Chapter 01

Introduction to Operations Management

**True / False Questions**

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| 1. | Operations managers are responsible for assessing consumer wants and needs and selling and promoting the organization's goods or services.  True    False |

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| 2. | Often, the collective success or failure of companies' operations functions will impact the ability of a nation to compete with other nations.  True    False |

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| 3. | Companies are either producing goods or delivering services. This means that only one of the two types of operations management strategies are used.  True    False |

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| 4. | Operations, marketing, and finance function independently of each other in most organizations.  True    False |

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| 5. | The greater the degree of customer involvement, the more challenging the design and management of operations.  True    False |

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| 6. | Goods-producing organizations are not involved in service activities.  True    False |

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| 7. | Service operations require additional inventory because of the unpredictability of consumer demand.  True    False |

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| 8. | The value of outputs is measured by the prices customers are willing to pay for goods or services.  True    False |

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| 9. | The use of models will guarantee the best possible decisions.  True    False |

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| 10. | People who work in the field of operations should have skills that include both knowledge and people skills.  True    False |

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| 11. | Assembly lines achieved productivity but at the expense of standard of living.  True    False |

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| 12. | The operations manager has primary responsibility for making operations system design decisions, such as system capacity and location of facilities.  True    False |

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| 13. | The word "technology" is used only to refer to "information technology."  True    False |

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| 14. | "Value added" by definition is always a positive number since "added" implies increases.  True    False |

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| 15. | Service often requires greater labor content, whereas manufacturing is more capital intensive.  True    False |

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| 16. | Measurement of productivity in service is more straightforward than in manufacturing since it is not necessary to take into account the cost of materials.  True    False |

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| 17. | Special-purpose technology is a common way of offering increased customization in manufacturing or services without taking on additional labor costs.  True    False |

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| 18. | One concern in the design of production systems is the degree of standardization.  True    False |

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| 19. | Most people encounter operations only in profit-making organizations.  True    False |

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| 20. | Service involves a much higher degree of customer contact than manufacturing.  True    False |

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| 21. | A systems approach emphasizes interrelationships among subsystems, but its main theme is that the whole is greater than the sum of its individual parts.  True    False |

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| 22. | The Pareto phenomenon is one of the most important and pervasive concepts that can be applied at all levels of management.  True    False |

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| 23. | Operations managers, who usually use quantitative approaches, are not really concerned with ethical decision making.  True    False |

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| 24. | The optimal solutions produced by quantitative techniques should always be evaluated in terms of the larger framework.  True    False |

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| 25. | Managers should most often rely on quantitative techniques for important decisions since quantitative approaches result in more accurate decisions.  True    False |

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| 26. | Many operations management decisions can be described as trade-offs.  True    False |

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| 27. | A systems approach means that we concentrate on efficiency within a subsystem and thereby assure overall efficiency.  True    False |

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| 28. | Prior to the Industrial Revolution, goods were produced primarily by craftsmen or their apprentices using custom-made parts.  True    False |

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| 29. | Elton Mayo's Hawthorne experiments were the focal point of the human relations movement, which emphasized the importance of the human element in job design.  True    False |

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| 30. | Among Ford's many contributions was the introduction of mass production, using the concepts of interchangeable parts and division of labor.  True    False |

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| 31. | Operations management and marketing are the two functional areas that exist to support activities in other functions such as accounting, finance, IT, and human resources.  True    False |

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| 32. | Lean production systems incorporate the advantages of both mass production and craft production.  True    False |

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| 33. | As an abstraction of reality, a model is a simplified version of a real phenomenon.  True    False |

**Multiple Choice Questions**

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| 34. | In addition to operations, which of the following is considered a "line" function?

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| --- | --- |
| A.  | accounting |

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| --- | --- |
| B.  | finance |

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| --- | --- |
| C.  | IT |

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| --- | --- |
| D.  | procurement |

|  |  |
| --- | --- |
| E.  | sales |

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| 35. | Knowledge about challenges specific to the operations function can help marketing personnel to judge how \_\_\_\_\_\_\_\_\_\_\_\_\_ new product designs will be.

|  |  |
| --- | --- |
| A.  | marketable |

|  |  |
| --- | --- |
| B.  | segmentable |

|  |  |
| --- | --- |
| C.  | manufacturable |

|  |  |
| --- | --- |
| D.  | measurable |

|  |  |
| --- | --- |
| E.  | nameable |

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| 36. | Managing the supply chain has become more important as a result of firms increasing their levels of:

|  |  |
| --- | --- |
| A.  | overtime. |

|  |  |
| --- | --- |
| B.  | outsourcing. |

|  |  |
| --- | --- |
| C.  | marketing. |

|  |  |
| --- | --- |
| D.  | promotions. |

|  |  |
| --- | --- |
| E.  | shipping. |

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| 37. | Which of the following would tend to increase the importance of supply chain management?

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| --- | --- |
| A.  | increased supply chain stability |

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| --- | --- |
| B.  | lower levels of outsourcing |

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| --- | --- |
| C.  | reduced competitive pressures |

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| --- | --- |
| D.  | increased globalization |

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| --- | --- |
| E.  | greater emphasis on local markets |

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| 38. | Operations management involves continuous decision making; hopefully most decisions made will be:

|  |  |
| --- | --- |
| A.  | redundant. |

|  |  |
| --- | --- |
| B.  | minor in nature. |

|  |  |
| --- | --- |
| C.  | informed. |

|  |  |
| --- | --- |
| D.  | quantitative. |

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| --- | --- |
| E.  | qualitative. |

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| 39. | A "product package" consists of:

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| --- | --- |
| A.  | the exterior wrapping. |

|  |  |
| --- | --- |
| B.  | the shipping container. |

|  |  |
| --- | --- |
| C.  | a combination of goods and services. |

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| --- | --- |
| D.  | goods if a manufacturing organization. |

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| --- | --- |
| E.  | customer relations if a service organization. |

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| 40. | Business organizations consist of three major functions which, ideally:

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| --- | --- |
| A.  | support one another. |

|  |  |
| --- | --- |
| B.  | are mutually exclusive. |

|  |  |
| --- | --- |
| C.  | exist independently of each other. |

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| --- | --- |
| D.  | function independently of each other. |

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| --- | --- |
| E.  | do not interface with each other. |

