Test Bank for Operations Management A Supply Chain Process Approach 1st Wisner

Access Complete Test Bank for Operations Management A Supply Chain Process Approach 1st Wisner

Chapter 2: Corporate Strategy, Performance, and Sustainability

Test Bank

Multiple Choice

1. An organization's strategy is not primarily designed to consider which of the following?
a. How the organization intends to provide value to its customers in the future
b. How the organization makes decisions on a day-to-day basis
c. How the organization intends to compete in the future
d. How the organization provides value and competes at present
Ans: B
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Corporate Strategy Development
Difficulty Level: Easy
AACSB Standard: Application of knowledge

2. "We will be the easiest pharmacy retailer for customers to use" is an example of an organization's _____.
a. Strategy
b. Competitive priority
c. Mission statement
d. Statement of belief
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Corporate Strategy Development
Difficulty Level: Medium
AACSB Standard: Application of knowledge

3. A company that produces products in high volume would most likely be trying to compete on which competitive dimension?
a. Cost
b. Quality
c. Customer Service
d. Flexibility
Ans: A
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Comprehension
Answer Location: Operations Strategy Choices
Difficulty Level: Medium
AACSB Standard: Application of knowledge

4. A company that produces products with a wide variety of customization options would most likely be trying to compete on which competitive dimension?
a. Cost
b. Quality
c. Customer Service

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d. Time
Ans: C
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Comprehension
Answer Location: Customer Service
Difficulty Level: Medium
AACSB Standard: Application of knowledge

5. The use of economies of scale most closely aligns with which competitive dimension?
a. Cost
b. Quality
c. Customer Service
d. Time
Ans: A
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge
Answer Location: Cost
Difficulty Level: Medium
AACSB Standard: Application of knowledge

6. Attempting to compete on the basis of quality will most likely result in which of the following?
a. Lower costs
b. Lower levels of customer service
c. Higher amounts of product returns/warranty claims
d. Higher costs
Ans: D
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Comprehension
Answer Location: Cost
Difficulty Level: Medium
AACSB Standard: Application of knowledge

7. Service recovery is:
a. The capability of a company to respond when a product or service fails
b. Hiring additional employees in anticipation of seasonal demand
c. Selling a product at discount to eliminate excess inventory
d. Retaining excess labor capacity to buffer against uncertain demand
Ans: A
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge
Answer Location: Customer Service
Difficulty Level: Medium
AACSB Standard: Application of knowledge

8. Which of the following is least likely to be a core competency of a fast-food restaurant chain?
a. Cost reduction leading to low-cost product
b. Inventory control to ensure adequate product availability
c. Flexibility to allow customers many customized product offerings
d. Quick preparation of product
Ans: C
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage

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Cognitive Domain: Application
Answer Location: Core Competencies
Difficulty Level: Medium
AACSB Standard: Application of knowledge

9. Core competencies are primarily used to:
a. Identify appropriate suppliers
b. Create competitive advantage
c. Select skill sets for prospective employees
d. Select appropriate material for students
Ans: B
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge
Answer Location: Core Competencies
Difficulty Level: Easy
AACSB Standard: Application of knowledge

10. Which of the following describes the capabilities and skill sets possessed by a firm that distinguish the firm from its competition?
a. Core competencies
b. Business intelligence
c. Analytical toolbox
d. Managerial levers
Ans: A
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge
Answer Location: Core Competencies
Difficulty Level: Easy
AACSB Standard: Application of knowledge

11. High-volume and automated processes most closely align with which combination of operations and firm strategies?
a. Facility Location, Customer Service
b. Purchasing, Quality
c. Process Design, Cost
d. Product Design, Quality
Ans: C
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Analysis
Answer Location: Operations Strategy Choices
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

12. Innovation and use of new technology most closely align with which combination of operations and firm strategies?
a. Process Design, Customer Service
b. Purchasing, Cost
c. Logistics, Customer Service
d. Product Design, Quality
Ans: D
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Analysis

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Answer Location: Operations Strategy Choices
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

13. Adoption of a low-cost strategy may lead to a decrease in which of the following?
a. Volume
b. Flexibility
c. Customer complaints
d. Warranty claims
Ans: B
Learning Objective: LO 2.3: Explain the trade-offs in operations strategies
Cognitive Domain: Application
Answer Location: Operations Strategy Choices
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

