

# ch1

*Student:* \_\_\_\_\_

1. Operations managers are responsible for assessing consumer wants and needs and selling and promoting the organization's goods or services.

True False

2. Often, the collective success or failure of companies' operations functions will impact the ability of a nation to compete with other nations.

True False

3. Companies are either producing goods or delivering services. This means that only one of the two types of operations management strategies are used.

True False

4. Operations, marketing, and finance function independently of each other in most organizations.

True False

5. The greater the degree of customer involvement, the more challenging the design and management of operations.

True False

6. Goods producing organizations are not involved in service activities.

True False

7. Service operations require additional inventory because of the unpredictability of consumer demand.

True False

8. The value of outputs is measured by the prices customers are willing to pay for goods or services.

True False

9. The use of models will guarantee the best possible decisions.

True False

10. People who work in the field of operations should have skills that include both knowledge and people skills.

True False

11. Assembly lines achieved productivity but at the expense of standard of living.

True False

12. The operations manager has primary responsibility for making operations system design decisions, such as system capacity and location of facilities.

True False

13. The word "technology" is used only to refer to "information technology".

True False

14. 'Value added' by definition is always a positive number since 'added' implies increases.

True False

15. Service often requires greater labor content, whereas manufacturing is more capital intensive.

True False

16. Measurement of productivity in service is more straightforward than in manufacturing since it is not necessary to take into account the cost of materials.

True False

17. Special-purpose technology is a common way of offering increased customization in manufacturing or services without taking on additional labor costs.

True False

18. One concern in the design of production systems is the degree of standardization.

True False

19. Most people encounter operations only in profit-making organizations.

True False

20. Service involves a much higher degree of customer contact than manufacturing.

True False

21. A systems approach emphasizes interrelationships among subsystems, but its main theme is that the whole is greater than the sum of its individual parts.

True False

22. The Pareto phenomenon is one of the most important and pervasive concepts that can be applied at all levels of management.

True False

23. Operations managers, who usually use quantitative approaches, are not really concerned with ethical decision-making.

True False

24. The optimal solutions produced by quantitative techniques should always be evaluated in terms of the larger framework.

True False

25. Managers should most often rely on quantitative techniques for important decisions since quantitative approaches result in more accurate decisions.

True False

26. Many operations management decisions can be described as tradeoffs.

True False

27. A systems approach means that we concentrate on efficiency within a subsystem and thereby assure overall efficiency.

True False

28. Prior to the Industrial Revolution, goods were produced primarily by craftsmen or their apprentices using custom made parts.

True False

29. Elton Mayo's "Hawthorne Experiment" was the focal point of the Human Relations Movement, which emphasized the importance of the human element in job design.

True False

30. Among Ford's many contributions was the introduction of mass production, using the concept of interchangeable parts and division of labor.

True False

31. Operations management and marketing are the two functional areas that exist to support activities in other functions such as accounting, finance, IT and human resources.

True False

32. Lean production systems incorporate the advantages of both mass production and craft production.

True False

33. As an abstraction of reality, a model is a simplified version of a real phenomenon.

True False

34. Lean production systems use a highly skilled work force and flexible equipment.

True False

35. The lean production philosophy has been slow to be adopted in service industries.

True False

36. Operations Management activities will be less important in the future because many firms are becoming service-oriented operations rather than goods producing operations.

True False

37. A modern firm has two supply chain considerations - external links with suppliers and customers, and an internal network of flows to and between the operations function itself.

True False

38. Operations management involves continuous decision-making; hopefully most decisions made will be:

- A. redundant
- B. minor in nature
- C. informed
- D. quantitative
- E. none of the above

39. A 'product package' consists of:

- A. the exterior wrapping
- B. the shipping container
- C. a combination of goods and services
- D. goods if a manufacturing organization
- E. customer relations if a service organization

40. Business organizations consist of three major functions which, ideally:

- A. support one another
- B. are mutually exclusive
- C. exist independently of each other
- D. function independently of each other
- E. do not interface with each other

41. Which of the following is not a type of operations?

- A. goods production
- B. storage/transportation
- C. entertainment
- D. communication
- E. all the above involve operations

42. Technology choices seldom affect:

- A. costs.
- B. productivity.
- C. union activity.
- D. quality.
- E. flexibility.