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| 41. | Which of the following is not a type of operations?

|  |  |
| --- | --- |
| A.  | goods production |

|  |  |
| --- | --- |
| B.  | storage/transportation |

|  |  |
| --- | --- |
| C.  | entertainment |

|  |  |
| --- | --- |
| D.  | communication |

|  |  |
| --- | --- |
| E.  | advertising |

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| 42. | Technology choices seldom affect:

|  |  |
| --- | --- |
| A.  | costs. |

|  |  |
| --- | --- |
| B.  | productivity. |

|  |  |
| --- | --- |
| C.  | union activity. |

|  |  |
| --- | --- |
| D.  | quality. |

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| --- | --- |
| E.  | flexibility. |

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| 43. | Measurements taken at various points in the transformation process for control purposes are called:

|  |  |
| --- | --- |
| A.  | plans. |

|  |  |
| --- | --- |
| B.  | directions. |

|  |  |
| --- | --- |
| C.  | controls. |

|  |  |
| --- | --- |
| D.  | feedback. |

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| --- | --- |
| E.  | budgets. |

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| 44. | Budgeting, analysis of investment proposals, and provision of funds are activities associated with the \_\_\_\_\_\_\_ function.

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| --- | --- |
| A.  | operation |

|  |  |
| --- | --- |
| B.  | marketing |

|  |  |
| --- | --- |
| C.  | purchasing |

|  |  |
| --- | --- |
| D.  | finance |

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| --- | --- |
| E.  | internal audit |

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| 45. | Which one of the following would not generally be classified under the heading of transformation?

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| --- | --- |
| A.  | assembling |

|  |  |
| --- | --- |
| B.  | teaching |

|  |  |
| --- | --- |
| C.  | staffing |

|  |  |
| --- | --- |
| D.  | farming |

|  |  |
| --- | --- |
| E.  | consulting |

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| 46. | Manufacturing work sent to other countries is called:

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| --- | --- |
| A.  | downsizing. |

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| --- | --- |
| B.  | outsourcing. |

|  |  |
| --- | --- |
| C.  | internationalization. |

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| --- | --- |
| D.  | vertical integration. |

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| --- | --- |
| E.  | entrepreneurship. |

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| 47. | Product design and process selection are examples of \_\_\_\_\_\_\_ decisions.

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| --- | --- |
| A.  | financial |

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| --- | --- |
| B.  | tactical |

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| --- | --- |
| C.  | system design |

|  |  |
| --- | --- |
| D.  | system operation |

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| --- | --- |
| E.  | forecasting |

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| 48. | The responsibilities of the operations manager are:

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| A.  | planning, organizing, staffing, procuring, and reviewing. |

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| --- | --- |
| B.  | planning, organizing, staffing, directing, and controlling. |

|  |  |
| --- | --- |
| C.  | forecasting, designing, planning, organizing, and controlling. |

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| --- | --- |
| D.  | forecasting, designing, operating, procuring, and reviewing. |

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| --- | --- |
| E.  | designing and operating. |

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| 49. | Knowledge skills usually don't include:

|  |  |
| --- | --- |
| A.  | process knowledge. |

|  |  |
| --- | --- |
| B.  | accounting skills. |

|  |  |
| --- | --- |
| C.  | communication skills. |

|  |  |
| --- | --- |
| D.  | global knowledge. |

|  |  |
| --- | --- |
| E.  | financial skills. |

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| 50. | Which of the following is not true about the systems approach?

|  |  |
| --- | --- |
| A.  | A systems viewpoint is almost always beneficial in decision making. |

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| B.  | A systems approach emphasizes interrelationships among subsystems. |

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| C.  | A systems approach concentrates on efficiency within subsystems. |

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| D.  | A systems approach is essential whenever something is being redesigned or improved. |

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| E.  | All of the choices are true. |

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| 51. | What is credited with gains in industrial productivity, increased standards of living, and affordable products?

|  |  |
| --- | --- |
| A.  | personal computers |

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| --- | --- |
| B.  | the Internet |

|  |  |
| --- | --- |
| C.  | mass transportation |

|  |  |
| --- | --- |
| D.  | mass production |

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| --- | --- |
| E.  | multilevel marketing |

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| 52. | Production systems with customized outputs typically have relatively:

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| --- | --- |
| A.  | high volumes of output. |

|  |  |
| --- | --- |
| B.  | low unit costs. |

|  |  |
| --- | --- |
| C.  | high amount of specialized equipment. |

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| --- | --- |
| D.  | fast work movement. |

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| --- | --- |
| E.  | skilled workers. |

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| 53. | Which is not an area of significant difference between manufacturing and service operations?

|  |  |
| --- | --- |
| A.  | cost per unit |

|  |  |
| --- | --- |
| B.  | uniformity of output |

|  |  |
| --- | --- |
| C.  | labor content of jobs |

|  |  |
| --- | --- |
| D.  | customer contact |

|  |  |
| --- | --- |
| E.  | measurement of productivity |

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| 54. | Which of the following is not a characteristic of service operations?

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| --- | --- |
| A.  | intangible output |

|  |  |
| --- | --- |
| B.  | high customer contact |

|  |  |
| --- | --- |
| C.  | high labor content |

|  |  |
| --- | --- |
| D.  | easy measurement of productivity |

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| --- | --- |
| E.  | low uniformity of output |

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| 55. | Which of the following most involves coordinating the activities among all the elements of the business?

