Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

SKU: 9780134739830-TEST-BANK

Managing Supply Chain and Operations, 2e **(Foster)**
Chapter 2 Supply Chain and Operations Strategy

2.1 Understand and Use Generic SC&O Strategies

1) Which of the following is not one of the strategies in Porter's Generic Strategies model?
A) Cost
B) Differentiation
C) Focus
D) Speed
Answer: D
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

2) According to Fisher's strategy model, supply chains for function products should focus on being
A) efficient.
B) responsive.
C) local.
D) global.
Answer: A
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

3) According to Fisher's strategy model, supply chains for innovative products should focus on being
A) efficient.
B) responsive.
C) local.
D) global.
Answer: B
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

4) According to Fisher's strategy model, supply chains for custom-built, made-to-order windows should focus on being
A) efficient.
B) responsive.
C) local.
D) global.
Answer: B
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Reflective Thinking

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

5) The ability of a supply chain to quickly respond to short-term changes in demand or supply is called
A) agility.
B) adaptability.
C) lean.
D) alignment.
Answer: A
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

6) The capability to adjust a supply chain's design to meet major structural shifts in the market is called
A) agility.
B) adaptability.
C) lean.
D) alignment.
Answer: B
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

7) Zara, a Spanish fashion retailer, is able to have their supply chain design, create, and deliver product in 15 days as compared to a couple of months for their competitors. This gives them the ability to quickly respond to short-term changes in demand and is called
A) adaptability.
B) lean.
C) agility.
D) alignment.
Answer: C
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Reflective Thinking

8) In the context of firm and SC&O strategy, necessary attributes that allow a firm to enter into and compete in a market are called
A) order winners.
B) order qualifiers.
C) agility.
D) alignment.
Answer: B
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

9) Operations strategy focuses on allocating resources within the firm to provide value to customers.
Answer: TRUE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

10) Focus strategy, which is part of Porter's generic strategies, focuses on reducing cost.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

11) Differentiation strategy, which is part of Porter's generic strategies, emphasizes select customers or markets.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

12) In Fisher's strategy model, functional products require efficient supply chains.
Answer: TRUE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

13) In Fisher's strategy model, innovative products are matched with efficient supply chains.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

14) Agility is the capability to adjust a supply chain's design to meet major structural shifts in the market.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

15) Supply chain adaptability is important to capturing the value of long-terms changes in the competitive market landscape.
Answer: TRUE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

16) Order winners are minimal necessary attributes that allow a firm to enter into and compete in a market.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

17) According to Fisher's strategy model, supply chains for functional products should focus on being _____.
Answer: efficient
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

18) According to Fisher's strategy model, supply chains for innovative products should focus on being _____.
Answer: responsive
Diff: Challenging
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

19) According to Fisher's strategy model, supply chains for standardized kitchen appliances should focus on being _____.
Answer: efficient
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Reflective Thinking

20) The ability of a supply chain to quickly respond to short-term changes in demand or supply is called _____.
Answer: agility
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

21) The capability to adjust a supply chain's design to meet major structural shifts in the market is called _____.
Answer: adaptability
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

22) Recognizing that their product is moving from being an innovative, disruptive product to a more mature product, the firm shifts their supply chain focus to efficiency. This capability of the firm is called _____.
Answer: adaptability
Diff: Challenging
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Reflective Thinking

23) In the context of firm and SC&O strategy, attributes that differentiate a company's product from those of its competitors are called _____.
Answer: order winners
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

24) In the context of firm and SC&O strategy, necessary attributes that allow a firm to enter into and compete in a market are called _____.
Answer: order qualifiers
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

25) Discuss Michael Porter's generic strategies and how they apply to the way firms compete in a market.
Answer: Michael Porter suggests that there are three main ways that companies may gain an advantage over their competition. Some companies, such as Walmart, use a **cost strategy** and find ways to reduce costs and provide customers with a lower price than competitors. Others, such as Amazon.com, use a **focus strategy** and seek to service only select customers and provide these niche customers with a narrow range of unique products and services. Others still, such as Apple, Inc., use a **differentiation strategy** and seek to provide such distinctive products or services that competitors cannot compete with them. In each case, the company focuses on unique ways to gain advantage over competitors and win customers. The company must then develop plans in order to achieve a life-long commitment from customers.
Diff: Challenging
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

