# Test Bank for Operations Management Sustainability and Supply Chain Management CDN 2nd Heizer

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*Operations Management, Cdn. Ed., 2e* **(Heizer et al.)**
**Chapter 2 Operations Strategy in a Global Environment**

1) NAFTA seeks to phase out all trade and tariff barriers among Canada, Mexico, and the United States.
Answer: TRUE
Diff: 2
Skill: knowledge
Objective: A Global View of Operations

2) The World Trade Organization has helped to significantly reduce tariffs around the world.
Answer: TRUE
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

3) Production processes are being dispersed to take advantage of national differences in labour costs.
Answer: TRUE
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

4) NAFTA seeks to phase out all trade and tariff barriers between the United States and Asia.
Answer: FALSE
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

5) One reason for global operations is to gain improvements in the supply chain.
Answer: TRUE
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

6) One reason to globalize is to learn to improve operations.
Answer: TRUE
Diff: 1
Skill: knowledge
Objective: A Global View of Operations

7) To attract and retain global talent, and to expand a product's life cycle, are both reasons to globalize.
Answer: TRUE
Diff: 2
Skill: knowledge
Objective: A Global View of Operations


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8) A product will always be in the same stage of its product life cycle regardless of the country.
Answer: FALSE
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

9) The World Trade Organization helps provide governments and industries around the world with protection from firms that engage in unethical conduct.
Answer: TRUE
Diff: 2
Skill: knowledge
Objective: A Global View of Operations

10) Boeing's development of the 787 Dreamliner is an example of a company obtaining a competitive advantage through product differentiation/innovation.
Answer: TRUE
Diff: 3
Skill: application
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

11) An organization's strategy is the purpose or rationale for its existence.
Answer: FALSE
Diff: 1
Skill: knowledge
Objective: LO1 Define mission and strategy

12) Operations strategies are implemented in the same way in all types of organizations.
Answer: FALSE
Diff: 2
Skill: knowledge
Objective: LO1 Define mission and strategy

13) An organization's ability to generate unique advantages over competitors is central to a successful strategy implementation.
Answer: TRUE
Diff: 2
Skill: knowledge
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

14) Low-cost leadership is the ability to distinguish the offerings of the organization in any way that the customer perceives as adding value.
Answer: FALSE
Diff: 3
Skill: knowledge
Objective: LO3 Identify and define the 10 decisions of operations management


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15) Most services are tangible; this factor determines how the ten decisions of operations management are handled differently for goods than for services.
Answer: FALSE
Diff: 3
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

16) The relative importance of each of the ten operations decisions depends on the ratio of goods and services in an organization.
Answer: TRUE
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

17) Decisions that involve what is to be made and what is to be purchased fall under the heading of supply-chain management.
Answer: TRUE
Diff: 2
Skill: knowledge
Objective: LO3 Identify and define the 10 decisions of operations management

18) Manufacturing organizations have ten strategic OM decisions, while service organizations have only eight.
Answer: FALSE
Diff: 1
Skill: knowledge
Objective: LO3 Identify and define the 10 decisions of operations management

19) Errors made within the location decision area may overwhelm efficiencies in other areas.
Answer: TRUE
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

20) Porter Airlines' core competency is operations.
Answer: TRUE
Diff: 2
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies

21) *Key success factor* and *core competency* are synonyms.
Answer: FALSE
Diff: 2
Skill: knowledge
Objective: LO4 Understand the significance of key success factors and core competencies


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22) SWOT analysis is a method of determining external strengths and weaknesses and internal opportunities and threats.
Answer: FALSE
Diff: 2
Skill: knowledge
Objective: Strategy development and implementation

23) For the greatest chance of success, an organization's operations management strategy must support the company's strategy.
Answer: TRUE
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

24) Key Success Factors are those activities that are necessary to achieving competitive advantage.
Answer: TRUE
Diff: 2
Skill: knowledge
Objective: LO4 Understand the significance of key success factors and core competencies

25) A multinational corporation has extensive international business involvements.
Answer: TRUE
Diff: 1
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

26) The multidomestic OM strategy maximizes local responsiveness while achieving a significant cost advantage.
Answer: FALSE
Diff: 3
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

27) Which of the following statements regarding the Dreamliner 787 is **true**?
A) Boeing has found no international partners.
B) The new aircraft incorporates a limited number of aerospace technologies.
C) The new aircraft uses engines from only one manufacturer.
D) Boeing will add 99% of the aircraft's value.
E) Boeing has found partners in over a dozen countries.
Answer: E
Diff: 2
Skill: comprehension
Objective: Global company profile


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28) Boeing's new 787 Dreamliner
A) is assembled in Washington, D.C.
B) uses engines from Japan.
C) has its fuselage sections built in Australia.
D) has increased efficiency from new engine technology.
E) results from a partnership of about a dozen companies.
Answer: D
Diff: 2
Skill: comprehension
Objective: Global company profile