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| --- | --- |
| A.  | pollution control |

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| --- | --- |
| B.  | quality management |

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| --- | --- |
| C.  | supply chain management |

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| --- | --- |
| D.  | competition from foreign manufacturers |

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| --- | --- |
| E.  | technological change |

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| 56. | Farming is an example of:

|  |  |
| --- | --- |
| A.  | an obsolete activity. |

|  |  |
| --- | --- |
| B.  | a virtual organization. |

|  |  |
| --- | --- |
| C.  | nonmanufactured goods. |

|  |  |
| --- | --- |
| D.  | a growth industry. |

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| --- | --- |
| E.  | customized manufacturing. |

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| 57. | Dealing with the fact that certain aspects of any management situation are more important than others is called:

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| --- | --- |
| A.  | analysis of trade-offs. |

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| --- | --- |
| B.  | sensitivity analysis. |

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| --- | --- |
| C.  | recognition of priorities. |

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| --- | --- |
| D.  | analysis of variance. |

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| --- | --- |
| E.  | decision table analysis. |

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| 58. | The fact that a few improvements in a few key areas of operations will have more impact than many improvements in many other areas is consistent with the:

|  |  |
| --- | --- |
| A.  | Irwin phenomenon. |

|  |  |
| --- | --- |
| B.  | Pareto phenomenon. |

|  |  |
| --- | --- |
| C.  | Stevenson phenomenon. |

|  |  |
| --- | --- |
| D.  | Tellier phenomenon. |

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| --- | --- |
| E.  | Adam Smith phenomenon. |

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| 59. | The process of comparing outputs to previously established standards to determine if corrective action is needed is called:

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| --- | --- |
| A.  | planning. |

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| --- | --- |
| B.  | directing. |

|  |  |
| --- | --- |
| C.  | controlling. |

|  |  |
| --- | --- |
| D.  | budgeting. |

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| --- | --- |
| E.  | disciplining. |

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| 60. | Which of the following does not relate to system design?

|  |  |
| --- | --- |
| A.  | altering the system capacity |

|  |  |
| --- | --- |
| B.  | location of facilities |

|  |  |
| --- | --- |
| C.  | inventory management |

|  |  |
| --- | --- |
| D.  | selection and acquisition of equipment |

|  |  |
| --- | --- |
| E.  | physical arrangement of departments |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | Taking a systems viewpoint with regard to operations in today's environment increasingly leads decision makers to consider \_\_\_\_\_\_\_\_\_\_\_\_\_\_ in response to the \_\_\_\_\_\_\_\_\_\_\_.

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| --- | --- |
| A.  | flexibility; pressure to be more efficient |

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| --- | --- |
| B.  | offshoring; need to promote domestic production |

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| --- | --- |
| C.  | sustainability; threat of global warming |

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| --- | --- |
| D.  | technology; impact of random variation |

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| --- | --- |
| E.  | forecasting; stabilization of demand |

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| 62. | Some companies attempt to maximize the revenue they receive from fixed operating capacity by influencing demands through price manipulation. This is an example of:

|  |  |
| --- | --- |
| A.  | illegal price discrimination. |

|  |  |
| --- | --- |
| B.  | collusion. |

|  |  |
| --- | --- |
| C.  | volume analysis. |

|  |  |
| --- | --- |
| D.  | revenue management. |

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| --- | --- |
| E.  | outsourcing. |

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| 63. | Which of the following is not an ongoing trend in manufacturing?

|  |  |
| --- | --- |
| A.  | globalization |

|  |  |
| --- | --- |
| B.  | quality improvement |

|  |  |
| --- | --- |
| C.  | flexibility and agility |

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| --- | --- |
| D.  | mass production for greater economies of scale |

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| --- | --- |
| E.  | technological advances |

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| 64. | Which of the following is not a benefit of using models in decision making?

|  |  |
| --- | --- |
| A.  | They provide a standardized format for analyzing a problem. |

|  |  |
| --- | --- |
| B.  | They serve as a consistent tool for evaluation. |

|  |  |
| --- | --- |
| C.  | They are easy to use and less expensive than dealing with the actual situation. |

|  |  |
| --- | --- |
| D.  | They force the decision maker to take into account qualitative issues such as personalities and emotions. |

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| --- | --- |
| E.  | They offer insights into fundamental issues at play in a decision-making setting. |

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| 65. | Modern firms increasingly rely on other firms to supply goods and services instead of doing these tasks themselves. This increased level of \_\_\_\_\_\_\_\_\_\_\_\_\_ is leading to increased emphasis on \_\_\_\_\_\_\_\_\_\_\_\_ management.

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| --- | --- |
| A.  | outsourcing; supply chain |

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| --- | --- |
| B.  | offshoring; lean |

|  |  |
| --- | --- |
| C.  | downsizing; total quality |

|  |  |
| --- | --- |
| D.  | optimizing; inventory |

|  |  |
| --- | --- |
| E.  | internationalization; intercultural |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 66. | Operations and sales are the two \_\_\_\_\_\_\_\_ functions in businesses.

|  |  |
| --- | --- |
| A.  | strategic |

|  |  |
| --- | --- |
| B.  | tactical |

|  |  |
| --- | --- |
| C.  | support |

|  |  |
| --- | --- |
| D.  | value-adding |

|  |  |
| --- | --- |
| E.  | line |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 67. | Marketing depends on operations for information regarding:

|  |  |
| --- | --- |
| A.  | productivity. |

|  |  |
| --- | --- |
| B.  | lead time. |

|  |  |
| --- | --- |
| C.  | cash flow. |

|  |  |
| --- | --- |
| D.  | budgeting. |

|  |  |
| --- | --- |
| E.  | corporate intelligence. |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 68. | Two widely used metrics of variation are the \_\_\_\_\_\_\_\_\_\_ and the \_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | mean; standard deviation |

|  |  |
| --- | --- |
| B.  | productivity ratio; correlation |

|  |  |
| --- | --- |
| C.  | standardized mean; assignable deviation |

|  |  |
| --- | --- |
| D.  | randomized mean; standardized deviation |

|  |  |
| --- | --- |
| E.  | normal distribution; random variation |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 69. | Which of the following statements about variation is false?

|  |  |
| --- | --- |
| A.  | Variation prevents a production process from being as efficient as it can be. |

|  |  |
| --- | --- |
| B.  | Some variation can be prevented. |

|  |  |
| --- | --- |
| C.  | Variation can either be assignable or random. |

|  |  |
| --- | --- |
| D.  | Any variation makes a production process less productive. |

|  |  |
| --- | --- |
| E.  | Random variation generally cannot be influenced by managers. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 70. | Which of the following is essential to consider with respect to managing a process to meet demand?

|  |  |
| --- | --- |
| A.  | advertising |

|  |  |
| --- | --- |
| B.  | trends in fashion |

|  |  |
| --- | --- |
| C.  | global economic trends |

|  |  |
| --- | --- |
| D.  | financial reporting standards |

|  |  |
| --- | --- |
| E.  | capacity |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 71. | Which of the following refers to service and production processes that use resources in ways that do not harm ecological systems?

