes. And finally, for most industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry.

Difficulty: Moderate

Learning Obj.: LO 2.3: Describe and Understand How to Use the Competitive Landscape and Porter's Five Forces

AACSB: Reflective Thinking

Learning Objective 2-4

1) Complementary relationships in a supply chain typically involve development of relational capabilities.

Answer: FALSE

Difficulty: Challenging

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

2) Transactional relationships in a supply chain have a tendency to keep both the buyer and supplier at arm's length.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

3) Which type of supply chain relationship typically involves development of relational capabilities?

- A) Transactional
- B) Complementary
- C) Synergistic
- D) None of the above

Answer: C

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

4) Which type of supply chain relationship has a tendency to keep both the buyer and supplier at arm's length?

- A) Transactional
- B) Complementary
- C) Synergistic
- D) None of the above

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

5) Which type of supply chain relationship leverages another firm's competencies to maintain world class service?

- A) Transactional
- B) Complementary
- C) Synergistic
- D) None of the above

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

6) The relationship between Apple and its contract manufacturer Foxconn can be described as a

- A) transactional relationship.
- B) complementary relationship.
- C) synergistic relationship.
- D) none of the above.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Reflective Thinking

7) The relationship between a buyer and its supplier chosen solely on the basis that the supplier had the lowest bid can be described as a

- A) transactional relationship.
- B) complementary relationship.
- C) synergistic relationship.
- D) none of the above.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Reflective Thinking

8) An arm's length relationship with supply chain partners that is managed by scripted interactions is known as a _____.

Answer: transactional relationship

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

9) A relationship that occurs when companies understand that their core competencies need another firm's competencies in order to compete is known as a _____.

Answer: complementary relationship

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

10) A relationship between two companies who are committed to work together in a way that the result is greater than the sum of the individual parts is known as a _____.

Answer: synergistic relationship

Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

11) Describe the types of relationships in a supply chain and how they drive value for the focus firm in a supply chain.

Answer: The different types of relationships managers typically encounter are *transactional relationships*, *complementary relationships*, and *synergistic relationships*. Each of these distinctions is important, and managers must understand which strategy best serves their company.

A firm that pursues a cost advantage through its supply chain partners generally employs a **transactional relationship** in which buyers and sellers are typically at an arm's length.

A **complementary relationship** occurs when a company that clearly understands its core competencies needs another firm's competencies so as to maintain world-class service.

Generally, such a company understands that it holds a competitive advantage in one area but does not have expertise in another.

The **synergistic relationship** is a relationship between two companies that are committed to work together in a way that the result is greater than the sum of the individual parts and is typically characterized by an intense, long-lasting relationship in order to create new product ideas, increase their productivity, and create a greater ability to change.

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Difficulty: Moderate

Learning Obj.: LO 2.4: Explain How Managers Use Supply Chain Strategy to Build Relationships

AACSB: Application of Knowledge

Learning Objective 2-5

1) Short term steps used to achieve strategic goals are known as tactics.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Application of Knowledge

2) In terms of a firm's strategy execution hierarchy, which is in correct order?

A) Tactics-strategy-operations

B) Operations-tactics-strategy

C) Strategy-tactics-operations

D) Strategy-operations-tactics

Answer: C

Difficulty: Easy

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Application of Knowledge

3) Goals that help a firm "win a battle, but not necessarily win the war" are known as

- A) operational subplans.
- B) organizational strategy.
- C) vision.
- D) tactics.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Reflective Thinking

4) Goals for improving product quality are part of the

- A) tactics.
- B) operational subplans.
- C) organizational strategy.
- D) vision.

Answer: B

Difficulty: Moderate

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Reflective Thinking

5) A logistician creating logistics systems to reduce the complexity faced by the firm's customers is a

- A) low-cost strategy.
- B) differentiation strategy.
- C) niche strategy.
- D) process strategy.

Answer: B

Difficulty: Challenging

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Reflective Thinking

6) A manufacturer creating the capability for quick changes in products, product mixes, and/ or production volume is a

- A) low-cost strategy.
- B) differentiation strategy.
- C) niche strategy.
- D) process strategy.

Answer: C

Difficulty: Challenging

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Reflective Thinking

7) Which process in the SCOR model includes activities related to procuring goods and services to meet planned and actual demand?

- A) Plan
- B) Source
- C) Make
- D) Deliver

Answer: B

Difficulty: Easy

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Application of Knowledge

8) Which process in the SCOR model balances aggregate demand and supply to develop the best course of action for other processes/ activities within the organization's supply chain?

- A) Plan
- B) Source
- C) Make
- D) Deliver

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Application of Knowledge

9) Short term steps used to achieve strategic goals are known as _____.

Answer: tactics

Difficulty: Moderate

Learning Obj.: LO 2.5: Execute Strategy

AACSB: Application of Knowledge

Learning Objective 2-6

1) Total cost of ownership is an example of operational metric.

Answer: FALSE

Difficulty: Challenging

Learning Obj.: LO 2.6: Understand and Apply Strategic Metrics and Measurements

AACSB: Application of Knowledge

2) Parts per million defects is an example of

- A) strategic metric.
- B) financial metric.
- C) relationship metric.
- D) operational metric.

Answer: D

Difficulty: Challenging

Learning Obj.: LO 2.6: Understand and Apply Strategic Metrics and Measurements

AACSB: Application of Knowledge

3) Corporate responsibility and sustainability are examples of

- A) strategic metric.
- B) financial metric.
- C) relationship metric.
- D) operational metric.

Answer: A

Difficulty: Moderate

Learning Obj.: LO 2.6: Understand and Apply Strategic Metrics and Measurements

AACSB: Application of Knowledge

4) Total cost of ownership is an example of

- A) strategic metric.
- B) financial metric.
- C) relationship metric.
- D) operational metric.

Answer: B

Difficulty: Challenging

Learning Obj.: LO 2.6: Understand and Apply Strategic Metrics and Measurements

AACSB: Application of Knowledge

5) Focusing on the entire acquisition process to develop strategic advantage rather than just to ensure production has sufficient inventories is called _____.

Answer: systems thinking

Difficulty: Challenging

Learning Obj.: LO 2.6: Understand and Apply Strategic Metrics and Measurements

AACSB: Application of Knowledge

Learning Objective 2-7

1) The movement of product upstream in the supply chain is called

- A) reverse logistics.
- B) forward logistics.
- C) collaborative logistics.
- D) supplier logistics.

Answer: A

Difficulty: Easy

Learning Obj.: LO 2.7: Describe the Changing Strategic Environment

AACSB: Application of Knowledge

- 2) Sustainability within the SC&O context is
- A) reducing the impact on the environment.
 - B) operating today in a way that does not threaten the future.
 - C) working collaboratively with suppliers to reduce package sizes.
 - D) all of the above.

Answer: D

Difficulty: Easy

Learning Obj.: LO 2.7: Describe the Changing Strategic Environment

AACSB: Reflective Thinking

- 3) The ability to operate today in a way that does not threaten the future is known as _____.

Answer: sustainability

Difficulty: Moderate

Learning Obj.: LO 2.7: Describe the Changing Strategic Environment

AACSB: Application of Knowledge

- 4) Using value analysis to identify total costs from a supply chain-environmental perspective is known as _____.

Answer: life-cycle costing

Difficulty: Challenging

Learning Obj.: LO 2.7: Describe the Changing Strategic Environment

AACSB: Application of Knowledge