29) Which of the following is an example of a response to the global environment?
A) Boeing's local sales and production
B) Benneton's strict limits on design, production, and distribution
C) a Chinese manufacturer, Haier, producing in China
D) Ford's partnerships with GM
E) Ford's partnerships with Volvo and Mazda
Answer: E
Diff: 2
Skill: application
Objective: LO5 Identify and explain four global operations strategy options

30) Which of the following is an example of globalization of operations strategy?
A) Boeing's Dreamliner has engines with higher fuel/payload efficiency.
B) Ford's new auto models have dent-resistant panels.
C) A Chinese manufacturer, Haier, now operates plants in the United States.
D) Hard Rock Café provides an "experience differentiation" at its restaurants.
E) Porter Airlines focuses on short-haul flights.
Answer: C
Diff: 2
Skill: application
Objective: LO5 Identify and explain four global operations strategy options

31) Cost cutting in international operations can take place because of
A) higher taxes and tariffs.
B) higher wage scales.
C) higher indirect costs.
D) more stringent regulations.
E) lower wages, lower indirect costs, and lower taxes and tariffs in another country.
Answer: E
Diff: 1
Skill: knowledge
Objective: LO5 Identify and explain four global operations strategy options


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32) Which of the following is a reason for globalizing operations?
A) reduce costs with a reduction in effectiveness of the supply chain
B) improve the supply chain while increasing overall costs
C) understand markets
D) reduce stockholder approval ratings
E) increase costs at the risk of stockholder approval ratings
Answer: C
Diff: 2
Skill: knowledge
Objective: LO5 Identify and explain four global operations strategy options

33) Multinational organizations can shop from country to country and cut costs through
A) higher taxes and tariffs.
B) higher wage scales.
C) higher indirect costs.
D) more stringent regulations.
E) lower wages, lower indirect costs, and lower taxes and tariffs.
Answer: E
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

34) The term maquiladora is synonymous with
A) free trade zones in Mexico.
B) Chinese forced labour camps.
C) home-based or cottage industry.
D) areas that do not meet U.S. standards for workplace safety and pollution.
E) taxes charged by the Mexican government.
Answer: A
Diff: 2
Skill: knowledge
Objective: A Global View of Operations

35) Which of the following is **true** of maquiladoras?
A) They discourage foreign businesses from outsourcing.
B) They assess tariffs only on the value-added work done.
C) They originated in China.
D) They are not available to Canadian companies.
E) They can be found in many countries.
Answer: B
Diff: 2
Skill: comprehension
Objective: A Global View of Operations


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36) Which of the following is **not** a reason for globalizing operations?
A) to gain improvements in the supply chain
B) to improve operations
C) to expand a product's life cycle
D) to attract and retain global talent
E) to increase profits at the expense of quality
Answer: E
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

37) Which of the following does **not** represent a reason for globalizing operations?
A) to reduce costs
B) to improve the supply chain
C) to reduce responsiveness
D) to attract and retain global talent
E) All of the above are valid reasons for globalizing operations.
Answer: C
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

38) NAFTA seeks to
A) substitute cheap labour in Mexico for expensive labour in the United States.
B) curb illegal immigration from Mexico to the United States.
C) phase out all trade and tariff barriers between North America and South America.
D) phase out all trade and tariff barriers between the United States, Canada, and Mexico.
E) phase out trade between the United States, Canada, and Mexico.
Answer: D
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

39) With reference to cultural and ethical issues, the World Trade Organization has
A) succeeded in providing equal protection of intellectual property among nations.
B) made progress in providing equal protection of intellectual property among nations.
C) phased out all trade and tariff barriers between the United States and Mexico.
D) eliminated slave labour and child labour.
E) played little role in addressing cultural and ethical issues among nations.
Answer: B
Diff: 3
Skill: comprehension
Objective: A Global View of Operations


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40) Which of the following is **true** about business strategies?
A) An organization should stick with its strategy for the life of the business.
B) All firms within an industry will adopt the same strategy.
C) Well defined missions make strategy development much easier.
D) Strategies are formulated independently of SWOT analysis.
E) Organizational strategies depend on operations strategies.
Answer: C
Diff: 3
Skill: comprehension
Objective: LO1 Define mission and strategy

41) Which of the following activities takes place most immediately once the mission has been developed?
A) The firm develops alternative or back-up missions in case the original mission fails.
B) The functional areas develop their functional area strategies.
C) The functional areas develop their supporting missions.
D) The ten OM decision areas are prioritized.
E) Operational tactics are developed.
Answer: C
Diff: 3
Skill: comprehension
Objective: LO1 Define mission and strategy