14. Operations aligned with a high-quality strategy may lead to all of the following except:
a. Selection of high-quality suppliers
b. Use of certifications such as ISO 9000
c. Increase in customer product returns
d. Use of process control and continuous improvement techniques
Ans: C
Learning Objective: LO 2.3: Explain the trade-offs in operations strategies
Cognitive Domain: Application
Answer Location: Operations Strategy Choices
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

15. A strategy with a focus on high levels of customer service may lead to all of the following except:
a. Strong warranties and after-sale product support
b. Responsive distribution from decentralized facilities
c. On-time deliveries
d. Lower levels of product customization
Ans: D
Learning Objective: LO 2.3: Explain the trade-offs in operations strategies
Cognitive Domain: Application
Answer Location: Operations Strategy Choices
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

16. A "budget," "no-frills" airline may employ all of the following except:
a. Limited aircraft models used
b. First-class seating
c. Online-only ticket reservations
d. No meal offerings
Ans: B
Learning Objective: LO 2.3: Explain the trade-offs in operations strategies
Cognitive Domain: Application
Answer Location: Operations Strategy Trade-Offs
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

17. Choose the incorrect matching of performance measure to performance category.
a. Percent of waste recycled → Quality
b. Order quantity accuracy → Customer service
c. Inventory turnover → Financial

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d. Average time between product failures → Quality
Ans: A
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Performance Measures
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

18. Choose the incorrect matching of performance measure to performance category.
a. Current ratio → Financial
b. Net profit margin → Financial
c. Complaint resolution time → Ethics/sustainability
d. Percent of suppliers ISO 14000 certified → Ethics/sustainability
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Performance Measures
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

19. Productivity is defined as a ratio of _____ over _____.
a. Inputs, outputs
b. Outputs, inputs
c. Inputs, quality
d. Quality, inputs
Ans: B
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

20. A company estimates that it spends $1,000 in labor and material costs to produce 2,700 units of product. Calculate the company's productivity ratio (with appropriate units).
a. 2.7 $/unit
b. 0.37 $/unit
c. 2.7 units/$
d. 0.37 units/$
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Application
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

21. A company estimates that it spends $2,000 in labor costs to produce 450 units of product. Calculate the company's labor productivity ratio (with appropriate units).
a. 0.23 labor $/units
b. 4.44 labor $/units
c. 4.44 units/labor $
d. 0.23 units/labor $
Ans: D

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Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Application
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

22. Riley Inc. estimates that its productivity in the year 2014 was 8 t-shirts per labor hour. In 2015, Riley estimated its productivity as 9 t-shirts per labor hour. What is Riley's productivity growth rate from 2014 to 2015?
a. 1%
b. 12.5%
c. -12.5%
d. -1%
Ans: B
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Application
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

23. London Limited estimated that its productivity in the year 2013 was 180 packages of cookies per labor hour. In 2014, London estimated its productivity as 145 packages of cookies per labor hour. What is London's productivity growth rate from 2013 to 2014?
a. -19.4%
b. 35%
c. -35%
d. 19.4%
Ans: A
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Application
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

24. Initiatives to increase productivity may have which of the following effects?
a. Reduced forecasting accuracy
b. Increased spending on materials
c. Reduced output
d. Increased inventory carrying cost
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Hard
AACSB Standard: Systems and processes in organizations

25. Brigid Boats is a manufacturer of customized sailboats. In 2013, the company produced 74 boats, in 2014 it built 81 boats, and in 2015 it built 79 boats. The company's cost of labor was $575,000 in 2013, $600,000 in 2014, and $610,000 in 2015. What direction did Brigid's productivity growth rate change from 2013 to 2014 and then from 2014 to 2015?
a. Increase and then continue to increase
b. Decrease and then increase

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c. Increase and then decrease
d. Decrease and then continue to decrease
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

26. Brigid Boats is a manufacturer of customized sailboats. In 2013, the company produced 74 boats, in 2014 it built 77 boats, and in 2015 it built 79 boats. The company's cost of labor was $575,000 in 2013, $600,000 in 2014, and $610,000 in 2015. What direction did Brigid's productivity growth rate change from 2013 to 2014 and then from 2014 to 2015?
a. Increase and then continue to increase
b. Decrease and then increase
c. Increase and then decrease
d. Decrease and then continue to decrease
Ans: B
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

