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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Supply managers should be able to provide information to identify risks to the organization and be capable of developing strategies to mitigate those risks.
   - ◎ true
   - ◎ false

2) Supply chain risks can be classified as operational, financial, and reputational.
   - ◎ true
   - ◎ false

3) By identifying and eliminating the causes of variability and risk in the supply chain, the supply manager may be able to reduce supply chain inventories.
   - ◎ true
   - ◎ false

4) Maybe the most fundamental question facing an organization is whether to make or buy.
   - ◎ true
   - ◎ false

5) Most operational risks in a supply chain are within the control of the purchaser or supplier.
   - ◎ true
   - ◎ false

6) Macroeconomic issues can expose purchasers to financial risks from foreign exchange fluctuations and inflation.
   - ◎ true
   - ◎ false

7) The key decisions and plans in corporate strategy address: What business are we in and how will we allocate resources among these businesses?
   - ◎ true
   - ◎ false

8) Supply chain support strategies can include processes and information systems to support communication between buyers and suppliers.
   - ◎ true
   - ◎ false

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9) The trend is to centralize risk management through a corporate risk management group.
- ◎ true
- ◎ false

10) The four levels of strategic planning are corporate, business unit, functional, and departmental.
- ◎ true
- ◎ false

11) Inappropriate supplier social and environmental practices represent a potential reputational risk.
- ◎ true
- ◎ false

12) Competitive environment strategies are designed to anticipate and recognize shifts in the economy, the organization, people, laws, governmental regulations, and systems availability.
- ◎ true
- ◎ false

13) Globalization of supply chains has increased the complexity of purchasing responsibilities and made identification of risks more difficult.
- ◎ true
- ◎ false

14) Supply chain sustainability performance must comply with legal obligations *and* meet the values and standards of the organization's stakeholders, including employees, shareholders, and customers.
- ◎ true
- ◎ false

15) Specialized third-party risk management service providers can be used to supplement internal risk management capabilities.
- ◎ true
- ◎ false

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MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

16) Linking current and future needs with current and future markets is the primary focus of
- A) internal users of purchased goods and services.
- B) each individual buyer.
- C) an effective organizational strategy.
- D) an effective supply strategy.
- E) an effective marketing strategy.

17) If organizational objectives and supply objectives are congruent
- A) it will be difficult to translate organizational objectives into supply objectives.
- B) it will be easy to translate organizational objectives into supply objectives.
- C) it is likely that many organizational resources will be made available to supply.
- D) it will be easy to define quality, quantity, price, delivery, and service goals.
- E) it will be easy to convey objectives to suppliers.

18) Strategies designed to make available the knowledge and capabilities of supply chain members to others in the buying organization are called
- A) competitive environment strategies.
- B) assurance-of-supply strategies.
- C) supply-chain-support strategies.
- D) risk-management strategies.
- E) supply chain capabilities strategies.

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19) The answer to the question, "How much to buy?" is influenced by
- A) the level of variability throughout the supply chain.
- B) the relative power of each supply chain member.
- C) supplier capacity.
- D) the number of suppliers for the product or service.
- E) trends in inventory management.

20) Supply strategies that are designed to exploit market opportunities and organizational strengths to give the buying organization an advantage in the marketplace are known as
- A) risk-management strategies.
- B) assurance-of-supply strategies.
- C) competitive advantage strategies.
- D) cost-reduction strategies.
- E) supply chain support strategies.

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21) Strategic planning can be defined as
- A) an action plan to achieve specific long-term goals and objectives.
- B) how each functional area will achieve its specific goals and objectives.
- C) an action plan to achieve specific operational and tactical goals.
- D) a procedure for allocating resources to appropriate functions in the organization.
- E) taking big risks to maximize current period benefits.

22) To effectively manage supply risks, the supply manager must
- A) inform the corporate risk officer of a potential risk, await instructions, and implement the directive.
- B) identify and classify risks, assess and monitor the potential impact, and develop a risk mitigation strategy.
- C) seek input from senior executives in other functional areas, propose a risk mitigation plan, and await instructions from senior management.
- D) review the commodity strategy, revise it as needed, and implement the strategy revision.
- E) confer with the chief financial officer (CFO), provide all requested data, and implement the CFO′s plan.

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23) Linking supply strategy to corporate strategy is
- A) nonessential in most types of organizations.
- B) essential in all organizations, and most have the mechanisms to link them.
- C) essential in all organizations, and many lack the mechanisms to link them.
- D) essential only in manufacturing, and most have the mechanisms to link them.
- E) essential only in the service sector, and most lack the mechanisms to link them.

24) Normally, most organizational objectives can be summarized under four categories
- A) marketing, management, financial, and operations.
- B) survival, market share, earnings per share, and return on investment.
- C) survival, growth, financial, and sustainability.
- D) profitability, return on investment, liquidity, and earnings per share.
- E) growth, maintenance, new product development, and asset management.

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25) Three major challenges exist when setting supply objectives and strategies. They are
A) Identifying internal stakeholders, building consensus among these stakeholders, and selling top management on the results
B) Adopting efficient e-procurement systems, designing effective strategic supply processes, and increasing internal compliance with both
C) Effectively interpreting corporate and supply objectives, selecting appropriate actions to achieve objectives, and integrating supply information into organizational strategies
D) Hiring professionals educated specifically in supply management, providing them with technical expertise, and developing leadership skills for the long-term
E) Emphasizing strategic cost management, involving key suppliers early in the process, and measuring the reduction in total cost of ownership

26) When developing supply strategies, the supply manager must determine
A) what to make or buy, what to insource or outsource, and what standard items or what customized items will be acquired.
B) what to make or buy and what to insource or outsource.
C) what standard items and what customized items will be acquired.
D) what to make or buy.
E) what to insource or outsource.

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27) Organizational objectives and supply objectives typically are expressed
A) differently, providing the supply manager multiple opportunities to tap into organizational resources.
B) differently, making it difficult to translate organizational objectives into supply objectives.
C) the same (survival, growth, financial, and environmental), making it easy to translate organizational objectives into supply objectives.
D) the same factors (quality, quantity, price, delivery, and service), but long-term at the organizational level and short-term at the supply level.
E) in ways that are very specific to the organization, making it difficult to convey objectives to suppliers.

28) Which one of the following is NOT one of the six major supply strategy areas?
A) Competitive-advantage strategies
B) Competitive environment strategies
C) Risk-management strategies
D) New-product development strategies
E) Cost-reduction strategies

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29) The key question in strategic supply management is
A) How can supply and supply chains contribute effectively to organizational objectives and strategy?
B) How can the supply manager develop a network of suppliers that contribute to the supply department's goals?
C) How can first-tier suppliers contribute to the buying organization's objectives and strategy?
D) How can key suppliers contribute to the buying organization's objectives and strategy?
E) How can supply strategy be kept separate from, but equal to, organizational strategy?

30) Assurance-of-supply strategies consider
A) risk of supply shortages.
B) supplier quality issues.
C) supplier capacity constraints.
D) changes in both supply and demand.
E) cost-reduction strategies.

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Answer Key

Test name: Chapter 02

1) TRUE
2) TRUE
3) TRUE
4) TRUE
5) FALSE
6) TRUE
7) TRUE
8) TRUE
9) TRUE
10) FALSE
11) TRUE
12) TRUE
13) TRUE
14) TRUE
15) TRUE
16) D
17) B
18) C
19) A
20) C
21) A
22) B
23) C
24) C
25) C
26) A
27) B
28) D
29) A
30) D

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