42) Which of the following statements about organizational missions is **false**?
A) They reflect a company's purpose.
B) They indicate what a company intends to contribute to society.
C) They are formulated after strategies are known.
D) They define a company's reason for existence.
E) They provide guidance for functional area missions.
Answer: C
Diff: 3
Skill: comprehension
Objective: LO1 Define mission and strategy

43) What term describes how an organization expects to achieve its missions and goals?
A) conditional expectation
B) tactic
C) SWOT
D) strategy
E) competitive advantage
Answer: D
Diff: 1
Skill: knowledge
Objective: LO1 Define mission and strategy


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44) The fundamental purpose of an organization's mission statement is to
A) create a good human relations climate in the organization.
B) define the organization's purpose in society.
C) define the operational structure of the organization.
D) generate good public relations for the organization.
E) define the functional areas required by the organization.
Answer: B
Diff: 1
Skill: knowledge
Objective: LO1 Define mission and strategy

45) Which of the following is **true**?
A) Corporate mission is shaped by functional strategies.
B) Corporate strategy is shaped by functional strategies.
C) Functional strategies are shaped by corporate strategy.
D) External conditions are shaped by corporate mission.
E) Functional area missions are merged to become the organizational mission.
Answer: C
Diff: 3
Skill: comprehension
Objective: LO1 Define mission and strategy

46) Which of the international operations strategies involves a focus on high cost reductions and low local responsiveness?
A) international strategy
B) global strategy
C) transnational strategy
D) multidomestic strategy
E) transdomestic strategy
Answer: B
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

47) Which of the following is **least** likely to be a cost leadership competitive advantage?
A) low overhead
B) effective capacity use
C) inventory management
D) broad product line
E) mass production
Answer: D
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage


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48) Which of the following strategic concepts allow firms to achieve their missions?
A) productivity, efficiency, and quality leadership
B) differentiation, cost leadership, and quick response
C) differentiation, quality leadership, and quick response
D) distinctive competency, cost leadership, and experience
E) differentiation, distinctive competency, quality leadership, and capacity
Answer: B
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

49) A firm can effectively use its operations function to yield competitive advantage through all of the following **except**
A) customization of the product.
B) setting equipment utilization goals below the industry average.
C) speed of delivery.
D) constant innovation of new products.
E) maintaining a variety of product options.
Answer: B
Diff: 3
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

50) Which of the following has progressed the furthest along its product life cycle?
A) drive-thru restaurants
B) Boeing 787
C) iPods
D) Twitter
E) Xbox 360
Answer: A
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

51) The ability of an organization to produce goods or services that have some uniqueness in their characteristics is referred to as
A) mass production.
B) time-based competition.
C) competing on productivity.
D) competing on flexibility.
E) competing on differentiation.
Answer: E
Diff: 1
Skill: knowledge
Objective: LO2 Identify and explain three strategic approaches to competitive advantage


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52) Which of the international operations strategies involves a focus on low cost reductions and high local responsiveness?
A) international strategy
B) global strategy
C) transnational strategy
D) multidomestic strategy
E) transdomestic strategy
Answer: D
Diff: 1
Skill: knowledge
Objective: LO5 Identify and explain four global operations strategy options

53) A strategy is a(n)
A) set of opportunities in the marketplace.
B) broad statement of purpose.
C) simulation used to test various product line options.
D) plan for cost reduction.
E) action plan to achieve the mission.
Answer: E
Diff: 1
Skill: knowledge
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

54) Which of the following statements best characterizes delivery reliability?
A) a company that always delivers on the same day of the week
B) a company that always delivers at the promised time
C) a company that delivers more frequently than its competitors
D) a company that delivers faster than its competitors
E) a company that has a computerized delivery scheduling system
Answer: B
Diff: 3
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

55) Which of the following is an example of competing on the basis of differentiation?
A) A firm manufactures its product with less raw material waste than its competitors do.
B) A firm's products are introduced into the market faster than its competitors' products are.
C) A firm's distribution network routinely delivers its product on time.
D) A firm offers more reliable products than its competitors do.
E) A firm advertises more than its competitors do.
Answer: D
Diff: 3
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage


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56) The ability of an organization to produce services that, by utilizing the consumer's five senses, have some uniqueness in their characteristics is referred to as
A) mass production.
B) time-based competition.
C) differentiation.
D) flexible response.
E) experience differentiation.
Answer: E
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

57) Which of the following best describes "experience differentiation"?
A) It immerses consumers in the delivery of a service.
B) It uses people's five senses to enhance the service.
C) It complements physical elements with visual and sound elements.
D) Consumers may become active participants in the product or service.
E) All of the above are elements of experience differentiation.
Answer: E
Diff: 1
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

