

Supply Chain Management: Strategy, Planning, and Operation, 7e (Chopra)
Chapter 1 Understanding the Supply Chain

1.1 True/False Questions

1) A supply chain could be more accurately described as a supply network or supply web.

Answer: TRUE

Diff: 1

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

2) All stages of an enterprise are involved, either directly or indirectly, in fulfilling a customer request.

Answer: TRUE

Diff: 1

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

3) A supply chain includes only the organizations directly involved in supplying components needed for manufacturing.

Answer: FALSE

Diff: 2

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

4) The objective of every supply chain is to maximize the net value generated.

Answer: TRUE

Diff: 1

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

5) The objective of the customer arrival process is to ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.

Answer: FALSE

Diff: 2

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

6) The objective of customer order entry is to maintain a record of product receipt and complete payment.

Answer: FALSE

Diff: 3

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

7) The difference between the value of the product and its price remains with the customer as *consumer surplus*.

Answer: TRUE

Diff: 1

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

8) The supply chain planning phase exceeds the supply chain design phase in duration.

Answer: FALSE

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

9) The goal during the supply chain operation phase is to exploit the reduction of uncertainty and optimize performance.

Answer: TRUE

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

10) The replenishment cycle occurs at the retailer/distributor interface.

Answer: TRUE

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

11) The manufacturing cycle occurs at the distributor/manufacturer interface.

Answer: TRUE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

12) The push/pull view of a supply chain holds that the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.

Answer: TRUE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

13) The production scheduling process in the manufacturing cycle is similar to the order entry process in the replenishment cycle.

Answer: TRUE

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

14) The cycle view of a supply chain holds that the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.

Answer: FALSE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

15) The procurement cycle occurs at the manufacturer/supplier interface.

Answer: TRUE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

16) The cycle view of the supply chain is useful when considering operational decisions, because it specifies the roles and responsibilities of each member of the supply chain.

Answer: TRUE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

17) Push processes may also be referred to as speculative processes.

Answer: TRUE

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

18) All supply chain activities within a firm belong to one of three macro processes — CRM, ISCM and SRM.

Answer: TRUE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

19) CRM systems typically include capabilities for sourcing and negotiating as well as design and supply collaboration.

Answer: FALSE

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

20) There is a close connection between the design and management of supply chain flows and the success of a supply chain.

Answer: TRUE

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

21) The drawback of Zara's responsive supply chain is that it tends to sell more products at markdown than most of its competitors.

Answer: FALSE

Diff: 2

Topic: 1.5: Examples of Supply Chains

AACSB: Application of knowledge

Objective: LO 1.4: Identify important issues and decisions to be addresses in a supply chain.

22) Amazon's operations are completely online.

Answer: FALSE

Diff: 2

Topic: 1.5: Examples of Supply Chains

AACSB: Application of knowledge

Objective: LO 1.4: Identify important issues and decisions to be addresses in a supply chain.

23) Good strategic decisions cannot be made without access to relevant analytics.

Answer: TRUE

Diff: 2

Topic: 1.6: Developing Skills for Your Career

AACSB: Application of knowledge

Objective: LO 1.5: Develop skills that employers have identified as critical to success in the workplace.

24) All analytics should be designed to support decision making.

Answer: TRUE

Diff: 2

Topic: 1.6: Developing Skills for Your Career

AACSB: Application of knowledge

Objective: LO 1.5: Develop skills that employers have identified as critical to success in the workplace.

1.2 Multiple Choice Questions

1) Each stage in a supply chain is connected through the flow of products, information, and funds. These flows often occur in both directions and are usually managed by

A) pricing department.

B) one of the stages.

C) upper management.

D) engineering department.

Answer: B

Diff: 2

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

2) A supply chain features a constant flow of

- A) information, product and funds.
- B) personnel, information, and policies.
- C) processes, funds, and product.
- D) product, processes, and support.

Answer: A

Diff: 2

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

3) Which of these words best describes a typical supply chain structure?

- A) Static
- B) Customer
- C) Cyclical
- D) Network

Answer: D

Diff: 2

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

4) Which statement about supply chains is best?

- A) New product development is not a supply chain function.
- B) If a supplier uses a shipping company to send product to a customer, the shipping company is technically not a supply chain member.
- C) Funds in a supply chain flow upstream only.
- D) Flows in a supply chain may be managed by an intermediary.

