

**True / False Questions**

1. An operations and supply chain strategy must be integrated with the organization's corporate strategy.

True False

2. One of the competitive dimensions that form the competitive position of a company when planning its strategies is cost.

True False

3. One of the competitive dimensions that form the competitive position of a company when planning its strategies is delivery speed.

True False

4. One of the competitive dimensions that form the competitive position of a company when planning its strategies is making the best trade-off.

True False

5. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio is called flexibility.

True False

6. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio it is called straddling.

True False

7. By following a straddling strategy, firms can broaden their capabilities and effectively compete with more focused firms in markets requiring low cost for success.

True False

8. An order winner is a set of criteria that differentiates the products or services of one firm from another.

True False

9. An order winner is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

True False

10. An order qualifier is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

True False

11. Activity-system maps show how a company's strategy is delivered through a set of tailored activities.

True False

12. Activity-system maps are useful in understanding how well a system of activities fits the overall company's strategy.

True False

13. Activity-system maps depict the geographic reach of a company's business strategies.

True False

14. An operations strategy must resist change because of the long-term nature of equipment and personnel investments.

True False

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

True False

16. Infrastructure decisions within operations strategy include the selection of the appropriate technology, the role of inventory, and the location of facilities.

True False

17. Infrastructure decisions within operations strategy include the selection of the logic associated with the planning and control systems

True False

18. Once an operations strategy is adopted and articulated, the primary emphasis becomes perfecting the system of activities that make up the strategy through detailed refinements over a long period of time.

True False

19. The job of operations and supply chain strategy is to deliver the most feature-rich, highest quality product at the lowest price within specified parameters of delivery time and customization.

True False

20. Productivity is a relative measure.

True False

21. In a partial measure of productivity, the denominator of the ratio would include all resources used or all inputs.

True False

22. In a multifactor measure of productivity, the numerator of the ratio would include all resources used or all inputs.

True False

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

True False

24. Sustainability means meeting a firm's current needs without excessively compromising the ability of future generations to meet their own needs.

True False

25. The social impact of the triple bottom line concept pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

True False

26. A firm's business practices toward its labor force pertain mainly to the economic aspect of the triple bottom line concept.

True False

27. According to the economic aspect of the triple bottom line concept, the firm is required to compensate shareholders by paying dividends and growing the value of their common stock faster than their competitors.

True False

28. Within a sustainability framework, the economic dimension of the triple bottom line concept goes beyond just profit for the firm but also provides lasting economic benefit to society.

True False

29. Within a sustainability framework, the environmental dimension of the triple bottom line concept has to do with labor, the community, and the region in which a firm conducts its business.

True False

### Multiple Choice Questions

30. Which of the following is not a major strategic operational competitive dimension that forms a company's competitive position?

- A. Cost or price
- B. Delivery speed
- C. Delivery reliability
- D. Management acumen
- E. Coping with changes in demand

31. A major competitive dimension that forms a company's strategic operational competitive position in their strategic planning is which of the following?

- A. Cost or price
- B. Focus
- C. Automation
- D. Straddling
- E. Activity-system mapping

32. When developing an operations and supply chain strategy, which of the following is an important product-specific criterion to consider?

- A. Technical liaison
- B. Learning curve
- C. Competitor's product performance
- D. Production lot size
- E. Total quality management

33. In development of an operations and supply chain strategy, which of the following may be an important product-specific criteria to consider?

- A. Focus
- B. Production lot size
- C. Supplier after-sale support
- D. Learning curve
- E. Total quality management

34. When a company seeks to match the benefits of a successful position while maintaining its existing position in offering customers a variety of differing services, what is this process called?