|  |  |
| --- | --- |
| A.  | sustainability |

|  |  |
| --- | --- |
| B.  | supportability |

|  |  |
| --- | --- |
| C.  | marketability |

|  |  |
| --- | --- |
| D.  | perishability |

|  |  |
| --- | --- |
| E.  | transportability |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 72. | Which of the following principles emphasizes that actions should make the community as a whole better off?

|  |  |
| --- | --- |
| A.  | The Rights Principle |

|  |  |
| --- | --- |
| B.  | The Fairness Principle |

|  |  |
| --- | --- |
| C.  | The Virtue Principle |

|  |  |
| --- | --- |
| D.  | The Common Good Principle |

|  |  |
| --- | --- |
| E.  | The Utilitarian Principle |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 73. | If one organization is better able than most to respond to changes in demands or opportunities, we say that organization exhibits higher:

|  |  |
| --- | --- |
| A.  | sustainability. |

|  |  |
| --- | --- |
| B.  | efficiency. |

|  |  |
| --- | --- |
| C.  | productivity. |

|  |  |
| --- | --- |
| D.  | agility. |

|  |  |
| --- | --- |
| E.  | marketability. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 74. | Supplying operations with parts and materials, performing work on products, and/or performing services are part of the firm's:

|  |  |
| --- | --- |
| A.  | division of labor. |

|  |  |
| --- | --- |
| B.  | market development. |

|  |  |
| --- | --- |
| C.  | outsourcing. |

|  |  |
| --- | --- |
| D.  | external process orientation. |

|  |  |
| --- | --- |
| E.  | internal supply chain. |

 |

Chapter 01 Introduction to Operations Management Answer Key

**True / False Questions**

|  |  |
| --- | --- |
| 1. | Operations managers are responsible for assessing consumer wants and needs and selling and promoting the organization's goods or services.  **FALSE**Operation managers are not responsible for promoting goods/services. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 1 EasyTopic: The Scope of Operations Management* |

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| --- | --- |
| 2. | Often, the collective success or failure of companies' operations functions will impact the ability of a nation to compete with other nations.  **TRUE**A nation is often only as competitive as its companies. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-01 Define the terms operations management and supply chain.Level of Difficulty: 1 EasyTopic: Operations Today* |

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| --- | --- |
| 3. | Companies are either producing goods or delivering services. This means that only one of the two types of operations management strategies are used.  **FALSE**Most systems involve a blend of goods and services. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| --- | --- |
| 4. | Operations, marketing, and finance function independently of each other in most organizations.  **FALSE**Operations, marketing, and finance are naturally dependent upon one another. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| --- | --- |
| 5. | The greater the degree of customer involvement, the more challenging the design and management of operations.  **TRUE**Greater customer involvement leads to more complexity in the design and management of operations. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 1 EasyTopic: Introduction to Operations Management* |

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| --- | --- |
| 6. | Goods-producing organizations are not involved in service activities.  **FALSE**Most systems involve a blend of goods and services. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 2 MediumTopic: Production of Goods versus Providing Services* |

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| 7. | Service operations require additional inventory because of the unpredictability of consumer demand.  **FALSE**Service operations cannot use inventory as a hedge against unpredictable demand. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 1 EasyTopic: Production of Goods versus Providing Services* |

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| --- | --- |
| 8. | The value of outputs is measured by the prices customers are willing to pay for goods or services.  **TRUE**Customers' willingness to pay for goods or services sets the value of these outputs. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 1 EasyTopic: Introduction to Operations Management* |

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| 9. | The use of models will guarantee the best possible decisions.  **FALSE**Models are useful, but their use does not guarantee the best decisions. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| --- | --- |
| 10. | People who work in the field of operations should have skills that include both knowledge and people skills.  **TRUE**Operations management requires a blend of knowledge and people skills. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: The Scope of Operations Management* |

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| 11. | Assembly lines achieved productivity but at the expense of standard of living.  **FALSE**Productivity and standard of living go hand in hand. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-08 Briefly describe the historical evolution of operations management.Level of Difficulty: 3 HardTopic: The Historical Evolution of Operations Management* |

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| 12. | The operations manager has primary responsibility for making operations system design decisions, such as system capacity and location of facilities.  **FALSE**The operations manager plays a role in these decisions but is not primarily responsible for them. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 3 HardTopic: The Scope of Operations Management* |

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| 13. | The word "technology" is used only to refer to "information technology."  **FALSE**Technology also refers to the technology involved in resource transformations. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 1 EasyTopic: Operations Today* |

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| --- | --- |
| 14. | "Value added" by definition is always a positive number since "added" implies increases.  **FALSE**Some transformations result in the output being worth less than the inputs. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| 15. | Service often requires greater labor content, whereas manufacturing is more capital intensive.  **TRUE**Service operations tend to be more labor-intensive than manufacturing. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 2 MediumTopic: Production of Goods versus Providing Services* |

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| --- | --- |
| 16. | Measurement of productivity in service is more straightforward than in manufacturing since it is not necessary to take into account the cost of materials.  **FALSE**Materials cost must be considered in services as well. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 2 MediumTopic: Production of Goods versus Providing Services* |

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| 17. | Special-purpose technology is a common way of offering increased customization in manufacturing or services without taking on additional labor costs.  **FALSE**Special-purpose technology typically reduces costs through standardization. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 3 HardTopic: Operations Today* |

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| 18. | One concern in the design of production systems is the degree of standardization.  **TRUE**How standardized outputs will be is a critical consideration in the system design question. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 1 EasyTopic: Operations Management and Decision Making* |

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| 19. | Most people encounter operations only in profit-making organizations.  **FALSE**Operations are also relevant to not-for-profit organizations such as the Red Cross. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| --- | --- |
| 20. | Service involves a much higher degree of customer contact than manufacturing.  **TRUE**Customer contact tends to be much higher in services. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 1 EasyTopic: Production of Goods versus Providing Services* |