58) Experience differentiation
A) isolates the consumer from the delivery of a service.
B) is an extension of product differentiation in the service sector.
C) uses only the consumer's senses of vision and sound.
D) keeps consumers from becoming active participants in the service.
E) is the same as product differentiation, but applied in the service sector.
Answer: B
Diff: 2
Skill: knowledge
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

59) Which of the following is the best example of competing on low-cost leadership?
A) A firm produces its product with less raw material waste than its competitors.
B) A firm offers more reliable products than its competitors.
C) A firm's products are introduced into the market faster than its competitors' products.
D) A firm's research and development department generates many ideas for new products.
E) A firm advertises more than its competitors.
Answer: A
Diff: 3
Skill: application
Objective: LO2 Identify and explain three strategic approaches to competitive advantage


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60) Franz Colruyt, a Belgian discount food retailer, has achieved low-cost leadership through
A) lavish headquarters.
B) heavy use of voice mail.
C) state-of-the-art facilities.
D) piped-in background music.
E) cutting out all nonessentials.
Answer: E
Diff: 1
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

61) The Belgian discount food retailer Franz Colruyt has achieved low-cost leadership through
A) effective use of voice mail.
B) plastic, not paper, shopping bags.
C) background music that subtly encourages shoppers to buy more.
D) converting factories, garages, and theatres into retail outlets.
E) exclusive use of the Euro.
Answer: D
Diff: 1
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

62) Which of the following is an example of competing on quick response?
A) A firm produces its product with less raw material waste than its competitors.
B) A firm offers more reliable products than its competitors.
C) A firm's products are introduced into the market faster than its competitors' products.
D) A firm utilizes is capacity more effectively than its competitors.
E) A firm advertises more than its competitors.
Answer: C
Diff: 3
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

63) Compared to a firm providing a service, a firm producing a good is more likely to have many _____ quality standards, _____ product, and a location _____ from customers.
A) subjective; tangible; far
B) subjective; intangible; far
C) objective; tangible; near
D) objective; tangible; far
E) objective; intangible; far
Answer: D
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management


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64) Which of the following influences layout design?
A) inventory requirements
B) capacity needs
C) personnel levels
D) technology decisions
E) All of the above influence layout decisions.
Answer: E
Diff: 2
Skill: knowledge
Objective: LO3 Identify and define the 10 decisions of operations management

65) Response-based competitive advantage can be
A) flexible, reliable, and quick response.
B) doable, feasible, and likeable response.
C) desirable, attainable, and quick response.
D) acceptable, achievable, and attainable response.
E) none of the above.
Answer: A
Diff: 2
Skill: knowledge
Objective: LO3 Identify and define the 10 decisions of operations management

66) Which of the following is **not** an operations strategic decision?
A) maintenance
B) price
C) layout design
D) quality
E) inventory
Answer: B
Diff: 1
Skill: knowledge
Objective: LO3 Identify and define the 10 decisions of operations management

67) Which of the following OM strategic decisions pertains to sensible location of processes and materials in relation to each other?
A) layout design
B) goods and service design
C) supply-chain management
D) inventory
E) scheduling
Answer: A
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management


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68) Which of these companies is most likely to have quality standards that are relatively subjective?
A) Chrysler
B) Dell Computer
C) Sanyo Electronics
D) Harvard University
E) Whirlpool
Answer: D
Diff: 3
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

69) Which of the following will more likely to locate near their customers?
A) an automobile manufacturer
B) an aluminum manufacturer
C) an insurance company headquarters
D) a medical clinic
E) a bank headquarters.
Answer: D
Diff: 3
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

70) Which of the following statements concerning the operations management decision is relevant to services?
A) There are many objective quality standards.
B) The customer is not involved in most of the process.
C) The workforce's technical skills are very important.
D) Labour standards vary depending on customer requirements.
E) Ability to inventory may allow the leveling of the output rates.
Answer: D
Diff: 3
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

71) Which of these organizations is likely to have the most important inventory decisions?
A) a marketing research firm
B) a lobbying agency
C) a management consulting firm
D) an aluminum manufacturer
E) a law firm
Answer: D
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management


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72) Before establishing and implementing strategy, a resources view would ensure that which of the following resources is/are available?
A) financial
B) physical
C) human
D) technological
E) all of the above
Answer: E
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

73) Porter's Five Forces Model is used to evaluate competition based on which 5 aspects?
A) research and development, cost, legal regulations, suppliers, customers
B) immediate rivals, potential entrants, customers, suppliers, and substitute products
C) potential entrants, customers, suppliers, legal regulations, and cost
D) immediate rivals, potential entrants, cost, substitute products, and legal regulations
E) none of the above
Answer: B
Diff: 3
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

74) Which of the following is **not** included in Porter's Five Forces Model?
A) immediate rivals
B) potential entrants
C) customers
D) suppliers
E) potential rivals
Answer: E
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