- A. Operations capability analysis
- B. Straddling
- C. Order qualifying
- D. Order winning
- E. Inter-functional analysis

35. An activity-system map is which of the following?

- A. A network guide to route airlines
- B. A listing of activities that make up a project
- C. A diagram that shows how a company's strategy is delivered to customers
- D. A facility layout schematic noting what is done where
- E. A timeline displaying major planned events

36. Which of the following is a partial measure of productivity?

- A. Output/Materials
- B. Output/(Labor + Capital + Energy)
- C. Output/All resources used
- D. Output/Inputs
- E. All of these

37. Which of the following is a multifactor measure of productivity?

- A. Output/(Materials)
- B. Output/(Labor + Capital + Energy)
- C. Output/All resources used
- D. Output/Inputs
- E. All of these



38. Which of the following is a total measure of productivity?
- A. Output/Materials
  - B. Output/(Labor + Capital + Energy)
  - C. Output/Labor
  - D. Output/Inputs
  - E. All of these
39. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, what kind of productivity measure could you use to compute productivity?
- A. Partial measure
  - B. Multifactor measure
  - C. Total measure
  - D. Global measure
  - E. All of these
40. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, and the total materials used were 425 units, what kind of productivity measure could you use to compute productivity?
- A. Partial measure
  - B. Multifactor measure
  - C. Total measure
  - D. Partial measure and Multifactor measure
  - E. Multifactor measure and Total measure

41. The total output from a production system in one day is 500 units and the total labor necessary to produce the 500 units is 350 hours. Using the appropriate productivity measure, which of the following numbers represents the resulting productivity ratio?

- A. 1.000
- B. 1.428
- C. 0.700
- D. 0.411
- E. None of these

42. The total output from a production system in one day is 900 units and the total labor necessary to produce the 900 units is 900 hours. Using the appropriate productivity measure, what is the resulting productivity ratio?

- A. 1.000
- B. 1.428
- C. 0.700
- D. 0.411
- E. None of these

43. Larry's Auto Body Repair Shop had revenues that averaged \$60,000 per week in April and \$50,000 per week in May. During both months, the shop employed six full-time (40 hours/week) workers. In April the firm also had four part-time workers working 25 hours per week, but in May there were only two part-time workers and they only worked 10 hours per week. What is the percentage change in labor productivity from April to May for Larry's Auto Body Repair?

- A. -20.00%
- B. -15.82%
- C. 8.95%
- D. 2.3%
- E. -25.00%

44. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
<b>Output:</b>	<b>Sales</b>	\$300,000	\$330,000
<b>Inputs:</b>	<b>Labor</b>	\$40,000	\$43,000
	<b>Raw Materials:</b>	\$45,000	\$51,000
	<b>Energy:</b>	\$10,000	\$9,000
	<b>Capital Employed:</b>	\$250,000	\$262,000
	<b>Other:</b>	\$2,000	\$6,000

What is the percentage change in SunPath's total productivity measure between 2012 and 2013?

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

45. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
Output:	Sales	\$300,000	\$330,000
Inputs:	Labor	\$40,000	\$43,000
	Raw Materials:	\$45,000	\$51,000
	Energy:	\$10,000	\$9,000
	Capital Employed:	\$250,000	\$262,000
	Other:	\$2,000	\$6,000

What is the percentage change in the energy partial productivity measure for SunPath between 2012 and 2013?

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

46. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
<b>Output:</b>	Sales	\$300,000	\$330,000
<b>Inputs:</b>	Labor	\$40,000	\$43,000
	Raw Materials:	\$45,000	\$51,000
	Energy:	\$10,000	\$9,000
	Capital Employed:	\$250,000	\$262,000
	Other:	\$2,000	\$6,000

What is the percentage change in the labor partial productivity measure for SunPath between 2012 and 2013?

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

47. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
Output:	Sales	\$300,000	\$330,000
Inputs:	Labor	\$40,000	\$43,000
	Raw Materials:	\$45,000	\$51,000
	Energy:	\$10,000	\$9,000
	Capital Employed:	\$250,000	\$262,000
	Other:	\$2,000	\$6,000

What is the percentage change in the multifactor labor and raw materials productivity measure for SunPath between 2012 and 2013?