27. An increase in output will result in what type of change to productivity?
a. Increase
b. Decrease
c. Productivity will be unchanged
d. Depends on changes in input
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

28. Which of the following is not likely to be a performance measure related to quality?
a. Number of warranty claims per unit sold
b. Average number of defects per unit
c. Units sold
d. Average time between product failures
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Quality
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

29. Average number of defects per unit would be considered what type of performance measure?
a. Supply chain
b. Financial
c. Customer service

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d. Quality
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Quality
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

30. Which performance measure might be best suited for a services company?
a. Earnings per share
b. Number of units sold per quarter
c. Average number of complaints per customer
d. Total amount of greenhouse gas emissions
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Quality
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

31. Which ISO standard concerns environmental management?
a. 9000
b. 14000
c. 15000
d. 16000
Ans: B
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Ethics and Sustainability
Difficulty Level: Medium
AACSB Standard: Social responsibility

32. The balanced scorecard uses how many categories?
a. 1
b. 2
c. 3
d. 4
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

33. The balanced scorecard suggests the use of approximately how many performance measures?
a. 5 to 10
b. 10 to 20
c. 20 to 30
d. More than 30
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems

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Cognitive Domain: Knowledge
Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

34. Which of the following is not a balanced scorecard category?
a. Quality
b. Financial
c. Internal business
d. Customer
Ans: A
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

35. Approximately what percentage of U.S. companies use or have used the balanced scorecard approach?
a. 10%
b. 25%
c. 50%
d. 80%
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

36. Web-based scorecards are referred to as:
a. Snippets
b. Dashboards
c. Sparklines
d. Visual controls
Ans: B
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

37. A company wishing to unify and consolidate its performance measures might consider the use of which approach?
a. Total Performance Management
b. Statistical Quality Control
c. Performance Monitoring
d. Balanced Scorecard
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Application

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Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

38. The collection of large volumes of data in real time or near real time defines:
a. Business analytics
b. MOOCs
c. Big data
d. Spreadsheet analytics
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Easy
AACSB Standard: Statistics/quantitative methods

39. Which of the following companies is widely viewed an early user of big data and big data analytics?
a. Amazon
b. K-Mart
c. Schneider National
d. American Airlines
Ans: A
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Easy
AACSB Standard: Statistics/quantitative methods

40. As of 2014, approximately what percentage of marketing firms indicated that they use big data?
a. 10%
b. 45%
c. 75%
d. 90%
Ans: B
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Medium
AACSB Standard: Statistics/quantitative methods

41. The use of big data and big data analytics is expected to _____ in the next few years.
a. Increase
b. Decrease
c. Stay approximately the same
d. Come to an end
Ans: A
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Medium
AACSB Standard: Statistics/quantitative methods

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42. A key aspect of big data that must be considered is which of the following?
a. Access to appropriate algorithms and methods
b. Limited availability of data
c. Time sensitivity of the data
d. Availability of qualified analysts
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Medium
AACSB Standard: Statistics/quantitative methods

43. Which of the following is not a benefit of the use of big data?
a. Ability to more effectively use resources
b. Ability to more accurately market to customers
c. Ability to rely less on quantitative methods
d. Ability to identify recommendations for customers
Ans: C
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Medium
AACSB Standard: Statistics/quantitative methods

44. Big data and big data analytics are likely being used in all of the following industries except:
a. Agriculture
b. Retail
c. Cloud-based services
d. There are very few industries (if any) that are not using big data and big data analytics in some way
Ans: D
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Medium
AACSB Standard: Statistics/quantitative methods

45. Customer demand for ethical and environmental performance has been and continues to _____.
a. Decrease
b. Increase
c. Stay roughly the same
d. Be nonexistent
Ans: B
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Trends In Operations Strategies: The Growing Importance of Ethics and Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

46. Examples of ethical and environmental operations management drivers might include all of the following except?
a. The use of ethical and sustainable purchasing policies
b. Pursuit of the lowest cost supplier

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c. Ethical hiring practices
d. Recycling and other green manufacturing initiatives
Ans: B
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Trends In Operations Strategies: The Growing Importance of Ethics and Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

47. Which of the following is an approach to deciding whether or not an action is ethical?
a. Existentialism
b. Rationalism
c. Parochialism
d. Utilitarianism
Ans: D
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