43. Measurements taken at various points in the transformation process for control purposes are called:

- A. plans
- B. directions
- C. controls
- D. feedback
- E. budgets

44. Budgeting, analysis of investment proposals, and provision of funds are activities associated with the \_\_\_\_\_ function.

- A. operation
- B. marketing
- C. purchasing
- D. finance
- E. internal audit

45. Which one of the following would not generally be classified under the heading of transformation?

- A. assembling
- B. teaching
- C. staffing
- D. farming
- E. consulting

46. Manufacturing work sent to other countries is called:

- A. downsized
- B. outsourced
- C. internationalization
- D. vertical integration
- E. entrepreneurial ship

47. Product design and process selection are examples of \_\_\_\_\_ decisions.

- A. financial
- B. tactical
- C. system design
- D. system operation
- E. forecasting

48. The responsibilities of the operations manager are:

- A. planning, organizing, staffing, procuring, and reviewing
- B. planning, organizing, staffing, directing, and controlling
- C. forecasting, designing, planning, organizing, and controlling
- D. forecasting, designing, operating, procuring, and reviewing
- E. designing and operating

49. Knowledge skills usually don't include:

- A. process knowledge
- B. accounting skills
- C. communication skills
- D. global knowledge
- E. all of the above

50. Which of the following is not true about systems approach?

- A. A systems viewpoint is almost always beneficial in decision making.
- B. A systems approach emphasizes interrelationships among subsystems.
- C. A systems approach concentrates on efficiency within subsystems.
- D. A systems approach is essential whenever something is being redesigned or improved.
- E. All of the above are true.

51. What is credited with gains in industrial productivity, increased standards of living and affordable products?

- A. personal computers
- B. the internet
- C. mass transportation
- D. assembly lines
- E. multi-level marketing

52. Production systems with customized outputs typically have relatively:

- A. high volumes of output
- B. low unit costs
- C. high amount of specialized equipment
- D. fast work movement
- E. skilled workers

53. Which is not a significant difference between manufacturing and service operations?

- A. cost per unit
- B. uniformity of output
- C. labor content of jobs
- D. customer contact
- E. measurement of productivity

54. Which of the following is not a characteristic of service operations?

- A. intangible output
- B. high customer contact
- C. high labor content
- D. easy measurement of productivity
- E. low uniformity of output

55. Which of the following is a recent trend in business?

- A. pollution control
- B. total quality management
- C. supply chain management
- D. competition from foreign manufacturers
- E. technological change

56. Farming is an example of:

- A. an obsolete activity
- B. a virtual organization
- C. non-manufactured goods
- D. a growth industry
- E. customized manufacturing



57. Dealing with the fact that certain aspects of any management situation are more important than others is called:
- A. analysis of tradeoffs
  - B. sensitivity analysis
  - C. recognition of priorities
  - D. analysis of variance
  - E. decision table analysis
58. The fact that a few improvements in a few key areas of operations will have more impact than many improvements in many other areas is consistent with the:
- A. Irwin phenomenon
  - B. Pareto phenomenon
  - C. Stevenson phenomenon
  - D. Tellier phenomenon
  - E. Adam Smith phenomenon
59. The process of comparing outputs to previously established standards to determine if corrective action is needed is called:
- A. planning
  - B. directing
  - C. controlling
  - D. budgeting
  - E. disciplining
60. Which of the following does not relate to system design?
- A. altering the system capacity
  - B. location of facilities
  - C. inventory management
  - D. selection and acquisition of equipment
  - E. physical arrangement of departments
61. Taking a systems viewpoint with regard to operations in today's environment increasingly leads decision-makers to consider \_\_\_\_\_ in response to the \_\_\_\_\_.
- A. flexibility; pressure to be more efficient
  - B. offshoring; need to promote domestic production
  - C. sustainability; threat of global warming
  - D. technology; impact of random variation
  - E. forecasting; stabilization of demand