75) Value-chain analysis is used to identify activities that represent, or can develop into, the core competencies of a business. Who introduced this concept?
A) Ford
B) Toyota
C) Porter
D) Smith
E) Taylor
Answer: C
Diff: 2
Skill: knowledge
Objective: LO4 Understand the significance of key success factors and core competencies


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76) Value-chain analysis can be used to determine if a business is adding unique value in all of the following areas, **except**
A) product research.
B) human resources.
C) process innovation.
D) quality management.
E) location decisions.
Answer: E
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

77) Which of the following is **not** part of value-chain analysis?
A) product research
B) quality management
C) supply-chain management
D) marketing
E) human resources
Answer: D
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

78) Which of the following environmental factors has not been a factor in Microsoft's changing strategy?
A) Google
B) security issues
C) faster processors
D) the Internet
E) location of company headquarters
Answer: E
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

79) Standardization is an appropriate strategy in which stage of the product life cycle?
A) introduction
B) growth
C) maturity
D) decline
E) retirement
Answer: C
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies


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80) Cost minimization is an appropriate strategy in which stage of the product life cycle?
A) introduction
B) growth
C) adolescence
D) decline
E) retirement
Answer: D
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

81) A firm's product is in the maturity stage of its life cycle. Which of the following OM strategies or issues should the firm be **leas**t concerned with at this time?
A) increasing capacity
B) long production runs
C) standardization
D) cost cutting
E) fewer rapid product changes
Answer: A
Diff: 3
Skill: comprehension
Objective: Issues in operations strategy

82) Which of the following is **least** likely to result in a strategy change?
A) change in the company's financial situation
B) a company's adoption of new technology
C) change in the product life cycle
D) change in the competitive environment
E) change in job scheduling techniques
Answer: E
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

83) Which of the following statements is most correct?
A) Key success factors (KSFs) are often necessary, but not sufficient for competitive advantage.
B) Key success factors (KSFs) are often sufficient, but not necessary for competitive advantage.
C) Key success factors (KSFs) are neither necessary nor sufficient for competitive advantage.
D) Key success factors (KSFs) are both necessary and sufficient for competitive advantage.
E) None of the above statements are correct.
Answer: A
Diff: 3
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies


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84) Given the position of the iPod in the growth stage of its life cycle, which of the following OM strategies or issues should Apple (makers of the iPod) be least concerned with at the current time?
A) forecasting
B) cost cutting
C) increasing capacity
D) product and process reliability
E) enhancing distribution
Answer: B
Diff: 3
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies

85) Which of these organizations is likely to have the most complex inventory decisions?
A) a marketing research firm
B) a stock brokerage firm
C) a management consulting firm
D) a computer manufacturing company
E) a high school
Answer: D
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

86) The three steps of the operations manager's job, in order, are
A) develop the strategy, establish the organizational structure, find the right staff.
B) develop the strategy, find the right staff, establish the organizational structure.
C) find the right staff, establish the organizational structure, develop the strategy.
D) find the right staff, develop the strategy, establish the organizational structure.
E) establish the organizational structure, find the right staff, develop the strategy.
Answer: A
Diff: 3
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

87) When developing the operations strategy for a new manufacturing organization, one of the most important considerations is that it
A) requires minimal capital investment.
B) utilizes as much automation as possible.
C) utilizes an equal balance of labour and automation.
D) supports the overall competitive strategy of the company.
E) utilizes as little automation as possible.
Answer: D
Diff: 3
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies


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88) Which of the international operations strategies involves high cost reductions and high local responsiveness?
A) international strategy
B) global strategy
C) transnational strategy
D) multidomestic strategy
E) transdomestic strategy
Answer: C
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

89) Which of the international operations strategies involves low cost reductions and low local responsiveness?
A) international strategy
B) global strategy
C) transnational strategy
D) multidomestic strategy
E) transdomestic strategy
Answer: A
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

90) Which of the international operations strategies uses import/export or licensing of existing products?
A) international strategy
B) global strategy
C) transnational strategy
D) multidomestic strategy
E) transdomestic strategy
Answer: A
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

91) Which of the international operations strategies uses the existing domestic model globally?
A) international strategy
B) global strategy
C) transnational strategy
D) multidomestic strategy
E) transdomestic strategy
Answer: D
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options


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92) The acronym **MNC** stands for
A) Mexican National Committee (for international trade).
B) Maquiladora Negates Competition.
C) Maytag-Nestlé Corporation.
D) Multinational Corporation.
E) Mostly-national Corporation.
Answer: D
Diff: 1
Skill: knowledge
Objective: LO5 Identify and explain four global operations strategy options

