Test Bank for Purchasing and Supply Management 16th Johnson

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***Purchasing and Supply Management, 16e* (Johnson)**
Chapter 2 Supply Strategy

1) Linking current and future needs with current and future markets is the primary focus of:
A) internal users of purchased goods and services.
B) each individual buyer.
C) an effective supply strategy.
D) an effective marketing strategy.
E) an effective organizational strategy.

Answer: C
Difficulty: 1 Easy
Topic: Levels of strategic planning
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

2) If organizational objectives and supply objectives are incongruent:
A) it will be easy to translate organizational objectives into supply objectives.
B) it will be difficult to translate organizational objectives into supply objectives.
C) it is likely that many organizational resources will be made available to supply.
D) it will be easy to define quality, quantity, price, delivery, and service goals.
E) it will be easy to convey objectives to suppliers.

Answer: B
Difficulty: 2 Medium
Topic: Levels of strategic planning
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

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3) Strategies designed to make available the knowledge and capabilities of supply chain members to others in the buying organization are called:
A) environmental-change strategies.
B) assurance-of-supply strategies.
C) risk-management strategies.
D) cost-reduction strategies.
E) supply-chain-support strategies.

Answer: E
Difficulty: 1 Easy
Topic: Strategic planning in supply management
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

4) The answer to the question, "How much to buy?" depends on:
A) the level of uncertainty throughout the supply chain.
B) the relative power of each supply chain member.
C) decisions made inside the buying organization.
D) decisions made inside the first tier supplier.
E) trends in inventory management.

Answer: A
Difficulty: 2 Medium
Topic: Strategic components
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

5) Supply strategies that are designed to exploit market opportunities and organizational strengths to give the buying organization an advantage in the marketplace are known as:
A) risk-management strategies.
B) competitive-edge strategies.
C) assurance-of-supply strategies.
D) cost-reduction strategies.
E) supply-chain-support strategies.

Answer: B
Difficulty: 1 Easy
Topic: Strategic planning in supply management
Bloom's: Remember
AACSB: Reflective Thinking
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6) Strategic planning can be defined as:
A) how each functional area will achieve its specific goals and objectives.
B) an action plan to achieve specific operational and tactical goals.
C) a procedure for allocating resources to appropriate functions in the organization.
D) taking big risks to maximize current period benefits.
E) an action plan to achieve specific long-term goals and objectives.

Answer: E
Difficulty: 2 Medium
Topic: Strategic planning
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

7) To effectively manage supply risks, the supply manager must:
A) inform the corporate risk officer of a potential risk, await instructions, and implement the directive.
B) seek input from senior executives in other functional areas, propose a risk mitigation plan, and await instructions from senior management.
C) review the commodity strategy, revise it as needed, and implement the strategy revision.
D) identify and classify risks, assess the potential impact, and develop a risk mitigation strategy.
E) confer with the chief financial officer (CFO), provide all requested data, and implement the CFO's plan.

Answer: D
Difficulty: 3 Hard
Topic: Risk management
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

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8) Linking supply strategy to corporate strategy is:
A) non-essential in most types of organizations.
B) essential in all organizations, and many lack the mechanisms to link them.
C) essential in all organizations, and most have the mechanisms to link them.
D) essential only in manufacturing, and most have the mechanisms to link them.
E) essential only in the service sector, and most lack the mechanisms to link them.

Answer: B
Difficulty: 2 Medium
Topic: Strategic planning in supply management
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

9) Normally, most organizational objectives can be summarized under four categories:
A) marketing, management, financial, and operations.
B) survival, market share, earnings per share, and return on investment.
C) profitability, return on investment, liquidity, and earnings per share.
D) survival, growth, financial, and sustainability.
E) growth, maintenance, new product development, and asset management.

Answer: D
Difficulty: 1 Easy
Topic: Levels of strategic planning
Bloom's: Remember
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10) Three major challenges exist when setting supply objectives and strategies:
A) effectively interpreting corporate and supply objectives, selecting appropriate actions to achieve objectives, and integrating supply information into organizational strategies.
B) identifying internal stakeholders, building consensus among these stakeholders, and selling top management on the results.
C) adopting efficient electronic transaction systems, designing effective strategic supply processes, and increasing internal compliance with both.
D) hiring professionals educated specifically in supply management, providing them with technical expertise, and developing leadership skills for the long-term.
E) emphasizing strategic cost management, involving key suppliers early in the process, and measuring the reduction in total cost of ownership.

Answer: A
Difficulty: 2 Medium
Topic: Major challenges in setting supply objectives and strategies
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

11) When developing supply strategies, the supply manager must determine:
A) what to make or buy.
B) what to insource or outsource.
C) what standard items and what customized items will be acquired.
D) what to make or buy and what to insource or outsource.
E) what to make or buy, what to insource or outsource, and what standard items or what customized items will be acquired.