62. Some companies attempt to maximize the revenue they receive from fixed operating capacity by influencing demands through price manipulation. This is an example of \_\_\_\_\_:
- A. Illegal price discrimination
  - B. Collusion
  - C. Volume analysis
  - D. Revenue management
  - E. Outsourcing
63. Which of the following is not an ongoing trend in manufacturing?
- A. globalization
  - B. quality improvement
  - C. flexibility and agility
  - D. mass production for greater economies of scale
  - E. technological advances
64. Which of the following is not a benefit of using models in decision making?
- A. They provide a standardized format for analyzing a problem.
  - B. They serve as a consistent tool for evaluation.
  - C. They are easy to use and less expensive than dealing with the actual situation.
  - D. All of the above are benefits.
  - E. None of the above is a benefit.
65. Modern firms increasingly rely on other firms to supply goods and services instead of doing these tasks themselves. This increased level of \_\_\_\_\_ is leading to increased emphasis on \_\_\_\_\_ management.
- A. outsourcing; supply chain
  - B. offshoring; lean
  - C. downsizing; total quality
  - D. optimizing; inventory
  - E. internationalization; intercultural
66. Operations and sales are the two \_\_\_\_\_ functions in businesses.
- A. strategic
  - B. tactical
  - C. support
  - D. value-adding
  - E. line

67. Marketing depends on operations for information regarding \_\_\_\_\_.

- A. productivity
- B. lead time
- C. cash flow
- D. budgeting
- E. corporate intelligence

68. Two widely used metrics of variation are the \_\_\_\_\_ and the \_\_\_\_\_.

- A. mean; standard deviation
- B. productivity ratio; correlation
- C. standardized mean; assignable deviation
- D. randomized mean; standardized deviation
- E. normal distribution; random variation

69. Which of the following statements about variation is FALSE?

- A. Variation prevents a production process from being as efficient as it can be.
- B. Some variation can be prevented.
- C. Variation can either be assignable or random.
- D. Any variation makes a production process less productive.
- E. Random variation generally cannot be influenced by managers.

70. Which of the following is essential to consider with respect to managing a process to meet demand?

- A. strategy
- B. demand forecasts
- C. capacity
- D. random variability
- E. all of the above

# ch1 Key

1. Operations managers are responsible for assessing consumer wants and needs and selling and promoting the organization's goods or services.

**FALSE**

Operation managers are not responsible for promoting goods/services.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #1*

*Topic Area: The Scope of Operations Management*

2. Often, the collective success or failure of companies' operations functions will impact the ability of a nation to compete with other nations.

**TRUE**

A nation is often only as competitive as its companies.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-01 Define the term operations management.*

*Stevenson - Chapter 01 #2*

*Topic Area: Operations Today*

3. Companies are either producing goods or delivering services. This means that only one of the two types of operations management strategies are used.

**FALSE**

Most systems involve a blend of goods and services.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #3*

*Topic Area: Introduction*

4. Operations, marketing, and finance function independently of each other in most organizations.

**FALSE**

Operations, marketing and finance are naturally dependent upon one another.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-02 Identify the three major functional areas of organizations and describe how they interrelate.*

*Stevenson - Chapter 01 #4*

*Topic Area: Introduction*

5. The greater the degree of customer involvement, the more challenging the design and management of operations.

**TRUE**

Greater customer involvement leads to more complexity in the design and management of operations.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #5*

*Topic Area: Introduction*

6. Goods producing organizations are not involved in service activities.

**FALSE**

Most systems involve a blend of goods and services.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #6*

*Topic Area: Introduction*

7. Service operations require additional inventory because of the unpredictability of consumer demand.

**FALSE**

Service operations cannot use inventory as a hedge against unpredictable demand.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Easy*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #7*