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

### Fill in the Blank Questions

48. What is a criterion or product characteristic that differentiates a product from the products of competitors in a way meaningful to the market called? \_\_\_\_\_

\_\_\_\_\_

49. A diagram showing how a company's strategy is delivered through a set of tailored activities is called what? \_\_\_\_\_

\_\_\_\_\_

50. The triple-bottom-line evaluates the firm against what three criteria?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

51. Individuals or organizations that are influenced, either directly or indirectly, by the actions of the firm are called: \_\_\_\_\_

\_\_\_\_\_

52. People who provide capital to the firm through stock purchases are called: \_\_\_\_\_

\_\_\_\_\_

### Essay Questions

53. Describe a specific example of the trade-offs between any two of the competitive dimensions.

54. Explain the role that "order qualifiers" and "order winners" play as the interface between marketing and operations.



## Chapter 02 Strategy Answer Key

### True / False Questions

1. An operations and supply chain strategy must be integrated with the organization's corporate strategy.

#### TRUE

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: What Is Operations and Supply Chain Strategy?*

2. One of the competitive dimensions that form the competitive position of a company when planning its strategies is cost.

#### TRUE

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

3. One of the competitive dimensions that form the competitive position of a company when planning its strategies is delivery speed.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

4. One of the competitive dimensions that form the competitive position of a company when planning its strategies is making the best trade-off.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

5. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio is called flexibility.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

6. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio it is called straddling.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

7. By following a straddling strategy, firms can broaden their capabilities and effectively compete with more focused firms in markets requiring low cost for success.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

8. An order winner is a set of criteria that differentiates the products or services of one firm from another.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

9. An order winner is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

10. An order qualifier is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

11. Activity-system maps show how a company's strategy is delivered through a set of tailored activities.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Describe personality and discuss how the "Big Five" personality dimensions and four MBTI types relate to individual behavior in organizations.*

*Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA'S Strategy*

12. Activity-system maps are useful in understanding how well a system of activities fits the overall company's strategy.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Describe personality and discuss how the "Big Five" personality dimensions and four MBTI types relate to individual behavior in organizations.*

*Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA'S Strategy*

13. Activity-system maps depict the geographic reach of a company's business strategies.

**FALSE**

Activity-system maps are conceptual have nothing to do with the physical geographic reach of a company.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Describe personality and discuss how the "Big Five" personality dimensions and four MBTI types relate to individual behavior in organizations.*

*Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA'S Strategy*

14. An operations strategy must resist change because of the long-term nature of equipment and personnel investments.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

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

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

16. Infrastructure decisions within operations strategy include the selection of the appropriate technology, the role of inventory, and the location of facilities.

**FALSE**

Process design includes selecting the appropriate technology, sizing the process over time, determining the role of inventory in the process, and locating the process.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*



17. Infrastructure decisions within operations strategy include the selection of the logic associated with the planning and control systems

**TRUE**

The infrastructure decisions involve the logic associated with the planning and control systems, quality assurance and control approaches, work payment structure, and organization of the operations and supply functions.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

18. Once an operations strategy is adopted and articulated, the primary emphasis becomes perfecting the system of activities that make up the strategy through detailed refinements over a long period of time.

**FALSE**

See the discussion around Exhibit 2.2. Operations strategy is continually revised, re-planned, and coordinated with the ever-changing corporate strategy.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

19. The job of operations and supply chain strategy is to deliver the most feature-rich, highest quality product at the lowest price within specified parameters of delivery time and customization.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: What Is Operations and Supply Chain Strategy?*

20. Productivity is a relative measure.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

21. In a partial measure of productivity, the denominator of the ratio would include all resources used or all inputs.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

22. In a multifactor measure of productivity, the numerator of the ratio would include all resources used or all inputs.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

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

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

24. Sustainability means meeting a firm's current needs without excessively compromising the ability of future generations to meet their own needs.

**FALSE**

By adding "sustainability" to the concept (of strategy), we add the requirement to meet these current needs without compromising the ability of future generations to meet their own needs. (Excessively is not mentioned.)