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| --- | --- |
| 21. | A systems approach emphasizes interrelationships among subsystems, but its main theme is that the whole is greater than the sum of its individual parts.  **TRUE**Optimizing the performance of individual subsystems does not guarantee optimal performance from the overall system. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| 22. | The Pareto phenomenon is one of the most important and pervasive concepts that can be applied at all levels of management.  **TRUE**Pareto phenomena can be observed in a wide variety of organizational situations. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| 23. | Operations managers, who usually use quantitative approaches, are not really concerned with ethical decision making.  **FALSE**Ethics issues are touching on all areas of management, including operations. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| 24. | The optimal solutions produced by quantitative techniques should always be evaluated in terms of the larger framework.  **TRUE**Quantitative techniques have limitations that must be considered. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| 25. | Managers should most often rely on quantitative techniques for important decisions since quantitative approaches result in more accurate decisions.  **FALSE**Just as other techniques do, quantitative techniques have limitations. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 3 HardTopic: Operations Management and Decision Making* |

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| 26. | Many operations management decisions can be described as trade-offs.  **TRUE**Managing trade-offs is the essence of operations management. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| 27. | A systems approach means that we concentrate on efficiency within a subsystem and thereby assure overall efficiency.  **FALSE**Subsystem efficiency doesn't necessarily translate into overall efficiency. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| 28. | Prior to the Industrial Revolution, goods were produced primarily by craftsmen or their apprentices using custom-made parts.  **TRUE**After the Industrial Revolution, more standardized approaches became common. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-08 Briefly describe the historical evolution of operations management.Level of Difficulty: 2 MediumTopic: The Historical Evolution of Operations Management* |

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| 29. | Elton Mayo's Hawthorne experiments were the focal point of the human relations movement, which emphasized the importance of the human element in job design.  **TRUE**The Hawthorne experiments were the beginning of the human relations movement. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-08 Briefly describe the historical evolution of operations management.Level of Difficulty: 2 MediumTopic: The Historical Evolution of Operations Management* |

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| --- | --- |
| 30. | Among Ford's many contributions was the introduction of mass production, using the concepts of interchangeable parts and division of labor.  **TRUE**Ford made mass production a practical success. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-08 Briefly describe the historical evolution of operations management.Level of Difficulty: 1 EasyTopic: The Historical Evolution of Operations Management* |

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| --- | --- |
| 31. | Operations management and marketing are the two functional areas that exist to support activities in other functions such as accounting, finance, IT, and human resources.  **FALSE**Operations management and marketing are supported by these functions. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| 32. | Lean production systems incorporate the advantages of both mass production and craft production.  **TRUE**Lean production blends the best of both worlds. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: The Historical Evolution of Operations Management* |

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| --- | --- |
| 33. | As an abstraction of reality, a model is a simplified version of a real phenomenon.  **TRUE**Models are valuable abstractions and simplifications of real, complex phenomena. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 1 EasyTopic: Operations Management and Decision Making* |

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 34. | In addition to operations, which of the following is considered a "line" function?

|  |  |
| --- | --- |
| A.  | accounting |

|  |  |
| --- | --- |
| B.  | finance |

|  |  |
| --- | --- |
| C.  | IT |

|  |  |
| --- | --- |
| D.  | procurement |

|  |  |
| --- | --- |
| **E.**  | sales |

Operations and sales are considered line functions. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-03 Explain the importance of learning about operations management.Level of Difficulty: 2 MediumTopic: Why Learn About Operations Management?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. | Knowledge about challenges specific to the operations function can help marketing personnel to judge how \_\_\_\_\_\_\_\_\_\_\_\_\_ new product designs will be.

|  |  |
| --- | --- |
| A.  | marketable |

|  |  |
| --- | --- |
| B.  | segmentable |

|  |  |
| --- | --- |
| **C.**  | manufacturable |

|  |  |
| --- | --- |
| D.  | measurable |

|  |  |
| --- | --- |
| E.  | nameable |

Greater understanding of operations helps product designers better judge the manufacturability of their new designs. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-03 Explain the importance of learning about operations management.Level of Difficulty: 2 MediumTopic: Why Learn About Operations Management?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 36. | Managing the supply chain has become more important as a result of firms increasing their levels of:

|  |  |
| --- | --- |
| A.  | overtime. |

|  |  |
| --- | --- |
| **B.**  | outsourcing. |

|  |  |
| --- | --- |
| C.  | marketing. |

|  |  |
| --- | --- |
| D.  | promotions. |

|  |  |
| --- | --- |
| E.  | shipping. |

Firms are increasing their levels of outsourcing, increasing the need to manage the supply chain. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-10 Explain the need to manage the supply chain.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. | Which of the following would tend to increase the importance of supply chain management?

|  |  |
| --- | --- |
| A.  | increased supply chain stability |

|  |  |
| --- | --- |
| B.  | lower levels of outsourcing |

|  |  |
| --- | --- |
| C.  | reduced competitive pressures |

|  |  |
| --- | --- |
| **D.**  | increased globalization |

|  |  |
| --- | --- |
| E.  | greater emphasis on local markets |

Increased globalization leads to longer lead times, more heterogeneous markets and sources of supply, and greater sources of uncertainty. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-10 Explain the need to manage the supply chain.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 38. | Operations management involves continuous decision making; hopefully most decisions made will be:

|  |  |
| --- | --- |
| A.  | redundant. |

|  |  |
| --- | --- |
| B.  | minor in nature. |

|  |  |
| --- | --- |
| **C.**  | informed. |

|  |  |
| --- | --- |
| D.  | quantitative. |

|  |  |
| --- | --- |
| E.  | qualitative. |

Informed decisions incorporate all relevant issues. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 1 EasyTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 39. | A "product package" consists of:

|  |  |
| --- | --- |
| A.  | the exterior wrapping. |

|  |  |
| --- | --- |
| B.  | the shipping container. |

|  |  |
| --- | --- |
| **C.**  | a combination of goods and services. |

|  |  |
| --- | --- |
| D.  | goods if a manufacturing organization. |

|  |  |
| --- | --- |
| E.  | customer relations if a service organization. |

Most firms are not pure service or manufacturing firms; they produce combinations of goods and services. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-03 Explain the importance of learning about operations management.Level of Difficulty: 2 MediumTopic: Production of Goods versus Providing Services* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. | Business organizations consist of three major functions which, ideally:

|  |  |
| --- | --- |
| **A.**  | support one another. |

|  |  |
| --- | --- |
| B.  | are mutually exclusive. |

|  |  |
| --- | --- |
| C.  | exist independently of each other. |

|  |  |
| --- | --- |
| D.  | function independently of each other. |

|  |  |
| --- | --- |
| E.  | do not interface with each other. |

Finance, marketing and operations are these major functions. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | Which of the following is not a type of operations?