*Topic Area: Introduction*

8. The value of outputs is measured by the prices customers are willing to pay for goods or services.

**TRUE**

Customers' willingness to pay for goods or services sets the value of these outputs.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #8*

*Topic Area: Introduction*

9. The use of models will guarantee the best possible decisions.

**FALSE**

Models are useful, but their use does not guarantee the best decisions.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #9*

*Topic Area: Operations Management and Decision Making*

10. People who work in the field of operations should have skills that include both knowledge and people skills.

**TRUE**

Operations management requires a blend of knowledge and people skills.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #10*

*Topic Area: The Scope of Operations Management*

11. Assembly lines achieved productivity but at the expense of standard of living.

**FALSE**

Productivity and standard of living go hand in hand.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-07 Briefly describe the historical evolution of operations management.*

*Stevenson - Chapter 01 #11*

*Topic Area: The Historical Evolution of Operations Management*

12. The operations manager has primary responsibility for making operations system design decisions, such as system capacity and location of facilities.

**FALSE**

The operations manager plays a role in these decisions but is not primarily responsible for them.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Hard*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #12*

*Topic Area: The Scope of Operations Management*

13. The word "technology" is used only to refer to "information technology".

**FALSE**

Technology also refers to the technology involved in resource transformations.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #13*

*Topic Area: Operations Today*

14. 'Value added' by definition is always a positive number since 'added' implies increases.

**FALSE**

Some transformations result in the output being worth less than the inputs.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #14*

*Topic Area: Introduction*

15. Service often requires greater labor content, whereas manufacturing is more capital intensive.

**TRUE**

Service operations tend to be more labor-intensive than manufacturing.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #15*

*Topic Area: Introduction*

16. Measurement of productivity in service is more straightforward than in manufacturing since it is not necessary to take into account the cost of materials.

**FALSE**

Materials cost must be considered in services as well.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #16*

*Topic Area: Introduction*

17. Special-purpose technology is a common way of offering increased customization in manufacturing or services without taking on additional labor costs.

**FALSE**

Special-purpose technology typically reduces costs through standardization.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Hard*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #17*

*Topic Area: Operations Today*

18. One concern in the design of production systems is the degree of standardization.

**TRUE**

How standardized outputs will be is a critical consideration in the system design question.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #18*

*Topic Area: Operations Management and Decision Making*

19. Most people encounter operations only in profit-making organizations.

**FALSE**

Operations are also relevant to not-for-profit organizations such as the Red Cross.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #19*

*Topic Area: Introduction*



20. Service involves a much higher degree of customer contact than manufacturing.

**TRUE**

Customer contact tends to be much higher in services.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #20*

*Topic Area: Introduction*

21. A systems approach emphasizes interrelationships among subsystems, but its main theme is that the whole is greater than the sum of its individual parts.

**TRUE**

Optimizing the performance of individual subsystems does not guarantee optimal performance from the overall system.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #21*

*Topic Area: Operations Management and Decision Making*

22. The Pareto phenomenon is one of the most important and pervasive concepts that can be applied at all levels of management.

**TRUE**

Pareto phenomena can be observed in a wide variety of organization situations.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #22*

*Topic Area: Operations Management and Decision Making*

23. Operations managers, who usually use quantitative approaches, are not really concerned with ethical decision-making.

**FALSE**

Ethics issues are touching on all areas of management, including operations.

*AACSB: Ethics*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #23*

*Topic Area: Key Issues for Today's Business Operations*

24. The optimal solutions produced by quantitative techniques should always be evaluated in terms of the larger framework.

**TRUE**

Quantitative techniques have limitations that must be considered.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #24*

*Topic Area: Operations Management and Decision Making*

25. Managers should most often rely on quantitative techniques for important decisions since quantitative approaches result in more accurate decisions.