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

25. The social impact of the triple bottom line concept pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

26. A firm's business practices toward its labor force pertain mainly to the economic aspect of the triple bottom line concept.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

27. According to the economic aspect of the triple bottom line concept, the firm is required to compensate shareholders by paying dividends and growing the value of their common stock faster than their competitors.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

28. Within a sustainability framework, the economic dimension of the triple bottom line concept goes beyond just profit for the firm but also provides lasting economic benefit to society.

**TRUE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

29. Within a sustainability framework, the environmental dimension of the triple bottom line concept has to do with labor, the community, and the region in which a firm conducts its business.

**FALSE**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

### Multiple Choice Questions

30. Which of the following is not a major strategic operational competitive dimension that forms a company's competitive position?
- A. Cost or price
  - B. Delivery speed
  - C. Delivery reliability
  - D.** Management acumen
  - E. Coping with changes in demand

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

31. A major competitive dimension that forms a company's strategic operational competitive position in their strategic planning is which of the following?

- A.** Cost or price
- B. Focus
- C. Automation
- D. Straddling
- E. Activity-system mapping

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*



32. When developing an operations and supply chain strategy, which of the following is an important product-specific criterion to consider?

- A. Technical liaison
- B. Learning curve
- C. Competitor's product performance
- D. Production lot size
- E. Total quality management

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

33. In development of an operations and supply chain strategy, which of the following may be an important product-specific criteria to consider?

- A. Focus
- B. Production lot size
- C. Supplier after-sale support
- D. Learning curve
- E. Total quality management

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

34. When a company seeks to match the benefits of a successful position while maintaining its existing position in offering customers a variety of differing services, what is this process called?
- A. Operations capability analysis
  - B. Straddling**
  - C. Order qualifying
  - D. Order winning
  - E. Inter-functional analysis

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

35. An activity-system map is which of the following?

- A. A network guide to route airlines
- B. A listing of activities that make up a project
- C. A diagram that shows how a company's strategy is delivered to customers
- D. A facility layout schematic noting what is done where
- E. A timeline displaying major planned events

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Describe personality and discuss how the "Big Five" personality dimensions and four MBTI types relate to individual behavior in organizations.*

*Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA'S Strategy*

36. Which of the following is a partial measure of productivity?

- A. Output/Materials
- B. Output/(Labor + Capital + Energy)
- C. Output/All resources used
- D. Output/Inputs
- E. All of these

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

37. Which of the following is a multifactor measure of productivity?

- A. Output/(Materials)
- B.** Output/(Labor + Capital + Energy)
- C. Output/All resources used
- D. Output/Inputs
- E. All of these

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

38. Which of the following is a total measure of productivity?

- A. Output/Materials
- B. Output/(Labor + Capital + Energy)
- C. Output/Labor
- D.** Output/Inputs
- E. All of these

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

39. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, what kind of productivity measure could you use to compute productivity?

- A. Partial measure
- B. Multifactor measure
- C. Total measure
- D. Global measure
- E. All of these

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

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

40. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, and the total materials used were 425 units, what kind of productivity measure could you use to compute productivity?

- A. Partial measure
- B. Multifactor measure
- C. Total measure
- D.** Partial measure and Multifactor measure
- E. Multifactor measure and Total measure

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

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

41. The total output from a production system in one day is 500 units and the total labor necessary to produce the 500 units is 350 hours. Using the appropriate productivity measure, which of the following numbers represents the resulting productivity ratio?

- A. 1.000
- B. 1.428**
- C. 0.700
- D. 0.411
- E. None of these

500 units divided by 350 hours equals 1.428.

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

42. The total output from a production system in one day is 900 units and the total labor necessary to produce the 900 units is 900 hours. Using the appropriate productivity measure, what is the resulting productivity ratio?