26) Discuss Fisher's strategy model and how it can be used to achieve alignment between a firm's generic strategy and SC&O strategy.
Answer: Alignment in SC&O strategy matches capabilities with the supply chain needs of the customer. The **Fisher strategy model** shows one example of alignment. In this model, managers match the type of supply chain they use with their customer's needs.
Functional products, such as kitchen appliances, tend to be more mass produced, and interactive products, such as tailored clothing or custom-made shoes, tend to be more customized. Trade-offs between functionality and interactivity have to be made relative to efficiency and responsiveness in the supply chain.
Diff: Moderate
Learning Obj.: LO 2.1: Understand and Use Generic SC&O Strategies
AACSB: Application of Knowledge

2.2 Explain How to Apply SC&O Strategy Process and Content

1) Which of the following are key requirements for a successful strategic plan?
A) Resources similar to your competitor
B) Dynamic capabilities
C) Fit with the current environment
D) All of the above
E) Only B and C above
Answer: E
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

2) The network of people that helps create value for a firm's customers is part of the firm's
A) capabilities.
B) competencies.
C) opportunities.
D) None of the above
Answer: A
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

3) The absence of unique resources necessary to compete in its competitive landscape is one of the reasons for an unsuccessful strategic plan.
Answer: TRUE
Diff: Easy
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

4) The correct hierarchy for strategic planning is to develop company strategy first, followed by development of the mission and vision and then the operational subplans.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

5) Catchball is the strategic back-and-forth dialogue process to develop an error-free sales forecast.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

6) Abilities that companies compete on that are difficult for competitors to replicate are known as capabilities.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

7) Resources that are rare help a firm to sustain competitive advantage.
Answer: FALSE
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

8) The Japanese term for "a compass," which indicates a vision or purpose to all existence is _____.
Answer: Hoshin
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

9) The Japanese term for management control or policy deployment is _____.
Answer: Kanri
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

10) The planning tool commonly used by Japanese managers for policy deployment through a strategic planning process that utilizes project-based improvement is known as _____.
Answer: Hoshin Kanri
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

11) The strategic back-and-forth dialogue between successive levels of managers and their teams is called _____.
Answer: catchball
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

12) The network of people, knowledge, information systems, tools, and business processes that create value for customers is _____.
Answer: capabilities
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

13) Abilities that companies compete on that are difficult for competitors to replicate are known as _____.
Answer: core competencies
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

14) Discuss the supply chain and operations strategic hierarchy. What is the role of capabilities and competencies in this process?
Answer: The strategic planning process starts with a forecast and requires an understanding of the economic environment. Mission and vision also help inform strategic decision making. Managers use the forecast, mission, and vision, coupled with customer research and market analysis, to set strategic plans. From the strategic plan, *operational subplans* are established in the areas of finance, operations, supply chain management, information systems, human resources, and marketing. These **operational subplans** are portions of the strategic plan pertaining to the differing functional areas of the firm that help ensure attainment of strategic objectives. Strategic alignment occurs when there is consistency in choices made in the subplans to support the overall company strategy.
The firm also needs to ensure that it possesses *capabilities* to best meet its strategic objectives. A company must first have employees with the skills and training necessary to provide its unique brand of service. **Capabilities** are the network of people, knowledge, information systems, tools, and business processes that create value for customers.When a company has capabilities that align with key customers' needs, it can gain competitive advantage.
Moreover, companies that focus on their **core competencies** hone only those capabilities that tie most closely to their customer values and that provide companies with a unique competitive advantage.
Diff: Moderate
Learning Obj.: LO 2.2: Explain How to Apply SC&O Strategy Process and Content
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