**FALSE**

Just as other techniques do, quantitative techniques have limitations.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Hard*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #25*

*Topic Area: Operations Management and Decision Making*

26. Many operations management decisions can be described as tradeoffs.

**TRUE**

Managing tradeoffs is the essence of operations management.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #26*

*Topic Area: Operations Management and Decision Making*

27. A systems approach means that we concentrate on efficiency within a subsystem and thereby assure overall efficiency.

**FALSE**

Subsystem efficiency doesn't necessarily translate into overall efficiency.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #27*

*Topic Area: Operations Management and Decision Making*

28. Prior to the Industrial Revolution, goods were produced primarily by craftsmen or their apprentices using custom made parts.

**TRUE**

After the Industrial Revolution, more standardized approaches became common.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-07 Briefly describe the historical evolution of operations management.*

*Stevenson - Chapter 01 #28*

*Topic Area: The Historical Evolution of Operations Management*

29. Elton Mayo's "Hawthorne Experiment" was the focal point of the Human Relations Movement, which emphasized the importance of the human element in job design.

**TRUE**

The Hawthorne Experiments were the beginning of the Human Relations Movement.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-07 Briefly describe the historical evolution of operations management.*

*Stevenson - Chapter 01 #29*

*Topic Area: The Historical Evolution of Operations Management*

30. Among Ford's many contributions was the introduction of mass production, using the concept of interchangeable parts and division of labor.

**TRUE**

Ford made mass production a practical success.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-07 Briefly describe the historical evolution of operations management.*

*Stevenson - Chapter 01 #30*

*Topic Area: The Historical Evolution of Operations Management*

31. Operations management and marketing are the two functional areas that exist to support activities in other functions such as accounting, finance, IT and human resources.

**FALSE**

Operations management and marketing are supported by these functions.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-02 Identify the three major functional areas of organizations and describe how they interrelate.*

*Stevenson - Chapter 01 #31*

*Topic Area: Introduction*

32. Lean production systems incorporate the advantages of both mass production and craft production.

**TRUE**

Lean production blends the best of both worlds.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #32*

*Topic Area: The Historical Evolution of Operations Management*

33. As an abstraction of reality, a model is a simplified version of a real phenomenon.

**TRUE**

Models are valuable abstractions and simplifications of real, complex phenomena.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #33*

*Topic Area: Operations Management and Decision Making*

34. Lean production systems use a highly skilled work force and flexible equipment.

**TRUE**

Lean depends on a skilled workforce.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #34*

*Topic Area: The Historical Evolution of Operations Management*

35. The lean production philosophy has been slow to be adopted in service industries.

**FALSE**

Lean concepts apply very well in service industries.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #35*

*Topic Area: The Historical Evolution of Operations Management*

36. Operations Management activities will be less important in the future because many firms are becoming service-oriented operations rather than goods producing operations.

**FALSE**

Operations management is just as important for service firms.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-04 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #36*

*Topic Area: Key Issues for Today's Business Operations*

37. A modern firm has two supply chain considerations - external links with suppliers and customers, and an internal network of flows to and between the operations function itself.

**TRUE**

Supply chain considerations are at play both in and beyond the modern firm.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #37*

*Topic Area: Key Issues for Today's Business Operations*

38. Operations management involves continuous decision-making; hopefully most decisions made will be:

A. redundant

B. minor in nature

**C. informed**

D. quantitative

E. none of the above

Informed decisions incorporate all relevant issues.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #38*

*Topic Area: Operations Management and Decision Making*

39. A 'product package' consists of:

- A. the exterior wrapping
- B. the shipping container
- C.** a combination of goods and services
- D. goods if a manufacturing organization
- E. customer relations if a service organization

Most firms are not pure service or manufacturing firms; they produce combinations of goods and services.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #39*

*Topic Area: Introduction*

40. Business organizations consist of three major functions which, ideally:

- A.** support one another
- B. are mutually exclusive
- C. exist independently of each other
- D. function independently of each other
- E. do not interface with each other

Finance, Marketing and Operations are these major functions.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-02 Identify the three major functional areas of organizations and describe how they interrelate.*

*Stevenson - Chapter 01 #40*

*Topic Area: Introduction*

41. Which of the following is not a type of operations?

- A. goods production
- B. storage/transportation
- C. entertainment
- D. communication
- E.** all the above involve operations

All of these involve taking inputs and transforming them.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-01 Define the term operations management.*

*Stevenson - Chapter 01 #41*

*Topic Area: Introduction*

42. Technology choices seldom affect:

- A. costs.
- B. productivity.
- C. union activity.**
- D. quality.
- E. flexibility.