93) Caterpillar and Texas Instruments are two firms that have benefited from the use of
A) the multidomestic strategy option.
B) the transdomestic corporation strategy.
C) the transnational strategy option.
D) the maquiladora system in Europe.
E) the global strategy option.
Answer: E
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

94) Which of the following is **not** an example of a transnational firm?
A) Nestlé
B) Asea Brown Boveri
C) Reuters
D) Citicorp
E) McDonald's
Answer: E
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

95) Boeing found its Dreamliner 787 partners in over a dozen _____.
Answer: countries
Diff: 1
Skill: comprehension
Objective: A Global View of Operations

96) _____ are areas located along the U.S.-Mexico border in which factories receive preferential tariff treatment.
Answer: Maquiladoras
Diff: 2
Skill: knowledge
Objective: A Global View of Operations


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97) _____ is a free trade agreement among Canada, Mexico, and the United States.
Answer: NAFTA–North American Free Trade Agreement
Diff: 2
Skill: knowledge
Objective: A Global View of Operations

98) _____ and _____ are two issues where significant cultural differences are large and progress toward global uniformity has been slow.
Answer: Bribery; protection of intellectual property
Diff: 2
Skill: comprehension
Objective: A Global View of Operations

99) The _____ is an organization that has worked to achieve global uniformity in cultural and ethical issues such as bribery, child labour, and environmental regulations.
Answer: World Trade Organization
Diff: 1
Skill: knowledge
Objective: A Global View of Operations

100) In goods-producing organizations, _____, _____, and _____ may be inventoried.
Answer: raw materials; work-in-process; finished goods
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

101) Strategy is not static, but dynamic because of changes in the _____ and _____.
Answer: organization; environment
Diff: 2
Skill: comprehension
Objective: LO1 Define mission and strategy

102) _____ is the stage in product life cycle at which it is a poor time to change quality.
Answer: Maturity
Diff: 2
Skill: comprehension
Objective: LO4 Understand the significance of key success factors and core competencies

103) The _____ is how an organization expects to achieve its missions and goals.
Answer: strategy
Diff: 1
Skill: knowledge
Objective: LO1 Define mission and strategy


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104) The creation of a unique advantage over competitors is called a _____.
Answer: competitive advantage
Diff: 1
Skill: knowledge
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

105) Service organizations can immerse the consumer in the service, or have the consumer become a participant in the service, as they practise _____.
Answer: experience differentiation
Diff: 2
Skill: knowledge
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

106) Experience differentiation is an extension of _____ differentiation, accomplished by using people's five senses to create an experience rather than simply providing a service.
Answer: product
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

107) Competitive advantage in operations can be achieved by _____, _____, and/or _____.
Answer: differentiation; low cost; response
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

108) A(n) _____ is a firm that has extensive involvement in international business, owning or controlling facilities in more than one country.
Answer: MNC–multinational corporation
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

109) The _____ strategy utilizes a standardized product across countries.
Answer: global
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

110) The _____ strategy uses exports and licences to penetrate globally.
Answer: international
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options


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111) Firms using the _____ strategy can be thought of as "world companies."
Answer: transnational
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

112) The _____ strategy uses subsidiaries, franchises, or joint ventures with substantial independence.
Answer: multidomestic
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

113) The _____ strategy describes a condition in which material, people, and ideas cross or transgress national boundaries.
Answer: transnational
Diff: 2
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

114) Identify five countries from which Boeing's 787 Dreamliner has suppliers.
Answer: France, Germany, UK, Italy, Japan, China, South Korea, Sweden, U.S.
Diff: 1
Skill: knowledge
Objective: A Global View of Operations

115) Identify two innovations in aerospace technology used in Boeing's 787 Dreamliner.
Answer: Technological advances include engine technology that contributes to 8% increase in fuel efficiency, electronic maintenance monitoring, superlightweight airframe.
Diff: 2
Skill: knowledge
Objective: A Global View of Operations

116) How can global operations improve the supply chain?
Answer: The supply chain can often be improved by locating facilities in countries where unique resources exist.
Diff: 2
Skill: comprehension
Objective: Issues in operations strategy

117) How do global operations attract new markets?
Answer: Since international operations require local interaction with customers, suppliers, and other competitive businesses, international firms inevitably learn about unique opportunities for new products and services.
Diff: 2
Skill: comprehension
Objective: Issues in operations strategy


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118) State two examples of cultural and ethical issues that operations managers face in a global environment.
Answer: Student responses will vary, but there are several issues on which there are wide differences from country to country, culture to culture. Among those listed in the text are bribery, child labour, slave labour, and intellectual property rights. Students may bring forward from an earlier chapter issues such as environmental regulation or safe work environment, and may raise issues such as product safety.
Diff: 2
Skill: comprehension
Objective: Issues in operations strategy