2.3 Explain How Managers Use Supply Chain Strategy to Build Relationships

1) Which type of supply chain relationship typically involves development of relational capabilities?
A) Transactional
B) Complementary
C) Synergistic
D) None of the above
Answer: C
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

2) Which type of supply chain relationship has a tendency to keep both the buyer and supplier at arm's length?
A) Transactional
B) Complementary
C) Synergistic
D) None of the above
Answer: A
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

3) Which type of supply chain relationship leverages another firm's competencies to maintain world class service?
A) Transactional
B) Complementary
C) Synergistic
D) None of the above
Answer: B
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

4) The relationship between Apple and its contract manufacturer Foxconn can be described as a
A) transactional relationship.
B) complementary relationship.
C) synergistic relationship.
D) None of the above
Answer: B
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Reflective Thinking

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

5) The relationship between a buyer and its supplier chosen solely on the basis that the supplier had the lowest bid can be described as a
A) transactional relationship.
B) complementary relationship.
C) synergistic relationship.
D) None of the above
Answer: A
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Reflective Thinking

6) Complementary relationships in a supply chain typically involve development of relational capabilities.
Answer: FALSE
Diff: Challenging
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

7) Transactional relationships in a supply chain have a tendency to keep both the buyer and supplier at arm's length.
Answer: TRUE
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

8) An arm's length relationship with supply chain partners that is managed by scripted interactions is known as a _____.
Answer: transactional relationship
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

9) A relationship that occurs when companies understand that their core competencies need another firm's competencies in order to compete is known as a _____.
Answer: complementary relationship
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

10) A relationship between two companies who are committed to work together in a way that the result is greater than the sum of the individual parts is known as a _____.
Answer: synergistic relationship
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

11) Describe the types of relationships in a supply chain and how they drive value for the focus firm in a supply chain.
Answer: The different types of relationships managers typically encounter are *transactional relationships, complementary relationships,* and *synergistic relationships.* Each of these distinctions is important, and managers must understand which strategy best serves their company.
A firm that pursues a cost advantage through its supply chain partners generally employs a **transactional relationship** in which buyers and sellers are typically at an arm's length.
A **complementary relationship** occurs when a company that clearly understands its core competencies needs another firm's competencies so as to maintain world-class service. Generally, such a company understands that it holds a competitive advantage in one area but does not have expertise in another.
The **synergistic relationship** is a relationship between two companies that are committed to work together in a way that the result is greater than the sum of the individual parts and is typically characterized by an intense, long-lasting relationship in order to create new product ideas, increase their productivity, and create a greater ability to change.
Diff: Moderate
Learning Obj.: LO 2.3: Explain How Managers Use Supply Chain Strategy to Build Relationships
AACSB: Application of Knowledge

2.4 Execute Strategy

1) In terms of a firm's strategy execution hierarchy, which is in correct order?
A) Tactics-strategy-operations
B) Operations-tactics-strategy
C) Strategy-tactics-operations
D) Strategy-operations-tactics
Answer: C
Diff: Easy
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Application of Knowledge

2) Goals that help a firm "win a battle, but not necessarily win the war" are known as
A) operational subplans.
B) organizational strategy.
C) vision.
D) tactics.
Answer: A
Diff: Moderate
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Reflective Thinking

3) Goals for improving product quality are part of the
A) tactics.
B) operational subplans.
C) organizational strategy.
D) vision.
Answer: B
Diff: Moderate
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Reflective Thinking

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

4) A logistician creating logistics systems to reduce the complexity faced by the firm's customers is a
A) low-cost strategy.
B) differentiation strategy.
C) niche strategy.
D) process strategy.
Answer: B
Diff: Challenging
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Reflective Thinking

5) A manufacturer creating the capability for quick changes in products, product mixes, and/or production volume is a
A) low-cost strategy.
B) differentiation strategy.
C) niche strategy.
D) process strategy.
Answer: C
Diff: Challenging
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Reflective Thinking

