

## Chapter 02 Test Bank - Static KEY

1. Corporate strategic planning involves decisions related to:

- A. What businesses should we be in?
- B. What specific product- and market-based initiatives and goals should we establish?
- C. What measures should we use to control strategic initiatives?
- D. All of these.

Corporate strategic planning is very broad and relates to what businesses the company should be involved in.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-01 Describe how operations strategy fits within a firm's overall strategic planning process.  
Topic: Levels of Strategic Planning

2. Functional strategic planning involves decisions related to:

- A. What businesses should we be in?
- B. Specific product- and market-based initiatives and goals.
- C. What metrics should be used to ensure progress in operations management?
- D. All of these.

Functional planning includes decisions regarding appropriate metrics for the specific functions in a business unit.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-01 Describe how operations strategy fits within a firm's overall strategic planning process.  
Topic: Levels of Strategic Planning

3. A well-designed value proposition possesses four characteristics. Which of the following is NOT one of those characteristics?

- A. It offers the highest product quality in each quality dimension.
- B. It differentiates the firm from its competition in a way that is difficult to imitate.
- C. It satisfies the financial and strategic objectives of the firm.
- D. It can be reliably delivered given the operational capabilities of the firm and its supporting supply chain.

Providing value does not require the highest quality in each dimension of quality.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-02 Describe the need for fit between the critical customers, value propositions, and operations capabilities-the essential elements that define an operations strategy.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

4. Which of the following is the most appropriate definition of an "order winner"?

- A. A product characteristic that causes customers to choose the product over that of a competitor.
- B. A product characteristic that permits the product to compete in a market.
- C. A product that has the highest profit margin.
- D. A product that generates the highest dollar sales volume.

Order winners are traits that cause customers to actually choose a specific product.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-03 Describe customer-desired outcomes in terms of order winners, order qualifiers, and order losers.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

5. Which of the following is NOT true about "order qualifiers"?

- A. These are product traits that must meet a certain level in order for the product to even be considered by customers.
- B. The firm must perform acceptably on these traits, usually at least as well as competitors' offerings.
- C. Customers may not be aware of any level of performance in excess of those minimum levels that they have established.
- D. All of the items are true.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 2 Medium

Learning Objective: 02-03 Describe customer-desired outcomes in terms of order winners, order qualifiers, and order losers.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

6. Xanadu makes HD televisions. It claims that its HD televisions have the clearest picture clarity in the industry. Xanadu is emphasizing which dimension of quality?

- A. Reliability
- B. Performance**
- C. Features
- D. Conformance

Picture clarity is a basic performance dimension of HD televisions.

AACSB: Reflective thinking  
Blooms: Apply  
Difficulty: 2 Medium

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

7. Scantron Inc. claims that its competitors have to recall 10 percent of their products to fix defects, while it only has to recall 5 percent. Scantron is emphasizing which dimension of quality?

- A. Durability
- B. Reliability
- C. Performance
- D. Conformance**

Defects are an indication of lack of conformance.

AACSB: Reflective thinking  
Blooms: Apply  
Difficulty: 2 Medium

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

8. Which of the following is considered a "process-related" competitive priority?

- A. Flexibility**
- B. Quality
- C. Cost
- D. All of these

Quality and cost are product-related. Flexibility is process related.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

9. Xanadu Inc. claims that its manufacturing processes result in fewer greenhouse gases than those of its primary competitors. This suggests that Xanadu has a focus on:

- A. Risk management.
- B. Sustainability.**
- C. Flexibility.
- D. Profitability.

Maintaining operations that are profitable and nondamaging to the environment is sustainability.

AACSB: Ethics  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

10. Which of the following is NOT considered a key characteristic of a core capability:

- A. It is based on factors that are rare or unique to the firm.
- B. It is hard to imitate.
- C. It does not need to be extendable to many market opportunities.**
- D. There are few substitutes for it.

Core capabilities should be extendable to many market opportunities.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 1 Easy

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

11. "When operational capabilities are consistent with and supportive of the value proposition and the outcomes desired by critical customers" - this statement best describes the concept of:

- A. Execution.
- B. Flexibility.
- C. Strategic planning.
- D. Fit.**

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

12. A vice president of operations wants to evaluate the impact of reducing manufacturing expenses on the firm's return on assets. A measurement approach that he might consider for this is the:

- A. Strategic profit model.**
- B. Balanced scorecard model.
- C. SCOR model.
- D. None of these.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 1 Easy

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Deploying Operations Strategy: Creating Value through Execution

13. You are an upper-level manager in a firm. You believe that corporate objectives are not effectively disseminated throughout the organization and that line-level managers do not take them into account in their decision making. Which of the following would best help you to try to correct this problem?

- A. Strategic profit model.
- B. Balanced scorecard model.**
- C. Maslow's needs model.
- D. SCOR model.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 2 Medium

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Deploying Operations Strategy: Creating Value through Execution

14. Which of the following is a measure common to both the strategic profit model and the SCOR model?

- A. Responsiveness
- B. Return on assets**
- C. Delivery performance
- D. Lead time

Of the listed measures, the only one common to both is return on assets.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 2 Medium

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Deploying Operations Strategy: Creating Value through Execution

15. The performance measurement approach that would be most useful in measuring and describing supply chain processes would be:

- A. Strategic profit model.
- B. Balanced scorecard.
- C.** SCOR model.
- D. All of these.

