

## Chapter 1

# Operations Strategy and Global Competitiveness

### ***Multiple Choice***

1. A purposeful collection of people, objects, and procedures for operating within an environment is known as a(n):

- a) Operation
- b) Sub -system
- c) System
- d) Sub-operation

Answer: c

Difficulty: Easy

Response: See page 7

Reference: Operations

2. Which of the following is among the six major elements of a production system?

- a) Inputs
- b) Output
- c) Monitoring and legislative compliance
- d) Only A and B

Answer: d

Difficulty: Easy

Response: See Figure 1.1 on page 8

Reference: Operations

3. Value can be added to an entity in all the following ways, EXCEPT:

- a) Altering
- b) Facilitating
- c) Storing
- d) Transporting

Answer: b

Difficulty: Easy

Response: Value can be added by altering, transporting, storing, and inspecting. See p. 10.

Reference: Operations

4. A type of output that commonly results from a production system is:

- a) A product
- b) A service
- c) Neither A nor B
- d) Both A and B

Answer: d

Difficulty: Easy

Response: See page 10

Reference: Operations

5. Which of the following is NOT considered a characteristic of a service?

- a) Intangible
- b) Labor-intense production
- c) Quality difficult to measure
- d) Delayed consumption

Answer: d

Difficulty: Easy

Response: Services are consumed immediately. See page 11

Reference: Operations

6. A distinction between normal goods and information/knowledge is that

- a) Normal goods wear out, but information/knowledge does not
- b) Information/knowledge can be given or sold to many others
- c) Information/knowledge is subject to diminishing returns, but physical outputs are subject to increasing returns
- d) Both A and B

Answer: d

Difficulty: Medium

Response: Page 13

Reference: Operations

7. Inputs in a bank's production system may include:

- a) Loan default rates and the environment
- b) Interest rates and wage rates
- c) Checks and deposits
- d) Federal Reserve decisions and the economy

Answer: c

Difficulty: Easy

Response: See page 14

Reference: Operations

8. Which of the following uses techniques from Toyota Production System and JIT to eliminate waste and non-value-added activities?

- a) Enterprise and material requirements planning
- b) Lean Management
- c) Quality Control
- d) Capacity Management

Answer: b

Difficulty: Hard

Response: See page 15

Reference: Customer Value

9. Learning how to plan and control project activities to meet specifications for performance, schedule, and cost are among the subjects of:

- a) Project management
- b) Lean management
- c) Supply chain management
- d) Inventory management

Answer: a

Difficulty: Hard

Response: See page 15

Reference: Customer Value

10. Customization occurs when

- a) Products or services are world-class, suitable for most markets
- b) Products or services are offered on a made-to-order basis
- c) Products or services are developed with several options
- d) None of the above

Answer: b

Difficulty: Medium

Response: See page 21

Reference: Customer Value

11. What are the two trends in the range of accommodation to customers' needs?

- a) Extraction and delivery
- b) Standardization and flexibility
- c) Customization and standardization
- d) Experience and flexibility

Answer: c

Difficulty: Easy

Response: See page 21

Reference: Customer Value

12. Which of the following is NOT a mass customization strategy?

- a) Adaptive customizers
- b) Transparent customizers
- c) Cosmetic customizers
- d) Flexible customizers

Answer: d

Difficulty: Hard

Response: See pages 22-23

Reference: Customer Value

13. Which of the following is NOT an advantage of rapid response?

- a) First-mover advantage
- b) Elimination of overhead
- c) Improved morale and communication
- d) Sharper focus on the customer

Answer: a

Difficulty: Medium

Response: Page 24

Reference: Customer Value

14. Which business strategy waits for the product to become fairly standardized and is demanded in large volumes?

- a) First-to-market
- b) Cost minimization or late-to-market
- c) Second-to-market
- d) Market Segmentation

Answer: b

Difficulty: Medium

Response: Pages 31-32

Reference: Strategy and Competitiveness

15. Bartmess and Cerny (1996) identify three elements of a core capability that hinders imitation; which of the following is NOT one of these elements?

- a) It is complex and requires organizational learning over a period of time
- b) It is based on multiple functional areas, both internal and external to the organization
- c) It is a result of how the functions interact
- d) It is based on the skills/knowledge within the functions themselves

Answer: d

Difficulty: Hard

Response: It is a result of how the functions interact rather than the skills/knowledge within the functions themselves. A and B are also elements. See page 38

Reference: Strategy and Competitiveness

## ***True/False***

16. A system is defined as a purposeful collection of people, objects, and procedures for operating within an environment.

Answer: True

Difficulty: Easy

Response: See page 7

Reference: Operations

17. Sub-optimization occurs when one part of the system is improved to the detriment of other parts of the system.

Answer: True

Difficulty: Easy

Response: See page 9

Reference: Operations

18. Generally speaking, products are characterized by immediate consumption.

Answer: False; their consumption tends to be delayed

Difficulty: Easy

Response: See page 11

Reference: Operations

19. A renovation activity is any physical entity accompanying a transformation that adds value.

Answer: False

Difficulty: Hard

Response: A facilitating good is any physical entity accompanying a transformation that adds value. See page 11.

Reference: Operations

20. Operations only include those activities associated specifically with the production system.

Answer: False

Difficulty: Medium

Response: Operations include a variety of other activities (for example, purchasing or procurement activities are concerned with obtaining many of the inputs needed in the production system). See page 13.

Reference: Operations

21. The mortality curve is also referred to as the fallout rate.

Answer: True

Difficulty: Easy

Response: See page 16

Reference: Global Competition

22. As an alternative to research, industries where bringing a product to market is extremely expensive (for example, high technology or pharmaceuticals) tend to adapt the imitation strategy.

Answer: False

Difficulty: Medium

Response: They tend to adapt the outright purchase strategy. See page 17

Reference: Global Competition

23. Quality typically implies reliability.

Answer: True

Difficulty: Medium

Response: See page 18

Reference: Customer Value

24. The resource-based view considers the set of resources available to the organization as a secondary driver of the business strategy.

Answer: False

Difficulty: Easy

Response: See page 27-28

Reference: Strategy and Competitiveness

25. Vision statements express the organization's purpose or reason for existence.

Answer: False

Difficulty: Medium

Response: Those would be the "Mission" statements. See page 28

Reference: Strategy and Competitiveness

### ***Short Answer***

26. A type of output that is substantially different from products and other types of services is that of knowledge or \_\_\_\_\_; the more they are used, the more valuable they become.

Answer: information

Difficulty: Medium

Response: See page 13

Reference: Operations

27. \_\_\_\_\_ for a nation is the degree to which it can, under free and fair market conditions, produce goods and services that meet the test of international markets while simultaneously maintaining and expanding the real incomes of its citizens.

Answer: Competitiveness

Difficulty: Easy

Response: See page 25

Reference: Strategy and Competitiveness