6) Which process in the SCOR model includes activities related to procuring goods and services to meet planned and actual demand?
A) Plan
B) Source
C) Make
D) Deliver
Answer: B
Diff: Easy
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Application of Knowledge

7) Which process in the SCOR model balances aggregate demand and supply to develop the best course of action for other processes/activities within the organization's supply chain?
A) Plan
B) Source
C) Make
D) Deliver
Answer: A
Diff: Moderate
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Application of Knowledge

8) Short term steps used to achieve strategic goals are known as tactics.
Answer: TRUE
Diff: Moderate
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

9) Short term steps used to achieve strategic goals are known as _____.
Answer: tactics
Diff: Moderate
Learning Obj.: LO 2.4: Execute Strategy
AACSB: Application of Knowledge

2.5 Understand and Apply Strategic Metrics and Measurements

1) Parts per million defects is an example of
A) strategic metric.
B) financial metric.
C) relationship metric.
D) operational metric.
Answer: D
Diff: Challenging
Learning Obj.: LO 2.5: Understand and Apply Strategic Metrics and Measurements
AACSB: Application of Knowledge

2) Corporate responsibility and sustainability are examples of
A) strategic metric.
B) financial metric.
C) relationship metric.
D) operational metric.
Answer: A
Diff: Moderate
Learning Obj.: LO 2.5: Understand and Apply Strategic Metrics and Measurements
AACSB: Application of Knowledge

3) Total cost of ownership is an example of
A) strategic metric.
B) financial metric.
C) relationship metric.
D) operational metric.
Answer: B
Diff: Challenging
Learning Obj.: LO 2.5: Understand and Apply Strategic Metrics and Measurements
AACSB: Application of Knowledge

4) Total cost of ownership is an example of operational metric.
Answer: FALSE
Diff: Challenging
Learning Obj.: LO 2.5: Understand and Apply Strategic Metrics and Measurements
AACSB: Application of Knowledge

5) Focusing on the entire acquisition process to develop strategic advantage rather than just to ensure production has sufficient inventories is called _____.
Answer: systems thinking
Diff: Challenging
Learning Obj.: LO 2.5: Understand and Apply Strategic Metrics and Measurements
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

2.6 Describe the Changing Strategic Environment

1) The key understanding to unlocking the strategic advantage of data analytics is
A) that all management is decision making.
B) the ability to effectively manipulate and understand data.
C) to make evidence-based decisions using the data.
D) All of the above
E) Only A and B above
Answer: D
Diff: Easy
Learning Obj.: LO 2.6: Describe the Changing Strategic Environment
AACSB: Application of Knowledge

2) The movement of product upstream in the supply chain is called
A) reverse logistics.
B) forward logistics.
C) collaborative logistics.
D) supplier logistics.
Answer: A
Diff: Easy
Learning Obj.: LO 2.6: Describe the Changing Strategic Environment
AACSB: Application of Knowledge

3) Sustainability within the SC&O context is
A) reducing the impact on the environment.
B) operating today in a way that does not threaten the future.
C) working collaboratively with suppliers to reduce package sizes.
D) All of the above
Answer: D
Diff: Easy
Learning Obj.: LO 2.6: Describe the Changing Strategic Environment
AACSB: Reflective Thinking

4) One major reason for the rise of the field of data analytics is that the cost of data storage has dramatically decreased.
Answer: TRUE
Diff: Easy
Learning Obj.: LO 2.6: Describe the Changing Strategic Environment
AACSB: Application of Knowledge

5) The ability to operate today in a way that does not threaten the future is known as _____.
Answer: sustainability
Diff: Moderate
Learning Obj.: LO 2.6: Describe the Changing Strategic Environment
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank

6) Using value analysis to identify total costs from a supply chain-environmental perspective is known as _____.
Answer: life-cycle costing
Diff: Challenging
Learning Obj.: LO 2.6: Describe the Changing Strategic Environment
AACSB: Application of Knowledge

Copyright © 2018 Pearson Education, Inc.

Managing Supply Chain and Operations An Integrative Approach 2nd edition Foster Test Bank