The SCOR model is the only one of the three that provides tools for measuring and describing supply chain processes.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 1 Easy

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Deploying Operations Strategy: Creating Value through Execution

16. Which of the following is the most appropriate definition of a core capability?

- A. A set of products unique to a firm.
- B. Technical capabilities of a firm.
- C. Reputation.
- D.** Production/design processes unique to the firm.

Core capabilities are skills, processes, and systems that are unique to the firm and desired by the customer.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 1 Easy

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

17. Which of the following is NOT a component of the business model?

- A. Critical customer
- B. Value proposition
- C.** Desired outcome statement
- D. System capabilities

This is based on the discussion of the business model.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 1 Easy

Learning Objective: 02-02 Describe the need for fit between the critical customers, value propositions, and operations capabilities-the essential elements that define an operations strategy.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

18. A company with a number of physically separate plants has a centralized tool room. This tool room in the past has been responsible for emergency repairs. Whenever equipment (e.g., a spindle, boring machine, transfer line) in one of these separate plants breaks down, the affected items are brought to the tool room, where they are repaired. In some cases, the breakdowns affect production schedules. In other cases, the breakdowns are more annoying but do not adversely affect schedules. Complicating the operations in the tool room is the fact that many of the plans for the equipment are incomplete or out-of-date, thus resulting in "make from sample" requests (the broken part is provided and the tool room is asked to make the replacement piece just like the broken part). It is difficult to predict what equipment will break down and when. Furthermore, the company owns a wide variety of equipment. What are the order winners and order qualifiers in this scenario?

	Order Winners	Order Qualifiers
A.	Cost, Quality	Speed, Flexibility
B.	Flexibility, Quality	Speed, Cost
C.	Speed, Cost	Flexibility, Quality
D.	Speed, Flexibility	Quality, Cost

- A. Option A
- B. Option B
- C. Option C
- D.** Option D

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 2 Medium

Learning Objective: 02-03 Describe customer-desired outcomes in terms of order winners, order qualifiers, and order losers.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

19. Currently, our system is characterized by a lack of fit between what the customer wants and what the SCM system is best able to provide. As a result, which of the following would apply?

- I. The only way to restore fit is for the firm to change the market segment it is going after.
- II. Unless something is done, our firm will not be the most effective and efficient long-term supplier.
- III. Any firm can successfully counter such inconsistencies through the use of patents and aggressive advertising.

- A. I only.
- B.** II only.
- C. III only.
- D. I and II only.
- E. I, II, and III.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 2 Medium

Learning Objective: 02-02 Describe the need for fit between the critical customers, value propositions, and operations capabilities-the essential elements that define an operations strategy.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

20. Which three elements make up the triple bottom line?

- A. Planet, Pollution, Profit.
- B. Pollution, Equality, People.
- C. Profit, Equality, Pollution.
- D.** People, Profit, Planet.

AACSB: Reflective thinking  
Blooms: Understand  
Difficulty: 1 Easy

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Deploying Operations Strategy: Creating Value through Execution

21. Which of the following attributes is directly related to fitness for use?

- A. Transaction Price
- B. Timeliness
- C.** Performance
- D. Availability

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

22. Under which component of the business model would organizational culture fall?

- A. Key customer
- B. Value proposition
- C. Environment
- D. System capabilities**

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-04 Explain what product-related and process-related operational competitive priorities are, and how they are related to competitive advantage.  
Topic: Developing Operations Strategy: Creating Value through Strategic Choices

23. Within the supply chain and operations management system, the value proposition is most effectively communicated to the rest of the organization through which of the following mechanisms?

- A. Performance measures**
- B. Mission statements
- C. Management mandates
- D. Corporate slogans and promotional materials.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 2 Medium

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Feedback/Masurement: Communicating and assessing operations strategy

24. Which of the following is most appropriate tool for charting and assessing supply chain process?

- A. Strategic Profit Model
- B. SCOR**
- C. Capability Analysis
- D. Value Stream Mapping.

AACSB: Reflective thinking  
Blooms: Remember  
Difficulty: 1 Easy

Learning Objective: 02-05 Explain how strategic performance can be assessed both operationally and financially by using the strategic profit model, the balanced scorecard, and the supply chain operational reference model.  
Topic: Feedback/Masurement: Communicating and assessing operations strategy

## Chapter 02 Test Bank - Static Summary

*Category*

AACSB: Ethics

AACSB: Reflective thinking

Blooms: Apply

Blooms: Remember

Blooms: Understand

Difficulty: 1 Easy

Difficulty: 2 Medium

Learning Objective: 02-01 Describe how operations strategy fits within a firm's overall strategic planning process.

Learning Objective: 02-02 Describe the need for fit between the critical customers, value propositions, and operations capabilities-the

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Choices Topic: Feedback/Measurement: Communicating and assessing operations

strategy Topic: Levels of Strategic Planning