|  |  |
| --- | --- |
| A.  | goods production |

|  |  |
| --- | --- |
| B.  | storage/transportation |

|  |  |
| --- | --- |
| C.  | entertainment |

|  |  |
| --- | --- |
| D.  | communication |

|  |  |
| --- | --- |
| **E.**  | advertising |

Advertising is not a type of operations. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-01 Define the terms operations management and supply chain.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | Technology choices seldom affect:

|  |  |
| --- | --- |
| A.  | costs. |

|  |  |
| --- | --- |
| B.  | productivity. |

|  |  |
| --- | --- |
| **C.**  | union activity. |

|  |  |
| --- | --- |
| D.  | quality. |

|  |  |
| --- | --- |
| E.  | flexibility. |

Union activity can affect a firm's technology choices, but not the other way around. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Operations Today* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Measurements taken at various points in the transformation process for control purposes are called:

|  |  |
| --- | --- |
| A.  | plans. |

|  |  |
| --- | --- |
| B.  | directions. |

|  |  |
| --- | --- |
| C.  | controls. |

|  |  |
| --- | --- |
| **D.**  | feedback. |

|  |  |
| --- | --- |
| E.  | budgets. |

Feedback is used to monitor and improve processes. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 3 HardTopic: Introduction to Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | Budgeting, analysis of investment proposals, and provision of funds are activities associated with the \_\_\_\_\_\_\_ function.

|  |  |
| --- | --- |
| A.  | operation |

|  |  |
| --- | --- |
| B.  | marketing |

|  |  |
| --- | --- |
| C.  | purchasing |

|  |  |
| --- | --- |
| **D.**  | finance |

|  |  |
| --- | --- |
| E.  | internal audit |

These are the primary tasks for the finance function. |

|  |
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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate.Level of Difficulty: 1 EasyTopic: Introduction to Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | Which one of the following would not generally be classified under the heading of transformation?

|  |  |
| --- | --- |
| A.  | assembling |

|  |  |
| --- | --- |
| B.  | teaching |

|  |  |
| --- | --- |
| **C.**  | staffing |

|  |  |
| --- | --- |
| D.  | farming |

|  |  |
| --- | --- |
| E.  | consulting |

Staffing doesn't involve transforming resources so much as it involves acquiring them. |

|  |
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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 3 HardTopic: Process Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | Manufacturing work sent to other countries is called:

|  |  |
| --- | --- |
| A.  | downsizing. |

|  |  |
| --- | --- |
| **B.**  | outsourcing. |

|  |  |
| --- | --- |
| C.  | internationalization. |

|  |  |
| --- | --- |
| D.  | vertical integration. |

|  |  |
| --- | --- |
| E.  | entrepreneurship. |

Outsourcing is increasingly a part of operations management. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: The Scope of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. | Product design and process selection are examples of \_\_\_\_\_\_\_ decisions.

|  |  |
| --- | --- |
| A.  | financial |

|  |  |
| --- | --- |
| B.  | tactical |

|  |  |
| --- | --- |
| **C.**  | system design |

|  |  |
| --- | --- |
| D.  | system operation |

|  |  |
| --- | --- |
| E.  | forecasting |

These major decisions affect decisions made at lower levels. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-05 Summarize the two major aspects of process management.Level of Difficulty: 3 HardTopic: The Scope of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | The responsibilities of the operations manager are:

|  |  |
| --- | --- |
| A.  | planning, organizing, staffing, procuring, and reviewing. |

|  |  |
| --- | --- |
| **B.**  | planning, organizing, staffing, directing, and controlling. |

|  |  |
| --- | --- |
| C.  | forecasting, designing, planning, organizing, and controlling. |

|  |  |
| --- | --- |
| D.  | forecasting, designing, operating, procuring, and reviewing. |

|  |  |
| --- | --- |
| E.  | designing and operating. |

The scope of operations management ranges across the organization. |

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| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: The Scope of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | Knowledge skills usually don't include:

|  |  |
| --- | --- |
| A.  | process knowledge. |

|  |  |
| --- | --- |
| B.  | accounting skills. |

|  |  |
| --- | --- |
| **C.**  | communication skills. |

|  |  |
| --- | --- |
| D.  | global knowledge. |

|  |  |
| --- | --- |
| E.  | financial skills. |

Communication skills generally are considered to be people skills. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: The Scope of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 50. | Which of the following is not true about the systems approach?

|  |  |
| --- | --- |
| A.  | A systems viewpoint is almost always beneficial in decision making. |

|  |  |
| --- | --- |
| B.  | A systems approach emphasizes interrelationships among subsystems. |

|  |  |
| --- | --- |
| C.  | A systems approach concentrates on efficiency within subsystems. |

|  |  |
| --- | --- |
| D.  | A systems approach is essential whenever something is being redesigned or improved. |

|  |  |
| --- | --- |
| **E.**  | All of the choices are true. |

Subsystem efficiency doesn't necessarily translate into overall system efficiency. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 51. | What is credited with gains in industrial productivity, increased standards of living, and affordable products?

|  |  |
| --- | --- |
| A.  | personal computers |

|  |  |
| --- | --- |
| B.  | the Internet |

|  |  |
| --- | --- |
| C.  | mass transportation |

|  |  |
| --- | --- |
| **D.**  | mass production |

|  |  |
| --- | --- |
| E.  | multilevel marketing |

Mass production has played a prominent role in increasing standards of living. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 3 HardTopic: The Historical Evolution of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 52. | Production systems with customized outputs typically have relatively:

|  |  |
| --- | --- |
| A.  | high volumes of output. |

|  |  |
| --- | --- |
| B.  | low unit costs. |

|  |  |
| --- | --- |
| C.  | high amount of specialized equipment. |

|  |  |
| --- | --- |
| D.  | fast work movement. |

|  |  |
| --- | --- |
| **E.**  | skilled workers. |

Skilled workers are necessary to accommodate the variation inherent in customized outputs. |

|  |
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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 3 HardTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53. | Which is not an area of significant difference between manufacturing and service operations?