- A. 1.000**
- B. 1.428
- C. 0.700
- D. 0.411
- E. None of these

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

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

43. Larry's Auto Body Repair Shop had revenues that averaged \$60,000 per week in April and \$50,000 per week in May. During both months, the shop employed six full-time (40 hours/week) workers. In April the firm also had four part-time workers working 25 hours per week, but in May there were only two part-time workers and they only worked 10 hours per week. What is the percentage change in labor productivity from April to May for Larry's Auto Body Repair?
- A. -20.00%
  - B. -15.82%
  - C. 8.95%
  - D. 2.3%
  - E. -25.00%

Labor productivity is output (revenue) divided by hours of labor input. For April, revenue was \$60,000 and labor hours were  $4 \times [(40 \times 6) + (25 \times 4)]$ . This is  $60,000/1,360$  or 44.12 dollars per hour of labor. For May, revenue was \$50,000 and labor hours were  $4 \times [(40 \times 6) + (10 \times 2)]$ . This is  $50,000/1,040$  or 48.07 dollars per hour of labor a difference of \$3.95 per hour. The percentage change in productivity between April and May, then, is  $3.95/44.12 = 0.0895 \times 100 = 8.95\%$ . (Note: this analysis assumes four weeks in each month and equal productivity for each hour worked.)

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 3 Hard*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*



44. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
<b>Output:</b>	Sales	\$300,000	\$330,000
<b>Inputs:</b>	Labor	\$40,000	\$43,000
	Raw Materials:	\$45,000	\$51,000
	Energy:	\$10,000	\$9,000
	Capital Employed:	\$250,000	\$262,000
	Other:	\$2,000	\$6,000

What is the percentage change in SunPath's total productivity measure between 2012 and 2013?

- A. -9.22
- B. 2.33
- C. -0.53
- D.** 2.88
- E. 10.39

Total productivity for 2012 is \$300,000 divided by the sum \$40,000 + \$45,000 + \$10,000 + \$250,000 + \$2,000 or 0.8646. Total productivity for 2013 is \$330,000 divided by the sum of \$43,000 + \$51,000 + \$9,000 + 262,000 + \$6,000 or 0.8895. The difference between 2012 and 2013 is 0.0249 and the percentage difference is 0.0249 divided by 0.8646 = 0.0288 or 2.88%.

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 3 Hard*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

45. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
<b>Output:</b>	<b>Sales</b>	\$300,000	\$330,000
<b>Inputs:</b>	<b>Labor</b>	\$40,000	\$43,000
	<b>Raw Materials:</b>	\$45,000	\$51,000
	<b>Energy:</b>	\$10,000	\$9,000
	<b>Capital Employed:</b>	\$250,000	\$262,000
	<b>Other:</b>	\$2,000	\$6,000

What is the percentage change in the energy partial productivity measure for SunPath between 2012 and 2013?

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

The energy partial productivity measure for 2012 is \$300,000 divided by \$10,000 or 30. For 2013 it is \$330,000 divided by \$9,000 or 36.66. The percentage change between 2012 and 2013 then is  $(36.66 - 30)/30$  or 6.66 divided by 30 = 22.2%.

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

46. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
<b>Output:</b>	Sales	\$300,000	\$330,000
<b>Inputs:</b>	Labor	\$40,000	\$43,000
	Raw Materials:	\$45,000	\$51,000
	Energy:	\$10,000	\$9,000
	Capital Employed:	\$250,000	\$262,000
	Other:	\$2,000	\$6,000

What is the percentage change in the labor partial productivity measure for SunPath between 2012 and 2013?

- A. -9.22
- B. 2.33**
- C. -0.53
- D. 2.88
- E. 10.39

The labor partial productivity measure for 2012 is \$300,000 divided by \$40,000 or 7.5. For 2013 it is \$330,000 divided by \$43,000 or 7.67. The percentage change between 2012 and 2013, then, is  $(7.67 - 7.5)/7.5$  or 0.17 divided by 7.5 = 2.33%.