119) What is the difference between a firm's mission and its strategy?
Answer: A firm's mission is its purpose or rationale for an organization's existence, whereas a firm's strategy is how it expects to achieve its mission and goals.
Diff: 1
Skill: comprehension
Objective: LO1 Define mission and strategy

120) Since the early 1990s, residents in a number of developing countries have overcome culture, religious, ethnic, and political productivity barriers. These disappearing barriers coupled with simultaneous advances in technology, reliable shipping, and cheap communication have all led to the growth of what three things?
Answer:
1. World trade.
2. Global capital markets.
3. International movement of people.
Diff: 2
Skill: comprehension
Objective: Issues in operations strategy

121) Provide an example of an organization that achieves competitive advantage through experience differentiation. Explain.
Answer: Answers will vary, but Disney and Hard Rock Café are illustrated in the text. Competing on experience differentiation implies providing uniqueness to your service offering through immersion of the consumer into the service, with visual or sound elements to turn the service into an experience.
Diff: 2
Skill: application
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

122) With regard to the scheduling decision, how are goods-producing organizations different from service companies? Discuss.
Answer: Goods-producing companies: the ability to inventory may allow leveling the output rates; service companies: primarily concerned with meeting the customer's immediate schedule.
Diff: 3
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management


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123) How do goods and services differ with regard to handling the quality decision?
Answer: There are many objective quality standards for goods, whereas there are many subjective quality standards for services.
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

124) What is the difference between goods and services in terms of their location selection?
Answer: Manufacturers of goods may need to be located close to raw materials, or labour force. Services, on the other hand, typically are located close to the customer.
Diff: 2
Skill: comprehension
Objective: LO3 Identify and define the 10 decisions of operations management

125) How has the Belgian discount food retailer Franz Colruyt achieved low-cost leadership? List three specific examples and describe each briefly.
Answer: Several methods are listed in the text. Among these are no shopping bags, dim lighting, no voice mail, conversion of older buildings, and Spartan offices.
Diff: 2
Skill: comprehension
Objective: LO2 Identify and explain three strategic approaches to competitive advantage

126) Define *core competencies.*
Answer: A set of skills, talents, and activities that a firm does particularly well.
Diff: 2
Skill: knowledge
Objective: LO4 Understand the significance of key success factors and core competencies

127) For what type of organization might the location decision area be the least important of its ten decision areas? For what type of organization might the location decision be the most important of the ten decision areas? Discuss; include examples.
Answer: The relationship between the organization and its suppliers or its customers is key. If that relationship is very weak (as in no transportation costs, or customers can reach the firm from any location), location diminishes in importance. If that relationship is strong (uniqueness of site, high transportation costs, customers will not travel far) location increases in importance. "Least" examples: Telemarketing firm, tax help-line, Internet sales. "Most" examples: gold mine, oil well, ski resort.
Diff: 3
Skill: application
Objective: LO3 Identify and define the 10 decisions of operations management

128) What is SWOT analysis? List its four elements and describe its purpose.
Answer: The four elements of SWOT are strengths, weaknesses, opportunities, and threats. Its purpose is to maximize opportunities and minimize threats in the environment, while maximizing the advantages of the organization's strengths and minimizing the weaknesses.
Diff: 2
Skill: application
Objective: LO1 Define mission and strategy


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129) Are strategies static or dynamic? What are the forces that lead to this result?
Answer: Strategies should be dynamic because of changes within the organization and changes in the environment.
Diff: 2
Skill: comprehension
Objective: LO1 Define mission and strategy

130) Identify and explain the four basic global operations strategies. Give an example of each strategy.
Answer:
• The multidomestic strategy decentralizes operating decisions to each country to enhance local responsiveness. The primary example from the textbook is McDonald's.
• The global strategy centralizes operating decisions, with headquarters coordinating the standardization and learning between facilities. The textbook names Texas Instruments and Caterpillar.
• The international strategy uses exports and licences to penetrate the global markets. Students may cite Pier One, Harley-Davidson, or any wine store.
• The transnational strategy exploits the economies of scale and learning, as well as pressure for responsiveness, by recognizing that core competence does not reside in just the "home" country, but can exist anywhere in the organization. Examples from the textbook include Coca-Cola and Nestlé.
Diff: 3
Skill: comprehension
Objective: LO5 Identify and explain four global operations strategy options