Answer: E
Difficulty: 3 Hard
Topic: Strategic components
Bloom's: Apply
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12) Organizational objectives and supply objectives typically are expressed:
A) differently, providing the supply manager multiple opportunities to tap into organizational resources.
B) the same (survival, growth, financial, and environmental), making it easy to translate organizational objectives into supply objectives.
C) differently, making it difficult to translate organizational objectives into supply objectives.
D) for the same factors (quality, quantity, price, delivery and service), but long-term at the organizational level and short-term at the supply level.
E) in ways that are very specific to the organization, making it difficult to convey objectives to suppliers.

Answer: C
Difficulty: 3 Hard
Topic: Levels of strategic planning
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

13) Which one of the following is NOT one of the six major supply strategy areas:
A) competitive-edge strategies.
B) environmental-change strategies.
C) risk-management strategies.
D) new-product development strategies.
E) cost-reduction strategies.

Answer: D
Difficulty: 1 Easy
Topic: Strategic planning in supply management
Bloom's: Remember
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14) The key question in strategic supply management is:
A) How can the supply manager develop a network of suppliers that contribute to the supply department's goals?
B) How can first tier suppliers contribute to the buying organization's objectives and strategy?
C) How can supply and supply chains contribute effectively to organizational objectives and strategy?
D) How can first, second, and subsequent tiers of suppliers contribute to the buying organization's objectives and strategy?
E) How can supply strategy be kept separate from, but equal to, organizational strategy?

Answer: C
Difficulty: 1 Easy
Topic: Strategic planning in supply management
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

15) Supply managers may be able to provide information to identify risks to the organization, and can develop strategies to mitigate those risks.

Answer: TRUE
Difficulty: 2 Medium
Topic: Risk management
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

16) Assurance-of-supply strategies must consider changes in supply but not demand.

Answer: FALSE
Difficulty: 2 Medium
Topic: Strategic planning in supply management
Bloom's: Apply
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17) By identifying and eliminating the causes of uncertainty and risk in the supply chain, the supply manager may be able to reduce the needed inventories and therefore buy a lower quantity.

Answer: TRUE
Difficulty: 2 Medium
Topic: Strategic components
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

18) The most fundamental question facing an organization is whether to buy domestically or globally.

Answer: FALSE
Difficulty: 3 Hard
Topic: Strategic planning
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

19) Some operational risks in a supply chain are beyond the control of the purchaser or supplier, and some are within their control.

Answer: TRUE
Difficulty: 1 Easy
Topic: Risk management
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

20) There is a growing emphasis on purchase transactions and less on acquisition processes.

Answer: FALSE
Difficulty: 1 Easy
Topic: Strategic components
Bloom's: Remember
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21) The key decisions and plans in corporate strategy address: What business are we in and how will we allocate resources among these businesses?

Answer: TRUE
Difficulty: 1 Easy
Topic: Levels of strategic planning
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

22) Whether to make or buy is a fundamental question facing most organizations.

Answer: TRUE
Difficulty: 2 Medium
Topic: Strategic components
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

23) The trend is to decentralize risk management, and allow each function to assess its risk exposure and develop strategies to best manage functional risks.

Answer: FALSE
Difficulty: 2 Medium
Topic: Risk management
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

24) The three levels of strategic planning are corporate, business unit, and functional.

Answer: TRUE
Difficulty: 1 Easy
Topic: Levels of strategic planning
Bloom's: Remember
AACSB: Reflective Thinking
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25) There is increased emphasis on purchase transactions and less on strategic supply management processes.

Answer: FALSE
Difficulty: 2 Medium
Topic: Strategic components
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

26) Environmental-change strategies are designed to anticipate and recognize shifts in the economy, the organization, people, laws, governmental regulations, and systems availability.

Answer: TRUE
Difficulty: 2 Medium
Topic: Strategic planning in supply management
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

27) Globalization of supply chains has increased the complexity of purchasing responsibilities and made identification of risk easier.

Answer: FALSE
Difficulty: 2 Medium
Topic: Risk management
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Gradable: automatic

28) Supply chain sustainability performance must comply with legal obligations *and* meet the values and standards of the organization's stakeholders, including employees, shareholders, and customers.

Answer: TRUE
Difficulty: 1 Easy
Topic: Levels of strategic planning
Bloom's: Remember
AACSB: Reflective Thinking
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29) If a supply manager identifies and eliminates the causes of uncertainty and risk in the supply chain, the organization may be able to reduce the level of inventory.

Answer: TRUE
Difficulty: 3 Hard
Topic: Strategic components
Bloom's: Apply
AACSB: Analytical Thinking
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