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

47. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		<u>2012</u>	<u>2013</u>
<b>Output:</b>	Sales	\$300,000	\$330,000
<b>Inputs:</b>	Labor	\$40,000	\$43,000
	Raw Materials:	\$45,000	\$51,000
	Energy:	\$10,000	\$9,000
	Capital Employed:	\$250,000	\$262,000
	Other:	\$2,000	\$6,000

What is the percentage change in the multifactor labor and raw materials productivity measure for SunPath between 2012 and 2013?

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

The multifactor labor and raw materials productivity measure for 2012 is \$300,000 divided by the sum \$40,000 + \$45,000 or 3.53. For 2013 it is \$330,000 divided by the sum \$51,000 + \$43,000 or 3.51. The percentage change between 2012 and 2013, then is  $(3.511 - 3.529)/3.529$  or -0.018 divided by 3.529 = -0.53%.

*AACSB: Analytic*

*Blooms: Analyze*

*Difficulty: 3 Hard*

*Learning Objective: 02-05 Describe three ethical principles and discuss four factors that influence ethical behavior.*

*Topic: Productivity Measurement*

## Fill in the Blank Questions

48. What is a criterion or product characteristic that differentiates a product from the products of competitors in a way meaningful to the market called? \_\_\_\_\_

**order winner**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*

49. A diagram showing how a company's strategy is delivered through a set of tailored activities is called what? \_\_\_\_\_

**activity-system map**

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

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Describe personality and discuss how the "Big Five" personality dimensions and four MBTI types relate to individual behavior in organizations.*

*Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA'S Strategy*

50. The triple-bottom-line evaluates the firm against what three criteria?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

**The text provides three alternatives: social, economic, and environmental; people, planet, and profit; or folk, work, and place.**

The triple bottom line considers evaluating the firm against social, economic, and environmental criteria. Many companies have developed this expanded view through goals that relate to sustainability along each of these dimensions. Some alternative phrases for the same concept are "People, Planet, and Profit," used by Shell Oil Company, and "Folk, Work, and Place," which originated with the 20<sup>th</sup>-century writer Patrick Geddes.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

51. Individuals or organizations that are influenced, either directly or indirectly, by the actions of the firm are called: \_\_\_\_\_

**stakeholders**

Stakeholders are those individuals or organizations who are influenced, either directly or indirectly, by the actions of the firm.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

52. People who provide capital to the firm through stock purchases are called: \_\_\_\_\_

shareholders

Shareholders provide capital through stock purchases, and shareholders are those individuals or companies that legally own one or more shares of stock in the company.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe the four factors that directly influence individual behavior and performance.*

*Topic: A Sustainable Operations and Supply Chain Strategy*

## Essay Questions

53. Describe a specific example of the trade-offs between any two of the competitive dimensions.

This question requires that the student recall at least two of the seven competitive dimensions described under the heading "Competitive Dimensions." In evaluating the student's response, the instructor should take care that the student's arguments do, indeed, illustrate a "trade-off" or a situation where an improvement in one dimension comes at the cost of a lessening of a different dimension. A fairly common example is between achieving low cost (or price) at the expense of quality. For this example, it is necessary for the student to specify that he or she is talking about reducing design quality to achieve low cost (for example) instead of process quality where quality improvements typically result in lowered cost.

Feedback: See discussion of trade-offs in the chapter.

*AACSB: Analytic*

*Blooms: Create*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*



54. Explain the role that "order qualifiers" and "order winners" play as the interface between marketing and operations.

The student's answer to this question should indicate the usefulness of articulating and differentiating between order winners and order qualifiers. In essence, these factors should indicate the essence of what is required to compete in the marketplace and the ways that the product or service, itself, differentiates itself from competing products and services.

Feedback: This topic is discussed in the text under the heading "Order Winners and Qualifiers: The Marketing-Operations Link."

*AACSB: Analytic*

*Blooms: Create*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize the five types of individual behavior in organizations.*

*Topic: What Is Operations and Supply Chain Strategy?*