48. Utilitarianism refers to which of the following concepts?
a. Ethics are of little importance as long as the action taken is useful to some
b. Some actions are simply right, without any regard to the consequences
c. An ethical act creates the greatest good for the greatest number of people
d. The utility of an action is unimportant
Ans: C
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

49. The rights and duties concept refers to which of the following?
a. Ethics are of little importance as long as the action taken is useful to some
b. Some actions are simply right, without any regard to the consequences
c. An ethical act creates the greatest good for the greatest number of people
d. The utility of an action is unimportant
Ans: B
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

50. A company initiating a recall for a dangerously defective product would most likely be adhering to which business ethics concept?
a. Rights and duties
b. Utilitarianism
c. Rationalism
d. Environmentalism
Ans: A

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Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Application
Answer Location: Business Ethics
Difficulty Level: Medium
AACSB Standard: Social responsibility

51. An alternative term for business ethics is?
a. EDLP
b. Corporate utility theory
c. Consumerism
d. Corporate social responsibility
Ans: D
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Comprehension
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

52. The fair trade concept is most closely related to which operations management process?
a. Inventory management
b. Purchasing
c. Marketing
d. Logistics
Ans: B
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Comprehension
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

53. A chain of coffee shops has recently initiated a purchasing initiative aimed at being more ethical. Which concept would the coffee shop chain likely consider?
a. Offshoring
b. Cost minimization
c. Fair trade
d. Use of a maquiladora
Ans: C
Learning Objective: LO 2.5 Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Application
Answer Location: Business Ethics
Difficulty Level: Medium
AACSB Standard: Social responsibility

54. The fair trade concept typically refers to all of the products below except?
a. Coffee
b. Tea
c. Manufactured goods
d. Cotton
Ans: C
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge

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Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

55. Sustainability is broadly defined as:
a. Sustaining business efforts by cost cutting and profit seeking
b. Seeking out exclusively foreign suppliers
c. Doing the right social and environmental things in ways that make economic sense
d. Pursuing high quality at the expense of increasing waste
Ans: C
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

56. Which of the following is not part of the triple bottom line concept?
a. Economic
b. Educational
c. Social
d. Environmental
Ans: B
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

57. The triple bottom line concept refers to three P's. Which of the following is not one of the P's?
a. People
b. Profit
c. Planet
d. Product
Ans: D
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

58. People, Profit, and Planet are associated with which concept?
a. Three P's of Marketing
b. Triple bottom line
c. 3PL
d. Balanced Scorecard
Ans: B
Learning Objective: LO 2.5 Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

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59. Traditional operations management strategies have focused on all of the following except?
a. Cost
b. Customer service
c. Sustainability
d. Quality
Ans: C
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

60. This chapter (Chapter 2) notes sustainability initiatives from all of the following companies except?
a. Walmart
b. Unilever
c. Kroger
d. Ford
Ans: B
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Medium
AACSB Standard: Social responsibility

61. Sustainability initiatives should lead to _____ customer service performance.
a. Increased
b. Decreased
c. Unchanged
d. Sustainability initiatives are incompatible with customer service performance
Ans: A
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Application
Answer Location: Sustainability
Difficulty Level: Hard
AACSB Standard: Social responsibility

62. Which of the following is not one of the three competitive dimensions?
a. Cost
b. Customer service
c. Quality
d. Productivity
Ans: D
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

63. A high-cost product is typically aligned with which of the following?
a. Low levels of customer service
b. High levels of quality
c. Low levels of quality

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d. Neither high nor low levels of customer service
Ans: B
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

64. Which of the following is most likely to be a mismatch?
a. High cost and high quality
b. High customer service and high cost
c. Low cost and high quality
d. Low cost and low customer service
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

65. Competing on the basis of cost likely requires all of the following except?
a. Use of automation
b. Purchasing in high volume
c. Providing many customization options to customers
d. Producing in large quantities
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

66. The Redbox video rental company employs a competitive model that relies on which combination of competitive priorities?
a. Low cost and high customer service
b. High cost and low customer service
c. Low cost and low quality
d. High quality and low customer service
Ans: A
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Cost
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

67. Purchasing and manufacturing in high volume to reduce cost per unit is referred to as?
a. Economies of size
b. Economies of scope
c. Economies of scale
d. Economies of setup
Ans: C

Access Complete Test Bank for Operations Management A Supply Chain Process Approach 1st Wisner

Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Cost
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