Answer: D

Diff: 3

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

5) Which sequence of stages is typical for product flow in a supply chain?

- A) Supplier → Manufacturer → Distributor
- B) Retailer → Distributor → Customer
- C) Manufacturer → Retailer → Distributor
- D) Supplier → Customer → Retailer

Answer: A

Diff: 1

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

6) Supply chain surplus involves what two parts?

- A) Manufacturing cost and selling price
- B) Customer value and supply chain cost
- C) Customer value and high quality products
- D) Reliable transportation and supply chain cost

Answer: B

Diff: 3

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

7) For any supply chain, the source of revenue is generated by

- A) efficient operations.
- B) information flows.
- C) the customer.
- D) product flows.

Answer: C

Diff: 2

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

8) Customer value is

- A) the sum of the supply chain surplus and supply chain cost.
- B) the remainder after supply chain cost is subtracted from supply chain surplus.
- C) the remainder after supply chain surplus is subtracted from supply chain cost.
- D) supply chain profitability minus the supply chain cost.

Answer: A

Diff: 3

Topic: 1.2: The Objective of a Supply Chain

AACSB: Analytical thinking

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

- 9) The objective of every supply chain is to
- A) minimize the overall cost generated.
 - B) maximize the net value generated.
 - C) minimize the cost to the manufacturer.
 - D) maximize the profit of the manufacturer.

Answer: B

Diff: 2

Topic: 1.2: The Objective of a Supply Chain

AACSB: Analytical thinking

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

- 10) Retailing in the United States is largely
- A) push/pull.
 - B) profitable.
 - C) consolidated.
 - D) centralized.

Answer: C

Diff: 3

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

- 11) For any supply chain,
- A) management rests solely in the hands of the manufacturer.
 - B) management rests solely in the hands of the distributor.
 - C) if each member focuses on profitability, the overall supply chain profit will be maximized.
 - D) there is only one source of revenue, the customer.

Answer: D

Diff: 2

Topic: 1.2: The Objective of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

12) Webvan designed a supply chain with large warehouses in several major cities in the United States, from which groceries were delivered to customer homes. They failed partly because of

- A) low demand for their service.
- B) slow inventory turnover compared to industry averages.
- C) higher labor costs for picking orders.
- D) poor quality products.

Answer: C

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

13) A key issue facing Toyota is

- A) developing an Internet marketing system.
- B) whether to specialize in a particular market.
- C) design of its global production and distribution network.
- D) how to implement model changes.

Answer: C

Diff: 3

Topic: 1.5: Examples of Supply Chains

AACSB: Application of knowledge

Objective: LO 1.4: Identify important issues and decisions to be addresses in a supply chain.

14) Walmart's supply chain features clusters of stores around distribution centers, which facilitates

- A) high transportation costs.
- B) frequent but inexpensive replenishment at the stores.
- C) rapid design cycles from their R&D group.
- D) sharing of information with suppliers.

Answer: B

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

- 15) Which of these statements about Dell's supply chain is best?
- A) Dell's supply chain surplus was largely driven by their negative shipping model.
 - B) Dell's initial success was largely driven by the ability to accurately forecast what customers wanted and supply those models to retail outlets that carried their computers.
 - C) Dell's initial success was largely driven by their Assembly → Customer supply chain linkage.
 - D) Dell's supply chain consists of only two members, Dell and the customer.

Answer: C

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Analytical thinking

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

- 16) The decision phases in a supply chain include

- A) production scheduling.
- B) customer relationship management.
- C) supply chain operation.
- D) supply chain orientation.

Answer: C

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

- 17) A company would decide whether to outsource or perform a supply chain function in-house during the

- A) planning phase.
- B) design phase.
- C) tactical phase.
- D) operation phase.

Answer: B

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

- 18) The supply chain strategy category would include a decision about
- A) which items in the warehouse will be shipped to Malibu.
 - B) which warehouse will supply the Surf City location.
 - C) when the order should be shipped to the little old lady from Pasadena.
 - D) how large the warehouse in Kokomo should be.

Answer: D

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

- 19) A decision made about which markets will be serviced by which locations falls in the supply chain _____ phase

- A) conceptualization
- B) design
- C) operation
- D) planning

Answer: D

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

- 20) The profitability of a supply chain is impacted primarily by

- A) the design, planning and operation categories of decisions.
- B) only the operation category of decisions.
- C) only the design and planning categories of decisions.
- D) only the planning and operation categories of decisions.

