

Principles of Supply Chain Management
Crandall, Crandall and Chen
Instructor's Guide
Test Bank

Chapter 2 – Supply Chains as a System

1. The ITO model is composed of:
- a. information technology outputs
 - b. inputs, transformation, outputs
 - c. innovation, technology, optimization
 - d. interests, training, objectives
 - e. intelligence, tactics, operations
2. Resources in the ITO model can be which of the following?
- a. suppliers
 - b. facilities
 - c. equipment
 - d. employees
 - e. all of the above

Correct Answer – b
From – First Learning Outcome
Difficulty – Easy

Correct Answer – e
From – First Learning Outcome
Difficulty – Easy

3. Which item(s) must flow through the supply chain?
- a. products
 - b. information
 - c. funds
 - d. all of the above flow through the supply chain
 - e. only a and b flow through the supply chain
4. This type of relationship among supply chain partners has only a short-term focus.
- a. adversarial arm's-length
 - b. adversarial collaborative
 - c. non-adversarial collaborative
 - d. only a and b have a short-term focus
 - e. only b and c have a short-term focus

Correct Answer – d
From – Second Learning Outcome
Difficulty – Easy

Correct Answer – a
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From – Second Learning Outcome
Difficulty – Moderate

5. In a physician's practice, diagnosis, treatment, and dispensing prescriptions are viewed as which part of the supply chain?
- the transformation process
 - the resources
 - the outputs
 - the funds flow
 - the information flow

Correct Answer – a
From – Third Learning Outcome
Difficulty – Moderate

6. Suppliers are most closely associated with which part of the supply chain?
- outputs
 - relationships
 - the transformation process
 - inputs
 - the funds flow

Correct Answer – d
From – Third Learning Outcome
Difficulty – Moderate

7. Which of the following is an example of an internal customer?
- A young married couple buying a leather chair from a retail furniture store.
 - A college student purchasing a CD from an online music store.
 - A production manager receiving a report on manufacturing costs from the company accounting office.
 - A university professor acquiring a new laptop computer from the Information Technology department of the school.
 - Both c and d are examples of internal customers.

Correct Answer – e
From – Fourth Learning Outcome
Difficulty – Moderate

8. Which statement is false in reference to customer participation in the transformation process?
- Customer participation is important in the mass customization transformation process.
 - Customer participation is important in the build-to-order transformation process.
 - Participation is more needed for external, rather than internal customers.
 - Customer participation can be expressed in the form of feedback to the manufacturer or service provider.
 - Participation on the part of customers is growing in use.

Correct Answer – c
From – Fourth Learning Outcome
Difficulty – Moderate

9. In practice, it is more realistic to view a supply chain as a(n) _____, because of the influence of external influences.
- external customer
 - closed system

- c. internal customer
- d. open system
- e. internal system

Correct Answer – d
 From – Fifth Learning Outcome
 Difficulty – Moderate

10. In viewing supply chains as systems, the outputs of one system can become the _____ of another system.

- a. inputs
- b. outputs
- c. closed system
- d. open system
- e. internal customer

Correct Answer – a
 From – Fifth Learning Outcome
 Difficulty – Easy

11. Which of the following is an example of an external influence on a supply chain?

- a. The air conditioning system in a manufacturing facility malfunctions due to a lighting strike, causing worker fatigue and dehydration, which ultimately results in orders being delayed to customers.
- b. An earthquake hits an area in China, causing a number of companies in the United States to have their Chinese suppliers temporarily interrupted because of facility damage.
- c. A manufacturer introduces a new piece of machinery on the production line, causing orders to be speeded up to their customers.
- d. The Federal Government raises the minimum wage, which results in the escalation of labor costs for many fast food restaurant chains.
- e. All of these are examples of external factors on a supply chain.

Correct Answer – e
 From – Sixth Learning Outcome
 Difficulty – Moderate

12. Many companies like Bank of America have outsourced their call centers to:

- a. China
- b. Japan
- c. Viet Nam
- d. India
- e. England

Correct Answer – d
 From – Sixth Learning Outcome
 Difficulty – Easy

13. Shorter product life cycles have been cited recently as being an obstacle to supply chain integration. The main reason(s) are:

- a. liquidation pressures result when inventory cannot be moved.
- b. higher inventory costs can result.
- c. smaller orders sizes are more frequent.
- d. higher order frequency is more probable.
- e. All of the items above are associated with shorter product life cycles and can serve as obstacles to supply chain integration.

Correct Answer – e
From – Seventh Learning Outcome
Difficulty – Moderate

14. _____ can be a key enabler of integrated supply chains.
- a. Reverse logistics
 - b. Web technology
 - c. Economies of scale
 - d. Globalization
 - e. Independent scheduling among supply chain participants

Correct Answer – b
From – Seventh Learning Outcome
Difficulty – Moderate

15. Companies with extended supply chains in other countries are strongly encouraged to use this metric when assessing the performance of the supply chain.
- a. total labor cost
 - b. total product cost
 - c. total overhead cost
 - d. total cost of ownership
 - e. total utility cost

Correct Answer – d
From – Eighth Learning Outcome
Difficulty – Moderate

16. The _____ cost is the cost of transferring goods and services between suppliers and customers.
- a. product
 - b. discount
 - c. prime
 - d. total
 - e. transaction

Correct Answer – e
From – Eighth Learning Outcome
Difficulty – Easy

17. Because all partners in a supply chain will incur some degree of costs, it is important that supply chain partners agree to distribute costs and benefits _____ along the supply chain.
- a. marginally
 - b. freely
 - c. fairly
 - d. equally
 - e. totally

Correct Answer – c
From – Ninth Learning Outcome
Difficulty – Moderate

18. In its allocation of costs, resources, and benefits across the supply chain, Southwest Airlines follows all of the following strategies, EXCEPT?
- a. No pre-assigned seating of passengers is used.

- b. Uses only one type of aircraft, the Boeing 737.
- c. Utilizes major airports only. Secondary airports are used only if necessary.
- d. Utilizes higher costing leather seats because of their long life durability.
- e. Does not use dispense meals during the flights.

Correct Answer – c

From – Ninth Learning Outcome

Difficulty – Moderate

19. Value creation is usually based on the company's :

- a. core competencies
- b. business strategy
- c. ability to attract customers
- d. all of the above drive a company's value creation
- e. none of these statements are based on value creation

Correct Answer – d

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From – Tenth Learning Outcome

Difficulty – Moderate