Operations and Supply Chain Management 15th edition Heizer Test Bank

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Section 1 What Is Operations Management?

1) Some of the operations-related activities of Hard Rock Café include designing music instruments and analyzing them for cost and labor requirements.
Answer: FALSE
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

2) Because Hard Rock Cafés are themed restaurants, operations managers focus their layout design efforts on attractiveness while paying little attention to efficiency.
Answer: FALSE
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

3) All organizations, including service firms such as banks and hospitals, have a production function.
Answer: TRUE
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

4) Operations management is the set of activities that creates value in the form of tangible goods, and intangible outputs like services, by transforming inputs into outputs.
Answer: TRUE
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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5) Production is the creation of goods and services.
Answer: TRUE
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

6) An operations manager's job is to enable a firm to efficiently transform inputs into products and services.
Answer: TRUE
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

7) At Hard Rock Café, tasks that reflect operations or operations management include:
A) designing efficient layouts.
B) providing meals.
C) receiving ingredients.
D) preparing effective employee schedules.
E) all of these.
Answer: E
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

8) An operations task performed at Hard Rock Café is:
A) borrowing funds to build a new restaurant.
B) advertising changes in the restaurant menu.
C) designing efficient kitchen layouts.
D) managing the payroll for employees.
E) overseeing financial reports.
Answer: C
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
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9) Operations management is applicable:
A) mostly to the service sector.
B) to services exclusively.
C) mostly to the manufacturing sector.
D) to all firms, whether manufacturing or service.
E) to the manufacturing sector exclusively.
Answer: D
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

10) _____ is the set of activities that creates value in the form of goods and services by transforming inputs into outputs.
Answer: Operations management
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

11) Operations management is the set of activities that creates value in the form of goods and services by transforming _____ into _____.
Answer: inputs; outputs
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

12) Identify three or more operations-related tasks carried out by Hard Rock Café.
Answer: Providing custom meals; designing, testing, and costing meals; acquiring, receiving, and storing supplies; recruiting and training employees; preparing employee schedules; designing efficient restaurant layouts.
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Integration of real-world business experiences
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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13) Define operations management. Will your definition accommodate both manufacturing and service operations?
Answer: Operations management can be defined as the management of all activities directly related to the creation of goods and/or services through the transformation of inputs into outputs. Yes.
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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Section 2 Organizing to Produce Goods and Services

1) Which of the following are the primary functions of all organizations?
A) production/operations, marketing, and human resources
B) marketing, human resources, and finance/accounting
C) sales, quality control, and production/operations
D) marketing, production/operations, and finance/accounting
E) research and development, finance/accounting, and purchasing
Answer: D
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

2) Which of the following tasks within a manufacturing firm is performed by the operations function?
A) market research
B) borrowing funds
C) sales promotion
D) stock issue
E) quality assurance and control
Answer: E
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

3) Which of the following would NOT be an operations function in a commercial bank?
A) auditing
B) teller scheduling
C) maintenance
D) collection
E) check clearing
Answer: A
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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4) The marketing function is concerned with:
A) producing goods or providing services.
B) procuring materials, supplies, and equipment.
C) building and maintaining a positive image.
D) generating the demand for the organization's products or services.
E) securing monetary resources.
Answer: D
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

5) The purchasing function is concerned with:
A) producing goods or providing services.
B) procuring materials, supplies, and equipment.
C) building and maintaining a positive image.
D) generating the demand for the organization's products or services.
E) securing monetary resources.
Answer: B
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

6) The finance function is concerned with:
A) producing goods or providing services.
B) procuring materials, supplies, and equipment.
C) building and maintaining a positive image.
D) generating the demand for the organization's products or services.
E) securing monetary resources.
Answer: E
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
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7) Which of the following tasks within an airline company is related to operations?
A) crew scheduling
B) international monetary exchange
C) sales
D) advertising
E) accounts payable
Answer: A
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

8) For a commercial bank, the operations function will involve:
A) teller scheduling.
B) advertising new loan products.
C) auditing financial transactions.
D) accounting expenses incurred.
E) accounts payable.
Answer: A
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

9) For an airline, the marketing function will involve:
A) crew scheduling.
B) managing general ledger.
C) cash control.
D) pricing tickets.
E) dispatching crew.
Answer: D
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

10) Marketing, _____, and finance/accounting are the three functions that all organizations must perform to create goods and services.
Answer: production/operations
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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11) Production is dependent on marketing to _____, before creating, producing and delivering a product.
Answer: generate demand
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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Section 3 The Role of Supply Chain