Answer: A

Diff: 1

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

21) The time horizon of the operation phase is typically

- A) quarterly or yearly.
- B) weekly or daily.
- C) monthly or quarterly.
- D) over the next several years.

Answer: B

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

22) Handling customer orders in the best possible manner is the goal of supply chain

- A) strategy.
- B) planning.
- C) operations.
- D) design.

Answer: C

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

23) The cycle view of a supply chain holds that

- A) the processes in a supply chain are divided into 2 categories.
- B) the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.
- C) all processes in a supply chain are initiated in response to a customer order.
- D) all processes in a supply chain are performed in anticipation of customer orders.

Answer: B

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

24) The push/pull view of a supply chain holds that

- A) the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.
- B) all processes in a supply chain are initiated in response to a customer order.
- C) all responses in a supply chain are performed in anticipation of customer orders.
- D) the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.

Answer: D

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

25) The customer order cycle occurs at the

- A) customer/retailer interface.
- B) retailer/distributor interface.
- C) distributor/manufacturer interface.
- D) manufacturer/supplier interface.

Answer: A

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

26) Customer order arrival refers to

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.

Answer: A

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

27) The objective of the customer order arrival process is to

- A) get the correct orders to customers by the promised due date at the lowest possible cost.
- B) maintain a record of product receipt and complete payment.
- C) maximize the conversion of customer arrivals to customer orders.
- D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.

Answer: C

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

28) Customer order entry is

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.

Answer: B

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

29) The objective of customer order entry is to

- A) get the correct orders to customers by the promised due date at the lowest possible cost.
- B) maintain a record of product receipt and complete payment.
- C) maximize the conversion of customer arrivals to customer orders.
- D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.

Answer: D

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

30) Customer order fulfillment refers to

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

31) Demand is external to the supply chain and thus is most uncertain at the

- A) manufacturing cycle.
- B) replenishment cycle.
- C) customer order cycle.
- D) procurement cycle.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

32) The objective of customer order fulfillment is to

- A) get the correct orders to customers by the promised due date at the lowest possible cost.
- B) maintain a record of product receipt and complete payment.
- C) maximize the conversion of customer arrivals to customer orders.
- D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.

Answer: A

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

33) Customer order receiving is

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocates product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.

Answer: D

Diff: 1

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

34) The retailer and distributor engage in the

- A) customer order cycle.
- B) replenishment cycle.
- C) manufacturing cycle.
- D) procurement cycle.

Answer: B

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

35) The process included in the replenishment cycle includes

- A) order arrival.
- B) production scheduling.
- C) retail sale.
- D) manufacturing.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

36) The manufacturing cycle occurs at the

- A) customer/retailer interface.
- B) retailer/distributor interface.
- C) distributor/manufacturer interface.
- D) manufacturer/supplier interface.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

37) The processes involved in the manufacturing cycle include

- A) order trigger.
- B) production scheduling.
- C) order fulfillment.
- D) order entry.

Answer: B

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

38) The production scheduling process in the manufacturing cycle is similar to the

- A) order receiving process in the replenishment cycle.
- B) order fulfillment process in the replenishment cycle.
- C) order entry process in the replenishment cycle.
- D) order trigger process in the replenishment cycle.

Answer: C

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

39) The manufacturing and shipping process in the manufacturing cycle is equivalent to the

- A) order receiving process in the replenishment cycle.
- B) order fulfillment process in the replenishment cycle.
- C) order entry process in the replenishment cycle.
- D) order trigger process in the replenishment cycle.

Answer: B

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

40) The manufacturer and supplier participate in the

- A) procurement cycle.
- B) replenishment cycle.
- C) manufacturing cycle.
- D) life cycle.

Answer: A

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

41) The relationship between the manufacturer and supplier during the procurement cycle is very similar to the relationship between

- A) customer and retailer.
- B) retailer and distributor.
- C) distributor and manufacturer.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

42) The cycle view of the supply chain is useful when considering operational decisions because

- A) it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.
- B) it specifies the roles and responsibilities of each member of the supply chain.
- C) processes are identified as either reactive or speculative.
- D) it focuses on processes that are external to the firm.

Answer: B

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

43) The push/pull view of the supply chain is useful when considering strategic decisions relating to supply chain design because

- A) it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.
- B) it specifies the roles and responsibilities of each member of the supply chain.
- C) it clearly defines the processes involved and the owners of each process.
- D) it focuses on processes that are external to the firm.