|  |  |
| --- | --- |
| **A.**  | cost per unit |

|  |  |
| --- | --- |
| B.  | uniformity of output |

|  |  |
| --- | --- |
| C.  | labor content of jobs |

|  |  |
| --- | --- |
| D.  | customer contact |

|  |  |
| --- | --- |
| E.  | measurement of productivity |

Manufacturing operations aren't necessarily more or less efficient than service operations. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 3 HardTopic: Production of Goods versus Providing Services* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 54. | Which of the following is not a characteristic of service operations?

|  |  |
| --- | --- |
| A.  | intangible output |

|  |  |
| --- | --- |
| B.  | high customer contact |

|  |  |
| --- | --- |
| C.  | high labor content |

|  |  |
| --- | --- |
| **D.**  | easy measurement of productivity |

|  |  |
| --- | --- |
| E.  | low uniformity of output |

The productivity of service operations is often hard to measure. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 2 MediumTopic: Production of Goods versus Providing Services* |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 55. | Which of the following most involves coordinating the activities among all the elements of the business?

|  |  |
| --- | --- |
| A.  | pollution control |

|  |  |
| --- | --- |
| B.  | quality management |

|  |  |
| --- | --- |
| **C.**  | supply chain management |

|  |  |
| --- | --- |
| D.  | competition from foreign manufacturers |

|  |  |
| --- | --- |
| E.  | technological change |

Supply chain management involves a broader systemic view of operations. |

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| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. | Farming is an example of:

|  |  |
| --- | --- |
| A.  | an obsolete activity. |

|  |  |
| --- | --- |
| B.  | a virtual organization. |

|  |  |
| --- | --- |
| **C.**  | nonmanufactured goods. |

|  |  |
| --- | --- |
| D.  | a growth industry. |

|  |  |
| --- | --- |
| E.  | customized manufacturing. |

Farm operations are not manufacturing operations. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-02 Identify similarities and differences between production and service operations.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. | Dealing with the fact that certain aspects of any management situation are more important than others is called:

|  |  |
| --- | --- |
| A.  | analysis of trade-offs. |

|  |  |
| --- | --- |
| B.  | sensitivity analysis. |

|  |  |
| --- | --- |
| **C.**  | recognition of priorities. |

|  |  |
| --- | --- |
| D.  | analysis of variance. |

|  |  |
| --- | --- |
| E.  | decision table analysis. |

Solutions tend to be targeted toward higher priority aspects of a situation. |

|  |
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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 3 HardTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. | The fact that a few improvements in a few key areas of operations will have more impact than many improvements in many other areas is consistent with the:

|  |  |
| --- | --- |
| A.  | Irwin phenomenon. |

|  |  |
| --- | --- |
| **B.**  | Pareto phenomenon. |

|  |  |
| --- | --- |
| C.  | Stevenson phenomenon. |

|  |  |
| --- | --- |
| D.  | Tellier phenomenon. |

|  |  |
| --- | --- |
| E.  | Adam Smith phenomenon. |

Pareto phenomena direct our attention to the difference between the "important few" and the "trivial many." |

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| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 2 MediumTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. | The process of comparing outputs to previously established standards to determine if corrective action is needed is called:

|  |  |
| --- | --- |
| A.  | planning. |

|  |  |
| --- | --- |
| B.  | directing. |

|  |  |
| --- | --- |
| **C.**  | controlling. |

|  |  |
| --- | --- |
| D.  | budgeting. |

|  |  |
| --- | --- |
| E.  | disciplining. |

Controls are used to maintain performance. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 3 HardTopic: The Scope of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | Which of the following does not relate to system design?

|  |  |
| --- | --- |
| A.  | altering the system capacity |

|  |  |
| --- | --- |
| B.  | location of facilities |

|  |  |
| --- | --- |
| **C.**  | inventory management |

|  |  |
| --- | --- |
| D.  | selection and acquisition of equipment |

|  |  |
| --- | --- |
| E.  | physical arrangement of departments |

Inventory management is a system operation decision area. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-05 Summarize the two major aspects of process management.Level of Difficulty: 2 MediumTopic: The Scope of Operations Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | Taking a systems viewpoint with regard to operations in today's environment increasingly leads decision makers to consider \_\_\_\_\_\_\_\_\_\_\_\_\_\_ in response to the \_\_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | flexibility; pressure to be more efficient |

|  |  |
| --- | --- |
| B.  | offshoring; need to promote domestic production |

|  |  |
| --- | --- |
| **C.**  | sustainability; threat of global warming |

|  |  |
| --- | --- |
| D.  | technology; impact of random variation |

|  |  |
| --- | --- |
| E.  | forecasting; stabilization of demand |

Sustainability is a relatively recent operations management consideration. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 3 HardTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 62. | Some companies attempt to maximize the revenue they receive from fixed operating capacity by influencing demands through price manipulation. This is an example of:

|  |  |
| --- | --- |
| A.  | illegal price discrimination. |

|  |  |
| --- | --- |
| B.  | collusion. |

|  |  |
| --- | --- |
| C.  | volume analysis. |

|  |  |
| --- | --- |
| **D.**  | revenue management. |

|  |  |
| --- | --- |
| E.  | outsourcing. |

Revenue management is used to ensure that as much perishable capacity as possible is sold. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Operations Today* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 63. | Which of the following is not an ongoing trend in manufacturing?

|  |  |
| --- | --- |
| A.  | globalization |

|  |  |
| --- | --- |
| B.  | quality improvement |

|  |  |
| --- | --- |
| C.  | flexibility and agility |

|  |  |
| --- | --- |
| **D.**  | mass production for greater economies of scale |

|  |  |
| --- | --- |
| E.  | technological advances |

Manufacturers are moving away from mass production for economies of scale. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | Which of the following is not a benefit of using models in decision making?

|  |  |
| --- | --- |
| A.  | They provide a standardized format for analyzing a problem. |

|  |  |
| --- | --- |
| B.  | They serve as a consistent tool for evaluation. |

|  |  |
| --- | --- |
| C.  | They are easy to use and less expensive than dealing with the actual situation. |

|  |  |
| --- | --- |
| **D.**  | They force the decision maker to take into account qualitative issues such as personalities and emotions. |

|  |  |
| --- | --- |
| E.  | They offer insights into fundamental issues at play in a decision-making setting. |