68. Economies of scale refers to which of the following?
a. Seeking out customers that will purchase large quantities
b. Purchasing and manufacturing product in high volume
c. Mitigating risk by insurance
d. Producing low volume product before higher volume product
Ans: B
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Cost
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

69. Which of the following types of companies would most likely rely on economies of scale to reduce cost per unit?
a. A neighborhood coffee shop
b. A manufacturer of handmade furniture
c. A beauty parlor
d. A large "big-box" retailer
Ans: D
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Cost
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

70. Which of the following would not be considered an element of quality?
a. Product color
b. Product design
c. Product reliability
d. Product safety
Ans: A
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Quality
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

71. A company can be viewed by different customers as _____.
a. Only of high quality
b. Only of low quality
c. Only as being of neither high nor low quality
d. Either high or low quality (depending on the customer)
Ans: D
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension

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Answer Location: Quality
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

72. Higher quality tends to lead to which of the following?
a. Dissatisfied customers
b. Higher warranty-associated costs
c. Better profit margins
d. More defects per unit
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Quality
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

73. Customer service may include all of the following aspects except?
a. Flexibility
b. Delivery cost
c. Product support
d. Empathy
Ans: B
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Customer Service
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

74. Which of the following is not an example of service recovery?
a. A discount offered during a time of low demand
b. A discount offered on a defective product
c. A meal being provided at no cost due to poor quality
d. An upgrade to first-class on a flight due to airline delays
Ans: A
Learning Objective: LO 2-1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Analysis
Answer Location: Customer Service
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

75. The combination of a firm's long-term goals, plans, and policies is referred to as?
a. Strategic outcomes
b. Strategic outsourcing
c. Strategic planning
d. Strategic knowledge
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Corporate Strategy Development
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

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76. A company answering the questions “Who are we now?” and “What do we want to be?” is likely formulating a?
a. Plan
b. Project
c. Statement
d. Strategy
Ans: D
Learning Objective: LO 2.1 List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Corporate Strategy Development
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

77. A mission statement can be?
a. Short/simple
b. Long/detailed
c. Either short/simple or long/detailed
d. Neither short/simple nor long/detailed
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Corporate Strategy Development
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

78. How many competitive dimensions are typically considered?
a. 1
b. 2
c. 3
d. 4
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

79. Empathy is associated with which of the three competitive priorities?
a. Cost
b. Quality
c. Customer service
d. Empathy is not associated with any of the three competitive priorities
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Customer Service
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

80. Reliability is associated with which of the three competitive priorities?
a. Cost
b. Quality

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c. Customer service
d. Reliability is not associated with any of the three competitive priorities
Ans: B
Learning Objective: LO 2.1 List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Quality
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

81. Economies of scale are associated with which of the three competitive priorities?
a. Cost
b. Quality
c. Customer service
d. Economies of scale are not associated with any of the three competitive priorities
Ans: A
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Cost
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

82. Flexibility is associated with which of the three competitive priorities?
a. Cost
b. Quality
c. Customer service
d. Flexibility is not associated with any of the three competitive priorities
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Customer Service
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

83. The set of decisions made within the operations function to support the overall mission and strategy of the firm are referred to as?
a. Strategic plans
b. Vision statements
c. Operations strategies
d. Operations initiatives
Ans: C
Learning Objective: LO 2-2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge
Answer Location: Aligning Operations Strategies for Competitive Advantage
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

84. Which of the following is least likely to be a core competency of a bank?
a. Ability to store and secure customers' money
b. Ability to provide loans and other financial products
c. Ability to provide access to customers' money in a convenient manner
d. Ability to provide low-cost access to marketing services
Ans: D

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Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Application
Answer Location: Core Competencies
Difficulty Level: Easy
AACSB Standard: Application of knowledge

85. A customer service-oriented purchasing strategy is likely to do which of the following?
a. Purchase from low-cost foreign suppliers
b. Purchase from local suppliers
c. Use centralized distribution centers
d. Buy in bulk
Ans: B
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Application
Answer Location: Operations Strategy Choices
Difficulty Level: Easy
AACSB Standard: Application of knowledge

86. Which is the correct formula for productivity growth rate? Assume that P1 is the productivity in the period before period P2.
a. (P1 – P2)/P2
b. (P1 + P2)/P1
c. (P2 – P1)/P1
d. (P1 + P2)/P2
Ans: C
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

87. The ratio of outputs over inputs defines which concept?
a. Quality
b. Productivity
c. Efficiency
d. Reliability
Ans: B
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