Answer: A

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

44) Which of the following statements about pull processes is accurate?

- A) They may also be referred to as speculative processes.
- B) Execution is initiated in anticipation of customer orders.
- C) At the time of execution, demand must be forecast.
- D) They may also be referred to as reactive processes.

Answer: D

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

45) Which of the following statements about push processes is accurate?

- A) They may also be referred to as speculative processes.
- B) Execution is initiated in response to customer orders.
- C) At the time of execution, demand is known with certainty.
- D) They may also be referred to as reactive processes.

Answer: A

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

46) Supply chain macro processes include which of the following?

- A) Internal Relationship Management (IRM)
- B) Customer Relationship Management (CRM)
- C) External Relationship Management (ERM)
- D) Supplier Relationship Management (SCRM)

Answer: B

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

47) Supply chain macro processes include which of the following?

- A) Internal Relationship Management (IRM)
- B) External Relationship Management (ERM)
- C) Supplier Relationship Management (SRM)
- D) Customer Relationship Management (CRM)

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

48) Activities involved in the Customer Relationship Management (CRM) macro process include

- A) planning of internal production and storage.
- B) order fulfillment.
- C) marketing.
- D) supply planning.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

49) Activities involved in the Internal Supply Chain Management (ISCM) macro process include

- A) marketing.
- B) order fulfillment.
- C) sales.
- D) order management.

Answer: B

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

50) Activities involved in the Supplier Relationship Management (SRM) macro process include

- A) planning of internal production and storage.
- B) order fulfillment.
- C) supplier evaluation and selection.
- D) order management.

Answer: C

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

51) The activities associated with planning typically occur during which macro process?

- A) SRM
- B) ISCM
- C) DRM
- D) CRM

Answer: B

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

52) A key supply chain difference between Gateway and Apple is that

- A) Gateway's stores currently carry a large variety of products made by other manufacturers, while Apple carries only Apple products.
- B) Apple has always carried product in their stores while at one time Gateway stores carried no inventory.
- C) Gateway has always used a push system while Apple has always used a pull system.
- D) Gateway has no suppliers, preferring to make everything in-house, while Apple buys many of their components from suppliers.

Answer: B

Diff: 2

Topic: 1.5: Examples of Supply Chains

AACSB: Application of knowledge

Objective: LO 1.4: Identify important issues and decisions to be addresses in a supply chain.

53) Zara's supply chain strategy

- A) results in supply more closely matching customer demand.
- B) results in longer lead times for store order fulfillment, primarily due to shipping time.
- C) of purely online sales reduces the costs that they would incur with a brick and mortar store system.
- D) of high volume but low cost apparel requires production well in advance of the actual selling season for each garment type.

Answer: A

Diff: 2

Topic: 1.5: Examples of Supply Chains

AACSB: Application of knowledge

Objective: LO 1.4: Identify important issues and decisions to be addresses in a supply chain.

54) Toyota's *global complementation* strategy

- A) calls for plants to be devoted to the production of vehicles for only the local market.
- B) dictates that parts plants be built to supply all of the needs for each vehicle production plant worldwide.
- C) requires that a single parts plant, for example, for brakes, export brake components to all of its vehicle assembly plants worldwide.
- D) mandates that plants can produce vehicles for export to markets that remain strong when the local market weakens.

Answer: D

Diff: 3

Topic: 1.5: Examples of Supply Chains

AACSB: Application of knowledge

Objective: LO 1.4: Identify important issues and decisions to be addresses in a supply chain.

1.3 Essay Questions

1) What are the major components of a supply chain and what is their overall goal?

Answer: A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request. The supply chain includes not only the manufacturer and suppliers, but also transporters, warehouses, retailers, and even customers themselves. Within each organization, such as a manufacturer, the supply chain includes all functions involved in receiving and filling a customer request. These functions include, but are not limited to, new product development, marketing, operations, distribution, finance, and customer service. The objective of every supply chain should be to maximize the net value generated.

Diff: 2

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

2) What are the three flows in a supply chain and which direction is the flow? Discuss an example used in the book that illustrates the three flows.

Answer: The three flows are information, product and funds. Information and product flow both ways between the supplier stage and customer stage. Funds typically flow from the customer stage up to the supplier stage. Examples will vary; Apple is used as the example in conjunction with Figure 1-2.