131) Nike is the world's largest athletic brand. Its innovative and broad product line helps drive sales; however, a large majority of those sales are in the footwear business. Most of Nike's goods are produced overseas in low-cost factories and then imported to the final market. Nike currently has many of the top U.S. athletes under contract (Michael Jordan, Tiger Woods, Dwyane Wade) but international sales are still small in emerging markets. However, many competitors have attempted to copy Nike's business model (high-value branded products manufactured at low-cost), including Adidas and Reebok, while many retailers have attempted to pass on the low-cost pressure of retail consumers. Perform a SWOT analysis for Nike.
Answer: Strengths: Innovative products, athletes under contract.
Weaknesses: Much of revenue is from footwear; eroding market share could cost Nike its profitability.
Opportunities: Sales can be increased in emerging markets using well-known athletes; broad product line can be expanded into high profit sectors (jewelry, sunglasses, golf, etc.).
Threats: International business makes Nike vulnerable to currency changes; low-cost pressure from retailers can decrease profit per item; competition could erode existing market share. Athletes' personal lives could weaken Nike's reputation.
Diff: 3
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies


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132) Starbucks is one of the best known coffeehouse chains in the world. Each store sells a variety of innovative products to complement the array of coffee choices available. However, 75% of current stores are located in the United States and the expensive nature of the coffee leaves Starbucks vulnerable to changes in consumer spending behaviour (such as recessions). Recently Starbucks has begun initiatives to sell its specialty coffee beans for home use, presenting a chance for a large increase in revenue and diversification. However, Starbucks faces fierce competition seeking a piece of its lucrative market share and the threat of consumer behaviour changes, given its reputation rides on a singular product. Perform a SWOT analysis for Starbucks.
Answer: Strengths: High profit specialty coffee, well known brand image.
Weaknesses: Most stores located in U.S., most profits come from coffee (both indicate a lack of diversification).
Opportunities: Emerging market in coffee beans for home use, chance for global expansion.
Threats: Intense competition, consumer behaviour changes (less spending during a recession on its luxury coffee, change in beverage preferences).
Diff: 3
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies

133) Boeing's 787 Dreamliner is a state-of-the-art airplane reflecting the global nature of business in the 21st century and one of the fastest-selling commercial jets in history. It incorporates the latest in a wide range of aerospace technologies including an innovative electronic monitoring system and advances in engine technology that increased fuel efficiency by 8%. Boeing teamed with more than 20 international systems suppliers from over a dozen countries. These partners not only spread the risk but also bring commitment to the table because countries that have a stake in the 787 are more likely to buy from Boeing. Perform a SWOT analysis of Boeing's 787 Dreamliner.
Answer: Strengths: Technological advances (8% increase in fuel efficiency, electronic maintenance monitoring).
Weaknesses: Diverse suppliers and assembly locations leave Boeing vulnerable to currency exchange rates and make quality control difficult.
Opportunities: One of fastest-selling commercial jets ever gives Boeing a chance to increase market share; Boeing can parlay its use of diverse supplier locations into diversifying customer base.
Threats: Competition from Airbus, divestment of the manufacture process risks losing company trade secrets (competitive advantage).
Diff: 3
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies


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134) Hard Rock opened its first restaurant in London in 1971, making it the granddaddy of theme restaurants. Hard Rock has millions of dollars invested in Rock 'n' Roll memorabilia. It employs an "experience strategy" in its 150 restaurants located in 53 countries. Efficient kitchen layouts, motivated personnel, tight schedules and the right ingredients at the right place and time to delight the customers. Perform a SWOT analysis of Hard Rock Café.
Answer: Strengths: Hard Rock's unique coupling of an experience with its menu gives it a competitive advantage, diverse portfolio of stores in 53 countries lowers risk.
Weaknesses: Hard Rock is known exclusively for its "experience"; this one-dimensional competitive advantage presents high risk.
Opportunities: New "experience" types at restaurants (Blues, Hip-Hop, etc., themes), addition of new stores to the existing 150+ stores.
Threats: Hard Rock's exclusive Rock 'n' Roll theme leaves it vulnerable to changes in consumer music preferences; competition in the restaurant business is very tough.
Diff: 3
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies

135) Franz Colruyt is a Belgian discount food retailer that is obsessed with cutting costs. Cost cutting measures in its 160 stores include no bags or in-store music, dimly-lit stores, unpaid 5-minute coffee breaks for employees, and a spartan headquarters. The resulting 6.5% profit margin dwarfs the 1% to 2% margin typical for the industry. Perform a SWOT analysis for Franz Colruyt.
Answer: Strengths: High profit margin of 6.5% from its extreme low-cost competitive advantage.
Weaknesses: Lack of bagging, in-store music, dim lighting, and lack of aesthetic in-store appeal all limit potential customer base.
Opportunities: Franz Colruyt only operates 160 stores, so there is opportunity for global expansion.
Threats: High profit margin might encourage competition to copy Franz Colruyt's low-cost competitive advantage, eroding it. Changes in consumer behaviour (increased prosperity) might decrease customers interested in only a low-cost alternative.
Diff: 3
Skill: application
Objective: LO4 Understand the significance of key success factors and core competencies


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