Union activity can affect a firm's technology choices, but not the other way around.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #42*

*Topic Area: Operations Today*

43. Measurements taken at various points in the transformation process for control purposes are called:

- A. plans
- B. directions
- C. controls
- D. feedback**
- E. budgets

Feedback is used to monitor and improve processes.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #43*

*Topic Area: Introduction*

44. Budgeting, analysis of investment proposals, and provision of funds are activities associated with the \_\_\_\_\_ function.

- A. operation
- B. marketing
- C. purchasing
- D. finance**
- E. internal audit

These are the primary tasks for the finance function.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-02 Identify the three major functional areas of organizations and describe how they interrelate.*

*Stevenson - Chapter 01 #44*

*Topic Area: Introduction*



45. Which one of the following would not generally be classified under the heading of transformation?

- A. assembling
- B. teaching
- C. staffing**
- D. farming
- E. consulting

Staffing doesn't involve transforming resources so much as it involves acquiring them.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #45*

*Topic Area: Process Management*

46. Manufacturing work sent to other countries is called:

- A. downsized
- B. outsourced**
- C. internationalization
- D. vertical integration
- E. entrepreneurial ship

Outsourcing is increasingly a part of operations management.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #46*

*Topic Area: The Scope of Operations Management*

47. Product design and process selection are examples of \_\_\_\_\_ decisions.

- A. financial
- B. tactical
- C. system design**
- D. system operation
- E. forecasting

These major decisions affect decisions made at lower levels.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-05 Summarize the two major aspects of process management.*

*Stevenson - Chapter 01 #47*

*Topic Area: The Scope of Operations Management*

48. The responsibilities of the operations manager are:

- A. planning, organizing, staffing, procuring, and reviewing
- B.** planning, organizing, staffing, directing, and controlling
- C. forecasting, designing, planning, organizing, and controlling
- D. forecasting, designing, operating, procuring, and reviewing
- E. designing and operating

The scope of operations management ranges across the organization.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #48*

*Topic Area: The Scope of Operations Management*

49. Knowledge skills usually don't include:

- A. process knowledge
- B. accounting skills
- C.** communication skills
- D. global knowledge
- E. all of the above

Communication skills generally are considered to be people skills.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #49*

*Topic Area: The Scope of Operations Management*

50. Which of the following is not true about systems approach?

- A. A systems viewpoint is almost always beneficial in decision making.
- B. A systems approach emphasizes interrelationships among subsystems.
- C.** A systems approach concentrates on efficiency within subsystems.
- D. A systems approach is essential whenever something is being redesigned or improved.
- E. All of the above are true.

Subsystem efficiency doesn't necessarily translate into overall system efficiency.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #50*

*Topic Area: Operations Management and Decision Making*

51. What is credited with gains in industrial productivity, increased standards of living and affordable products?

- A. personal computers
- B. the internet
- C. mass transportation
- D. assembly lines**
- E. multi-level marketing

Mass production has played a prominent role in increasing standards of living.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #51*

*Topic Area: The Historical Evolution of Operations Management*

52. Production systems with customized outputs typically have relatively:

- A. high volumes of output
- B. low unit costs
- C. high amount of specialized equipment
- D. fast work movement
- E. skilled workers**

Skilled workers are necessary to accommodate the variation inherent in customized outputs.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #52*