While models are useful tools for making decisions without confronting the actual situation with all of its complexity, there is the risk that important qualitative information may be overlooked. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-07 Explain the key aspects of operations management decision making.Level of Difficulty: 3 HardTopic: Operations Management and Decision Making* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 65. | Modern firms increasingly rely on other firms to supply goods and services instead of doing these tasks themselves. This increased level of \_\_\_\_\_\_\_\_\_\_\_\_\_ is leading to increased emphasis on \_\_\_\_\_\_\_\_\_\_\_\_ management.

|  |  |
| --- | --- |
| **A.**  | outsourcing; supply chain |

|  |  |
| --- | --- |
| B.  | offshoring; lean |

|  |  |
| --- | --- |
| C.  | downsizing; total quality |

|  |  |
| --- | --- |
| D.  | optimizing; inventory |

|  |  |
| --- | --- |
| E.  | internationalization; intercultural |

Supply chain management takes a more systemic view of the firm, its operations, and its suppliers. |

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| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 66. | Operations and sales are the two \_\_\_\_\_\_\_\_ functions in businesses.

|  |  |
| --- | --- |
| A.  | strategic |

|  |  |
| --- | --- |
| B.  | tactical |

|  |  |
| --- | --- |
| C.  | support |

|  |  |
| --- | --- |
| D.  | value-adding |

|  |  |
| --- | --- |
| **E.**  | line |

Others are support functions. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate.Level of Difficulty: 1 EasyTopic: Why Learn About Operations Management?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 67. | Marketing depends on operations for information regarding:

|  |  |
| --- | --- |
| A.  | productivity. |

|  |  |
| --- | --- |
| **B.**  | lead time. |

|  |  |
| --- | --- |
| C.  | cash flow. |

|  |  |
| --- | --- |
| D.  | budgeting. |

|  |  |
| --- | --- |
| E.  | corporate intelligence. |

Marketing uses lead time information to make promises to customers. |

|  |
| --- |
| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 1 EasyTopic: Why Learn About Operations Management?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 68. | Two widely used metrics of variation are the \_\_\_\_\_\_\_\_\_\_ and the \_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| **A.**  | mean; standard deviation |

|  |  |
| --- | --- |
| B.  | productivity ratio; correlation |

|  |  |
| --- | --- |
| C.  | standardized mean; assignable deviation |

|  |  |
| --- | --- |
| D.  | randomized mean; standardized deviation |

|  |  |
| --- | --- |
| E.  | normal distribution; random variation |

The mean and standard deviation summarize important facets regarding the variation in a process. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 1 EasyTopic: Process Management* |

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| 69. | Which of the following statements about variation is false?

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| --- | --- |
| A.  | Variation prevents a production process from being as efficient as it can be. |

|  |  |
| --- | --- |
| B.  | Some variation can be prevented. |

|  |  |
| --- | --- |
| C.  | Variation can either be assignable or random. |

|  |  |
| --- | --- |
| **D.**  | Any variation makes a production process less productive. |

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| E.  | Random variation generally cannot be influenced by managers. |

The choice to offer customers greater variety might increase variation but increase productivity even more. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-05 Summarize the two major aspects of process management.Level of Difficulty: 3 HardTopic: Process Management* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 70. | Which of the following is essential to consider with respect to managing a process to meet demand?

|  |  |
| --- | --- |
| A.  | advertising |

|  |  |
| --- | --- |
| B.  | trends in fashion |

|  |  |
| --- | --- |
| C.  | global economic trends |

|  |  |
| --- | --- |
| D.  | financial reporting standards |

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| --- | --- |
| **E.**  | capacity |

While all of these can play a role in determining the demands placed on a process, capacity is most directly associated with determining whether that process can actually meet demand. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: UnderstandLearning Objective: 01-05 Summarize the two major aspects of process management.Level of Difficulty: 2 MediumTopic: Process Management* |

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| 71. | Which of the following refers to service and production processes that use resources in ways that do not harm ecological systems?

|  |  |
| --- | --- |
| **A.**  | sustainability |

|  |  |
| --- | --- |
| B.  | supportability |

|  |  |
| --- | --- |
| C.  | marketability |

|  |  |
| --- | --- |
| D.  | perishability |

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| --- | --- |
| E.  | transportability |

Sustainability refers to service and production processes that use resources in ways that do not harm those ecological systems that support both current and future human existence. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 72. | Which of the following principles emphasizes that actions should make the community as a whole better off?

|  |  |
| --- | --- |
| A.  | The Rights Principle |

|  |  |
| --- | --- |
| B.  | The Fairness Principle |

|  |  |
| --- | --- |
| C.  | The Virtue Principle |

|  |  |
| --- | --- |
| **D.**  | The Common Good Principle |

|  |  |
| --- | --- |
| E.  | The Utilitarian Principle |

The Common Good Principle is that actions should contribute to the common good of the community. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Key Issues for Today's Business Operations* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 73. | If one organization is better able than most to respond to changes in demands or opportunities, we say that organization exhibits higher:

|  |  |
| --- | --- |
| A.  | sustainability. |

|  |  |
| --- | --- |
| B.  | efficiency. |

|  |  |
| --- | --- |
| C.  | productivity. |

|  |  |
| --- | --- |
| **D.**  | agility. |

|  |  |
| --- | --- |
| E.  | marketability. |

Agility refers to the ability of an organization to respond quickly to demands or opportunities. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-09 Describe current issues in business that impact operations management.Level of Difficulty: 2 MediumTopic: Operations Today* |

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| 74. | Supplying operations with parts and materials, performing work on products, and/or performing services are part of the firm's:

|  |  |
| --- | --- |
| A.  | division of labor. |

|  |  |
| --- | --- |
| B.  | market development. |

|  |  |
| --- | --- |
| C.  | outsourcing. |

|  |  |
| --- | --- |
| D.  | external process orientation. |

|  |  |
| --- | --- |
| **E.**  | internal supply chain. |

The internal parts of a supply chain are part of the operations function itself, supplying operations with parts and materials, performing work on products, and/or performing services. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: RememberLearning Objective: 01-06 Describe the operations function and the nature of the operations manager's job.Level of Difficulty: 2 MediumTopic: Introduction to Operations Management* |