1) Competition in the 21st century is no longer between companies; it is between *supply chains*.
Answer: TRUE
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

2) A supplier of wood for a paper manufacturing company would be considered as part of that company's supply chain.
Answer: TRUE
Diff: 2
AACSB: Reflective thinking
Learning Outcome: Compare and contrast different sourcing strategies including outsourcing and insourcing

3) What is a global network of organizations and activities that supply a firm with goods and services?
A) supply tree
B) provider network
C) supply chain
D) vendor network
E) vendor tree
Answer: C
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Compare and contrast different sourcing strategies including outsourcing and insourcing

4) Which of the following factors makes firm specialization more difficult?
A) a lack of potential supply chain partners with specialized expert knowledge
B) affordable transportation
C) the ease of communicating with supply chain partners
D) technological advances that ease buyer-supplier collaborations
E) established worldwide supply chains
Answer: A
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Compare and contrast different sourcing strategies including outsourcing and insourcing

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5) Which of the following is NOT true about a supply chain?
A) it includes a supplier and the supplier's supplier
B) distribution to the final customer is part of a supply chain
C) all members of the supply chain are responsible for adding value along the supply chain from raw materials to the final customer
D) a supply chain is only as strong as its weakest link
E) firms frequently create value on their own by owning all of the firms in their supply chain
Answer: E
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

6) A(n) _____ is a global network of organizations and activities that supply a firm with goods and services.
Answer: supply chain
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Compare and contrast different sourcing strategies including outsourcing and insourcing

7) Competition in the 21st century is no longer between companies; it is between _____.
Answer: supply chains
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Compare and contrast different sourcing strategies including outsourcing and insourcing

8) Identify up to four phenomena that foster specialization and worldwide supply chains.
Answer: (1) a more technologically oriented society, (2) specialized expert knowledge, (3) instant communication, and (4) cheaper transportation
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Compare and contrast different sourcing strategies including outsourcing and insourcing

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Section 4 Why Study OM?

1) One reason to study operations management is because it is such a costly part of an organization.
Answer: TRUE
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

2) One reason to study operations management is to learn how goods and services are produced.
Answer: TRUE
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

3) Reasons to study operations management include:
A) studying how people organize themselves for productive enterprise.
B) knowing how goods and services are consumed.
C) understanding what human resource managers do.
D) learning about a costly part of the enterprise.
E) A and D
Answer: E
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

4) Reasons to study operations management include learning about:
A) how people organize themselves for productive enterprise.
B) how goods and services are produced.
C) what operations managers do.
D) a costly part of the enterprise.
E) all of these.
Answer: E
Diff: 1
Objective: LO 1.1 Define operations management
AACSB: Application of knowledge
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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5) Of the three options for increasing contribution, which of the following statements about the profit-and-loss statement is INCORRECT?
A) a 20% increase in sales will produce a contribution equal to a 20% reduction in production costs
B) a dollar increase in sales has a smaller effect on contribution when compared to a dollar reduction in production costs
C) increasing sales may be difficult for firms in mature markets
D) all else equal, if sales increase, the cost of goods sold must also increase
E) all else equal, if production costs are reduced, the cost of goods sold must also decrease
Answer: A
Diff: 3
Objective: LO 1.1 Define operations management
AACSB: Reflective thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

6) Brandon Production is a small firm focused on the assembly and sale of custom computers. The firm is facing stiff competition from low-priced alternatives, and is looking at various solutions to remain competitive and profitable. Current financials for the firm are shown in the table below. In the first option, marketing will increase sales (and both cost of inputs and production costs) by 50%. The next option is Vendor (Supplier) changes, which would result in a decrease of 12% in the cost of inputs. Finally, there is an OM option, which would reduce production costs by 25%. Which of the options would you recommend to the firm if it can only pursue one option? In addition, comment on the feasibility of each option.

Business Function	Current Value
Cost of Inputs	$50,000
Production Costs	$30,000
Revenue	$83,000

What would be the impact on profit due to marketing increasing sales (and both cost of inputs and production costs) by 50%?
A) increase of $1500
B) decrease of $1000
C) decrease of $2000
D) increase of $1000
E) profit will stay the same
Answer: A
Diff: 2
Objective: LO 1.1 Define operations management
AACSB: Analytical thinking
Learning Outcome: Discuss operations and operations management as a competitive advantage for the organization

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