

## Chapter 01 The Operations Function

### Multiple Choice Questions

1. Why is operations management a more encompassing term than production management?
  - A. Operations management is concerned with multiple products and services
  - B. Operations management refers to service as well as manufacturing organizations
  - C. Operations management is broader including the financing and marketing functions
  - D. Operations management makes use of the tools of quantitative analysis and computer systems
  
2. Which of the following functions is responsible for the actual movement of goods and/or services across organizations?
  - A. Logistics
  - B. Operations
  - C. Purchasing
  - D. None of these
  
3. Approximately, what percentage of the American workforce works in service industries?
  - A. 20%
  - B. 40%
  - C. 80%
  - D. 90%
  
4. The four decision areas in operations management are:
  - A. Planning, technology, inventory, and control
  - B. Process, quality, capacity, and inventory
  - C. Process, quality, technology, and capacity
  - D. None of these

5. A productive process approach:

- A. Views operations as a separate organizational function
- B. Must provide feedback information for control of process inputs and technology
- C. Is of limited use in service organizations
- D. Disregards human and social concerns

6. Capacity decisions:

- A. Include staffing and scheduling
- B. Include inventory control
- C. Include defining product specifications
- D. None of these

7. Inventory decisions and control systems involve:

- A. Determining what to order, how much to order, and when to order
- B. Tracking the flow of materials
- C. Managing the finished goods inventories
- D. All of these

8. The contemporary operations themes signify that:

- A. More emphasis should be placed on manufacturing than on service industries
- B. Every operation should be externally directed to meet the customers' requirements
- C. Operations decisions should precede decisions in other functions in an organization
- D. To be competitive, strategies for operations should have a narrow focus such as consideration of the effects of industry changes only

9. The essence of operations management can be described by:

- A. Process, capacity, and people
- B. Decisions, function, and process
- C. Planning, control, and organization
- D. Integrated planning and control

10. Which of the following is not a new theme in operations?

- A. Globalization of Operations
- B. Lean Operations
- C. Quality Teams
- D. Environmental Concerns
- E. Supply Chain Management

11. The three primary functions that exist in most business organizations are:

- A. Operations, accounting, and finance
- B. Operations, production, and finance
- C. Production, marketing, and human resources
- D. Operations, finance, and marketing
- E. None of the above

12. The three major functions of business organizations:

- A. Are mutually exclusive
- B. Function independently of each other
- C. Interface with each other
- D. Do not interface with each other
- E. Both b and c

13. Which one of the following would not generally be classified under the heading of input in a university system?

- A. Staff
- B. Equipment
- C. Facilities
- D. Knowledge
- E. Research

14. The four major decision responsibilities of operations management are:
- A. Process, quality, capacity, and human resources
  - B. Process, quality, human resources, and inventory
  - C. Quality, inventory, human resources, and capacity
  - D. Quality, capacity, inventory, and human resources
  - E. Process, capacity, quality, and inventory
15. Which of the following does not come under the process category of the operations decision framework?
- A. Layout of the facility
  - B. Job design
  - C. The type of equipment and technology
  - D. Product or service inspection
  - E. Workforce policies
16. Supply chain management includes the integration of:
- A. Suppliers
  - B. Manufacturers
  - C. Customers
  - D. Both a and b
  - E. a, b and c
17. The supply chain extends from:
- A. Supplier to manufacturing
  - B. Supplier to supplier
  - C. Dealer to customer
  - D. Supplier to customer
18. Supply chain management includes all of the following except:
- A. Purchasing
  - B. Inventory control
  - C. Advertising
  - D. Customer service

**True / False Questions**

19. The *transformation* view of the Operations function provides a unified approach for studying the manufacturing and service industries.

True False

20. The process view provides a basis for viewing an entire business as a system of interconnected processes.

True False

21. "Lean Operations" refers to the task of reducing the defect rates in a firm's products or services.

True False

22. As price increases and benefits remain constant, the value of a product increases.

True False

## Chapter 01 - The Operations Function

### Essay Questions

23. The Operations definition emphasizes *decision*, *function* and *process* elements of the organization. Briefly discuss the need to address these fundamental elements.

24. Identify the critical operations decision areas in an organization and discuss the responsibilities of an operations manager while addressing these decisions.