88. Productivity is defined as which of the following?
a. Profit/Revenue
b. Inputs/Outputs
c. Assets/Inputs
d. Outputs/Inputs
Ans: D
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge

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Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

89. RTR Incorporated estimated its labor productivity as 120 units per labor $ in 2013. In 2014, its estimated labor productivity was 125 units per labor $. What was RTR's labor productivity growth rate from 2013 to 2014?
a. 5%
b. -5%
c. 4.2%
d. -4.2%
Ans: C
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

90. RTR Incorporated estimated its labor productivity as 125 units per labor $ in 2013. In 2014, its estimated labor productivity was 145 units per labor $. WDE Incorporated estimated its labor productivity as 125 units per labor $ in 2013 and 120 units per labor $ in 2014. Which company experienced the best labor productivity growth rate?
a. RTR
b. WDE
c. Both have equivalent labor productivity growth
d. Cannot calculate from the information given
Ans: A
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

91. HSH is a manufacturer of components for a major automotive producer. In 2012, HSH produced 12,000 units. In 2013, the company produced 14,000 units. What was HSH's productivity growth rate from 2012 to 2013?
a. Positive
b. Negative
c. Zero
d. Cannot be determined from the information given
Ans: D
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

92. HSH is a manufacturer of components for a major automotive producer. In 2012, HSH produced 12,000 units. In 2013, the company produced 14,000 units. HSH estimated that it spent $1.5 million to produce the units in 2012 and $1.7 million to produce the units in 2013. What was HSH's productivity in 2012?
a. 8,235 units/million $
b. 2,000 units/million $

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c. 8,000 units/million $
d. 0.00013 units/million $
Ans: C
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Difficult
AACSB Standard: Systems and processes in organizations

93. HSH is a manufacturer of components for a major automotive producer. In 2012, HSH produced 12,000 units. In 2013, the company produced 14,000 units. HSH estimated that it spent $1.5 million to produce the units in 2012 and $1.7 million to produce the units in 2013. What was HSH's productivity in 2013?
a. 8,235 units/million $
b. 2,000 units/million $
c. 8,000 units/million $
d. 0.00013 units/million $
Ans: A
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

94. HSH is a manufacturer of components for a major automotive producer. In 2012, HSH produced 12,000 units. In 2013, the company produced 14,000 units. HSH estimated that it spent $1.5 million to produce the units in 2012 and $1.7 million to produce the units in 2013. What was HSH's labor productivity growth rate from 2012 to 2013?
a. 2%
b. -2%
c. -2.9%
d. 2.9%
Ans: D
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

95. Dub Wireless's marketing team spent $750,000 in 2014 to add 12,000 new subscribers. In 2015, Dub spent $865,000 to add 12,500 new subscribers. What was the marketing team's productivity in 2014?
a. 0.004 subscribers/$
b. 0.016 subscribers/$
c. 0.014 subscribers/$
d. Cannot be determined from the information given
Ans: B
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

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96. Dub Wireless's marketing team spent $750,000 in 2014 to add 12,000 new subscribers. In 2015, Dub spent $865,000 to add 12,500 new subscribers. What was the marketing team's productivity in 2015?
a. 0.004 subscribers/$
b. 0.016 subscribers/$
c. 0.014 subscribers/$
d. Cannot be determined from the information given
Ans: C
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

97. Dub Wireless's marketing team spent $750,000 in 2014 to add 12,000 new subscribers. In 2015, Dub spent $865,000 to add 12,500 new subscribers. What was the marketing team's productivity growth rate from 2014 to 2015?
a. -10.7%
b. 10.7%
c. 4.2%
d. Cannot be determined from the information given
Ans: A
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

98. Dub Wireless's marketing team spent $865,000 in 2015 to add 12,500 new subscribers. If Dub has a marketing budget of $850,000 in 2016, how many subscribers will it need to add to experience a productivity growth rate of 10% from 2015 to 2016?
a. 15,312
b. 15,000
c. 13,750
d. 13,511
Ans: D
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Financial
Difficulty Level: Hard
AACSB Standard: Systems and processes in organizations

99. Companies typically attempt to compete on how many of the three competitive dimensions?
a. None
b. One
c. One or two
d. Three
Ans: C
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Comprehension
Answer Location: Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