Diff: 2

Topic: 1.1: What Is a Supply Chain?

AACSB: Application of knowledge

Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

3) Explain why supply chain flows are important.

Answer: Supply chain flows are important, because there is a close connection between the design and management of supply chain flows (product, information, and cash) and the success of a supply chain. The success of many companies can be directly traced to the design and management of an appropriate supply chain. The failure of many businesses can be linked directly to their inability to effectively design and manage supply chain flows.

Diff: 2

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

4) Explain the 3 decision phases (categories) that must be made in a successful supply chain.

Answer: The 3 decision phases that occur within a supply chain are supply chain strategy (or design), supply chain planning and supply chain operation. Decisions relate to the flow of information, product and funds. The difference between categories depends upon the frequency of each decision and the time frame over which it has an impact. During the supply chain strategy phase, a company determines what the chain's configurations will be, how resources will be allocated, and what processes each stage will perform. This will establish the structure of the supply chain for several years. Supply chain planning deals with decisions with a time frame from 3 months up to a year. The planning phase must work within the constraints established in the strategy phase. Planning decisions include which markets to supply from which locations, subcontracting of manufacturing, inventory policies and timing and size of marketing promotions. The supply chain operation phase operates on a weekly or daily time horizon and deals with decisions concerning individual customer orders.

Diff: 3

Topic: 1.3: Decision Phases in a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.2: Define the three key supply chain decision phases and explain the significance of each one.

5) Describe the cycle view of the processes within a supply chain.

Answer: The cycle view divides the supply chain into a series of 4 cycles between the 5 different stages of a supply chain. The cycles are the customer order cycle, replenishment cycle, manufacturing cycle and procurement cycle. The customer order cycle occurs at the customer/retailer interface and includes all processes directly involved in receiving and filling the customer. The replenishment cycle occurs at the retailer/distributor interface and includes all processes involved in replenishing retailer inventory. The manufacturing cycle typically occurs at the distributor/manufacturer (or retailer/manufacturer) interface and includes all processes involved in replenishing distributor (or retailer) inventory. The procurement cycle occurs at the manufacturer/supplier interface and includes all processes necessary to ensure that the materials are available for manufacturing according to schedule.

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

6) Explain the push/pull view of the processes within a supply chain.

Answer: The push/pull view of the supply chain divides supply chain processes into two categories based on whether they are executed in response to a customer order or in anticipation of customer orders. Pull processes are initiated in response to a customer order. Push processes are initiated and performed in anticipation of customer orders. The push/pull boundary separates push processes from pull processes. This view is very useful when considering strategic decisions relating to supply chain design, because it forces a more global consideration of supply chain processes as they relate to the customer.

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

7) Explain the three macro processes within a supply chain.

Answer: All processes within a supply chain can be classified into three macro processes which are Customer Relationship Management (CRM), Internal Supply Chain Management (ISCM), and Supplier Relationship Management (SRM). Customer Relationship Management (CRM) includes all processes that focus on the interface between the firm and its customers such as marketing, sales, call center management and order management. Internal Supply Chain Management (ISCM) includes all processes that are internal to the firm such as finalization of demand and supply plans, preparation of inventory management policies, order fulfillment and planning of capacity. Supplier Relationship Management (SRM) includes all processes that focus on the interface between a firm and its suppliers such as evaluation and selection of suppliers, negotiation of supply terms and communication regarding new products and orders.

Diff: 2

Topic: 1.4: Process Views of a Supply Chain

AACSB: Application of knowledge

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.

8) Discuss the differences of push and pull supply chain processes.

Answer: Processes in a supply chain fall into one of two categories depending on the timing of their execution relative to end customer demand. With pull processes, execution is initiated in response to a customer order. With push processes, execution is initiated in anticipation of customer orders based on a forecast. Pull processes may also be referred to as reactive processes because they react to customer demand. Push processes may also be referred to as speculative processes because they respond to speculated (or forecasted) rather than actual demand. The push/pull boundary in a supply chain separates push processes from pull processes. Push processes operate in an uncertain environment because customer demand is not yet known. Pull processes operate in an environment in which customer demand is known. They are, however, often constrained by inventory and capacity decisions that were made in the push phase.

Diff: 3

Topic: 1.4: Process Views of a Supply Chain

AACSB: Analytical thinking

Objective: LO 1.3: Describe the cycle and push/pull views along with the macro processes of a supply chain.