25. What are the five inputs and two outputs of an operations transformation process?

## Chapter 01 The Operations Function **Answer Key**

### Multiple Choice Questions

1. Why is operations management a more encompassing term than production management?
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*Difficulty: Moderate*

2. Which of the following functions is responsible for the actual movement of goods and/or services across organizations?
- A.** Logistics
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  - C. Purchasing
  - D. None of these

*Difficulty: Easy*

3. Approximately, what percentage of the American workforce works in service industries?
- A. 20%
  - B. 40%
  - C.** 80%
  - D. 90%

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Chapter 01 - The Operations Function

4. The four decision areas in operations management are:

- A. Planning, technology, inventory, and control
- B.** Process, quality, capacity, and inventory
- C. Process, quality, technology, and capacity
- D. None of these

*Difficulty: Easy*

5. A productive process approach:

- A. Views operations as a separate organizational function
- B.** Must provide feedback information for control of process inputs and technology
- C. Is of limited use in service organizations
- D. Disregards human and social concerns

*Difficulty: Hard*

6. Capacity decisions:

- A.** Include staffing and scheduling
- B. Include inventory control
- C. Include defining product specifications
- D. None of these

*Difficulty: Moderate*

7. Inventory decisions and control systems involve:

- A. Determining what to order, how much to order, and when to order
- B. Tracking the flow of materials
- C. Managing the finished goods inventories
- D.** All of these

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8. The contemporary operations themes signify that:

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- D. To be competitive, strategies for operations should have a narrow focus such as consideration of the effects of industry changes only

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9. The essence of operations management can be described by:

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- B.** Decisions, function, and process
- C. Planning, control, and organization
- D. Integrated planning and control

*Difficulty: Moderate*

10. Which of the following is not a new theme in operations?

- A. Globalization of Operations
- B. Lean Operations
- C.** Quality Teams
- D. Environmental Concerns
- E. Supply Chain Management

*Difficulty: Hard*

11. The three primary functions that exist in most business organizations are:

- A. Operations, accounting, and finance
- B. Operation, production, and finance
- C. Production, marketing, and human resources
- D.** Operations, finance, and marketing
- E. None of the above

*Difficulty: Moderate*

Chapter 01 - The Operations Function

12. The three major functions of business organizations:

- A. Are mutually exclusive
- B. Function independently of each other
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- D. Do not interface with each other
- E. Both b and c

*Difficulty: Easy*

13. Which one of the following would not generally be classified under the heading of input in a university system?

- A. Staff
- B. Equipment
- C. Facilities
- D. Knowledge
- E. Research**

*Difficulty: Hard*

14. The four major decision responsibilities of operations management are:

- A. Process, quality, capacity, and human resources
- B. Process, quality, human resources, and inventory
- C. Quality, inventory, human resources, and capacity
- D. Quality, capacity, inventory, and human resources
- E. Process, capacity, quality, and inventory**

*Difficulty: Easy*

15. Which of the following does not come under the process category of the operations decision framework?

- A. Layout of the facility
- B. Job design
- C. The type of equipment and technology
- D.** Product or service inspection
- E. Workforce policies

*Difficulty: Hard*

16. Supply chain management includes the integration of:

- A. Suppliers
- B. Manufacturers
- C. Customers
- D. Both a and b
- E.** a, b and c

*Difficulty: Moderate*

17. The supply chain extends from:

- A. Supplier to manufacturing
- B. Supplier to supplier
- C. Dealer to customer
- D.** Supplier to customer

*Difficulty: Moderate*

18. Supply chain management includes all of the following except:

- A. Purchasing
- B. Inventory control
- C.** Advertising
- D. Customer service

*Difficulty: Easy*

**True / False Questions**

19. The *transformation* view of the Operations function provides a unified approach for studying the manufacturing and service industries.

**TRUE**

*Difficulty: Easy*

20. The process view provides a basis for viewing an entire business as a system of interconnected processes.

**TRUE**

*Difficulty: Moderate*

21. "Lean Operations" refers to the task of reducing the defect rates in a firm's products or services.

**FALSE**

*Difficulty: Moderate*

22. As price increases and benefits remain constant, the value of a product increases.

**FALSE**

*Difficulty: Moderate*

**Essay Questions**

23. The Operations definition emphasizes *decision*, *function* and *process* elements of the organization. Briefly discuss the need to address these fundamental elements.

The operations function is responsible for planning and controlling the production system and its interfaces with the organization and with the external environment. The operations definition emphasizes decision, functional relationships and process elements of an organization. The operations function is responsible for making decisions regarding process, quality, capacity and inventory choices, which are vital to any organization. The functional element of the operations is responsible for supplying or developing the products or rendering the required services for the business. It also links the manufacturing/service operations to other functions such as marketing, finance, etc. The process view provides a common ground for defining service and manufacturing operations as a transformation process for converting the right kind of inputs into outputs.

These elements are critical for successful functioning of any organization, and it is for these reasons one should address the three fundamental elements of operations.

(Refer to Section 1.2 to augment this answer)

*Difficulty: Moderate*

24. Identify the critical operations decision areas in an organization and discuss the responsibilities of an operations manager while addressing these decisions.

The critical decision areas in an organization include:

(a) *Process*

(b) *Quality*

(c) *Capacity*

(d) *Inventory*

(Refer to Section 1.4 in the textbook for a detailed explanation on these decision areas)

*Difficulty: Moderate*

Chapter 01 - The Operations Function

25. What are the five inputs and two outputs of an operations transformation process?

The five inputs include: energy, materials, labor, capital, and information.

The two outputs include: goods and services

(Refer to Section 1.6 to augment this answer).

*Difficulty: Moderate*