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True/False

1. An organization's strategic plan addresses how the organization intends to achieve its mission.
Ans: True
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Corporate Strategy Development
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

2. Customer perceptions of quality rarely vary from customer to customer.
Ans: False
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge
Answer Location: Quality
Difficulty Level: Medium
AACSB Standard: Application of knowledge

3. A large retailer entering into the business of selling life insurance would likely be an example of a company capitalizing on its core competencies.
Ans: False
Learning Objective: LO 2.3: Explain the trade-offs in operations strategies
Cognitive Domain: Comprehension
Answer Location: Operations Strategy Trade-Offs
Difficulty Level: Medium
AACSB Standard:

4. Core competencies are likely to be static.
Ans: False
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Comprehensive
Answer Location: Core Competencies
Difficulty Level: Medium
AACSB Standard: Application of knowledge

5. Aligning operations with a low-cost business strategy is often impossible.
Ans: False
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Comprehension
Answer Location: Operations Strategy Choices
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

6. The ISO 9000 standard is associated with quality.
Ans: True
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Knowledge

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Answer Location: Operations Strategy Choices
Difficulty Level: Easy
AACSB Standard: Application of knowledge

7. Performance measures should be closely linked to a firm's strategies.
Ans: True
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Measuring Operations Performance
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

8. The balanced scorecard is used to assess organizational performance.
Ans: True
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: The Balanced Scorecard
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

9. It is critical that organizations monitor their customer service performance.
Ans: True
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Customer Service
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

10. Improvements to financial performance measures always indicate that a company's processes are being managed more effectively.
Ans: False
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Measuring Operations Performance
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

11. The productivity growth rate can only take on positive values or zero.
Ans: False
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

12. Productivity is defined as a ratio of outputs over inputs.
Ans: True
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge

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Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

13. An increase in a process' outputs will always result in an increase of productivity regardless of changes to inputs.
Ans: False
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Analysis
Answer Location: Financial
Difficulty Level: Easy
AACSB Standard: Systems and processes in organizations

14. The "rights and duties" approach to ethics defines an ethical act as one that creates the greatest good for the greatest number of people
Ans: False
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Ethical understanding and reasoning

15. Sustainability initiatives can positively influence a company's revenues and costs.
Ans: True
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Analysis
Answer Location: Sustainability
Difficulty Level: Medium
AACSB Standard: Ethical understanding and reasoning

16. Increasing productivity may lead to overall company performance.
Ans: True
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Analysis
Answer Location: Financial
Difficulty Level: Medium
AACSB Standard: Application of knowledge

Short Answer

1. An organization's _____ is a description of how the organization intends to compete or provide value to its customers.
Ans: Strategy
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Knowledge
Answer Location: Corporate Strategy Development
Difficulty Level: Easy
AACSB Standard: Application of knowledge

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2. A restaurant offering a discount on a meal that that was not prepared properly is an example of _____.
Ans: Service recovery
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Application
Answer Location: Customer Service
Difficulty Level: Medium
AACSB Standard: Application of knowledge

3. The use of financial performance measures independent of other performance measures give _____ of causes of performance.
Ans: No indication
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Knowledge
Answer Location: Measuring Operations Performance
Difficulty Level: Hard
AACSB Standard: Application of knowledge

4. A company producing product in _____ is likely to have little flexibility and few customization options available.
Ans: High volume
Learning Objective: LO 2.3: Explain the trade-offs in operations strategies
Cognitive Domain: Analysis
Answer Location: Operations Strategy Trade-Offs
Difficulty Level: Easy
AACSB Standard: Application of knowledge

5. A company relying on large volumes of data for tasks such as predictive modeling is likely using _____.
Ans: Big data analytics
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Easy
AACSB Standard: Statistics/quantitative methods

6. Big data analytics often requires that data be analyzed in a _____ amount of time.
Ans: Small
Learning Objective: LO 2.4: Describe a number of operations performance measures and potential measurement problems
Cognitive Domain: Comprehension
Answer Location: Emerging Issue in Performance—Big Data Analytics
Difficulty Level: Easy
AACSB Standard: Statistics/quantitative methods

7. Coffee, tea, and cotton are often purchased as _____ products.
Ans: Fair trade
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

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8. The triple bottom line refers to three P's. These P's are _____.
Ans: People, planet, and profits
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Sustainability
Difficulty Level: Easy
AACSB Standard: Social responsibility