*Topic Area: Operations Management and Decision Making*

53. Which is not a significant difference between manufacturing and service operations?

- A. cost per unit**
- B. uniformity of output
- C. labor content of jobs
- D. customer contact
- E. measurement of productivity

Manufacturing operations aren't necessarily more or less efficient than service operations.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Hard*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #53*

*Topic Area: Introduction*

54. Which of the following is not a characteristic of service operations?

- A. intangible output
- B. high customer contact
- C. high labor content
- D. easy measurement of productivity**
- E. low uniformity of output

The productivity of service operations is often hard to measure.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #54*

*Topic Area: Introduction*

55. Which of the following is a recent trend in business?

- A. pollution control
- B. total quality management
- C. supply chain management**
- D. competition from foreign manufacturers
- E. technological change

Supply chain management involves a broader systemic view of operations.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #55*

*Topic Area: Key Issues for Today's Business Operations*

56. Farming is an example of:

- A. an obsolete activity
- B. a virtual organization
- C. non-manufactured goods**
- D. a growth industry
- E. customized manufacturing

Farm operations are not manufacturing operations.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-03 Identify similarities and differences between production and service operations.*

*Stevenson - Chapter 01 #56*

*Topic Area: Introduction*

57. Dealing with the fact that certain aspects of any management situation are more important than others is called:

- A. analysis of tradeoffs
- B. sensitivity analysis
- C. recognition of priorities**
- D. analysis of variance
- E. decision table analysis

Solutions tend to be targeted toward higher priority aspects of a situation.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #57*

*Topic Area: Operations Management and Decision Making*

58. The fact that a few improvements in a few key areas of operations will have more impact than many improvements in many other areas is consistent with the:

- A. Irwin phenomenon
- B. Pareto phenomenon**
- C. Stevenson phenomenon
- D. Tellier phenomenon
- E. Adam Smith phenomenon

Pareto phenomena direct our attention to the difference between the "important few" and the "trivial many."

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #58*

*Topic Area: Operations Management and Decision Making*

59. The process of comparing outputs to previously established standards to determine if corrective action is needed is called:

- A. planning
- B. directing
- C. controlling**
- D. budgeting
- E. disciplining

Controls are used to maintain performance.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #59*

*Topic Area: The Scope of Operations Management*

60. Which of the following does not relate to system design?

- A. altering the system capacity
- B. location of facilities
- C. inventory management**
- D. selection and acquisition of equipment
- E. physical arrangement of departments

Inventory management is a system operation decision area.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-05 Summarize the two major aspects of process management.*

*Stevenson - Chapter 01 #60*

*Topic Area: The Scope of Operations Management*

61. Taking a systems viewpoint with regard to operations in today's environment increasingly leads decision-makers to consider \_\_\_\_\_ in response to the \_\_\_\_\_.

- A. flexibility; pressure to be more efficient
- B. offshoring; need to promote domestic production
- C. sustainability; threat of global warming**
- D. technology; impact of random variation
- E. forecasting; stabilization of demand

Sustainability is a relatively recent operations management consideration.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Hard*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #61*

*Topic Area: Operations Management and Decision Making*

62. Some companies attempt to maximize the revenue they receive from fixed operating capacity by influencing demands through price manipulation. This is an example of \_\_\_\_\_:

- A. Illegal price discrimination
- B. Collusion
- C. Volume analysis
- D. Revenue management**
- E. Outsourcing

Revenue management is used to ensure that as much perishable capacity as possible is sold.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #62*

*Topic Area: Operations Today*

63. Which of the following is not an ongoing trend in manufacturing?

- A. globalization
- B. quality improvement
- C. flexibility and agility
- D. mass production for greater economies of scale**
- E. technological advances

Manufacturers are moving away from mass production for economies of scale.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #63*

*Topic Area: Key Issues for Today's Business Operations*

64. Which of the following is not a benefit of using models in decision making?

- A. They provide a standardized format for analyzing a problem.
- B. They serve as a consistent tool for evaluation.
- C. They are easy to use and less expensive than dealing with the actual situation.
- D. All of the above are benefits.**
- E. None of the above is a benefit.