9. Corporate social responsibility is an alternate term for _____.
Ans: Business ethics
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Knowledge
Answer Location: Business Ethics
Difficulty Level: Easy
AACSB Standard: Social responsibility

Essay

1. The mission statement of Nike is "To bring inspiration and innovation to every athlete in the world." (Source: http://help-en-us.nike.com/app/answers/detail/a_id/113/~/nike-mission-statement) Describe how Nike might choose which competitive dimensions to compete on and how those dimensions would align with their mission.
Ans: A correct response should discuss Nike's approach to cost, quality, and/or customer service in relation to the mission of bringing "inspiration and innovation."
Learning Objective: LO 2.2: Describe how companies create operations strategies for competitive advantage
Cognitive Domain: Analysis
Answer Location: Describe how companies create operations strategies for competitive advantage
Difficulty Level: Hard
AACSB Standard: Application of knowledge

2. Describe how and why, during times of economic turmoil, a company may focus its cost cutting and revenue enhancement efforts on its supply chain.
Ans: A correct response should link potential cost cutting and revenue improvement approaches to various areas of the supply chain. For example, the textbook notes that Walmart realigned much of its purchasing strategy to buy directly from suppliers rather than from distributors.
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Analysis
Answer Location: Measuring Operations Performance
Difficulty Level: Hard
AACSB Standard: Systems and processes in organizations

3. Describe how efforts aimed at enhancing a company's productivity may actually end up being detrimental to the company.
Ans: A successful answer will describe how pursuing productivity gains can lead to incentives that may have poor results for the company. For example, reducing materials costs (inputs) by buying from a cheaper supplier may result in a poor-quality product and ultimately harm the company.
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Analysis

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Answer Location: Measuring Operations Performance
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

4. Describe how a company would use the balanced scorecard to achieve organizational performance assessment.
Ans: A successful answer will describe the four-part nature of the balanced scorecard and how the scorecard's performance measures are used to set common organizational goals and foster communication in an organization.
Learning Objective: LO 2.4: Discuss a number of operations performance measures and potential measurement problems
Cognitive Domain: Analysis
Answer Location: The Balanced Scorecard
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

5. How can a company leverage economies of scale to its benefit?
Ans: A successful answer should give one or more examples of the use of economies of scale for benefit. For example, a company can purchase in high volume to reduce purchase cost per unit.
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Analysis
Answer Location: Strategy Choices
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

6. Describe how a coffee shop could implement a service recovery policy. Give at least one specific example of service recovery in this context.
Ans: A successful answer should define service recovery and then provide a minimum of one example of a service recovery implementation in a coffee shop. For example, the coffee shop could issue a voucher for a free drink of the customer's choice if the customer is dissatisfied with his or her drink or the service that was experienced.
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Analysis
Answer Location: Customer Service
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

7. Can a company successfully compete on high quality, low cost, and excellent customer service? Describe a company that you interact with that you believe has high quality, low cost, and excellent customer service.
Ans: A successful answer should note that it is certainly possible to compete on the basis of high quality, low cost, and excellent customer service. The textbook notes several companies such as Amazon and Chick-fil-A that would be considered by many to compete on these three priorities.
Learning Objective: LO 2.1: List the properties of a mission statement and how corporate strategies are developed
Cognitive Domain: Analysis
Answer Location: Corporate Strategy Development
Difficulty Level: Medium
AACSB Standard: Systems and processes in organizations

8. How does the utilitarianism approach to ethics differ from the rights and duties approach? Give a business-related example illustrating why you might prefer one approach over the other.

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Ans: A successful answer should use the definitions of the two approaches to develop a contrast between the approaches. The answer might also include an example such as a product recall (rights and duties) that is correct regardless of the consequences (loss of goodwill, loss of revenues, etc.).
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Application
Answer Location: Business Ethics
Difficulty Level: Medium
AACSB Standard: Application of knowledge

9. Describe how the adoption of sustainability initiatives can enhance a company's profitability and customer service performance.
Ans: A successful answer should indicate how profit, customer service, and sustainability align. For example, using sustainably grown crops can reduce wastewater and thus reduce cost, potentially leading to increase in profit.
Learning Objective: LO 2.5: Demonstrate how corporate ethics and sustainability impact corporate and operations strategies
Cognitive Domain: Application
Answer Location: Sustainability
Difficulty Level: Medium
AACSB Standard: Application of knowledge

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