Models are useful tools for making decisions without confronting the actual situation with all of its complexity.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Hard*

*Learning Objective: 01-06 Explain the key aspects of operations management decision making.*

*Stevenson - Chapter 01 #64*

*Topic Area: Operations Management and Decision Making*

65. Modern firms increasingly rely on other firms to supply goods and services instead of doing these tasks themselves. This increased level of \_\_\_\_\_ is leading to increased emphasis on \_\_\_\_\_ management.

- A. outsourcing; supply chain**
- B. offshoring; lean
- C. downsizing; total quality
- D. optimizing; inventory
- E. internationalization; intercultural

Supply chain management takes a more systemic view of the firm, its operations, and its suppliers.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-08 Characterize current trends in business that impact operations management.*

*Stevenson - Chapter 01 #65*

*Topic Area: Key Issues for Today's Business Operations*

66. Operations and sales are the two \_\_\_\_\_ functions in businesses.

- A. strategic
- B. tactical
- C. support
- D. value-adding
- E. line**

Others are support functions.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-02 Identify the three major functional areas of organizations and describe how they interrelate.*

*Stevenson - Chapter 01 #66*

*Topic Area: Why Learn about Operations Management?*

67. Marketing depends on operations for information regarding \_\_\_\_\_.

- A. productivity
- B. lead time**
- C. cash flow
- D. budgeting
- E. corporate intelligence

Marketing uses lead time information to make promises to customers.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #67*

*Topic Area: Why Learn about Operations Management?*

68. Two widely used metrics of variation are the \_\_\_\_\_ and the \_\_\_\_\_.

- A. mean; standard deviation**
- B. productivity ratio; correlation
- C. standardized mean; assignable deviation
- D. randomized mean; standardized deviation
- E. normal distribution; random variation

The mean and standard deviation summarize important facets regarding the variation in a process.

*AACSB: Reflective Thinking*

*Blooms: Remember*

*Difficulty: Easy*

*Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.*

*Stevenson - Chapter 01 #68*

*Topic Area: Process Management*



69. Which of the following statements about variation is FALSE?

- A. Variation prevents a production process from being as efficient as it can be.
- B. Some variation can be prevented.
- C. Variation can either be assignable or random.
- D.** Any variation makes a production process less productive.
- E. Random variation generally cannot be influenced by managers.

The choice to offer customers greater variety might increase variation but increase productivity even more.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Hard*

*Learning Objective: 01-05 Summarize the two major aspects of process management.*

*Stevenson - Chapter 01 #69*

*Topic Area: Process Management*

70. Which of the following is essential to consider with respect to managing a process to meet demand?

- A. strategy
- B. demand forecasts
- C. capacity
- D. random variability
- E.** all of the above

All of these play a role in determining whether a process can meet demand.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: Medium*

*Learning Objective: 01-05 Summarize the two major aspects of process management.*

*Stevenson - Chapter 01 #70*

*Topic Area: Process Management*

## ch1 Summary

<i>Category</i>	<i># of Questions</i>
AACSB: Ethics	1
AACSB: Reflective Thinking	69
Blooms: Remember	48
Blooms: Understand	22
Difficulty: Easy	17
Difficulty: Hard	15
Difficulty: Medium	38
Learning Objective: 01-01 Define the term operations management.	2
Learning Objective: 01-02 Identify the three major functional areas of organizations and describe how they interrelate.	5
Learning Objective: 01-03 Identify similarities and differences between production and service operations.	10
Learning Objective: 01-04 Describe the operations function and the nature of the operations managers job.	18
Learning Objective: 01-05 Summarize the two major aspects of process management.	4
Learning Objective: 01-06 Explain the key aspects of operations management decision making.	15
Learning Objective: 01-07 Briefly describe the historical evolution of operations management.	4
Learning Objective: 01-08 Characterize current trends in business that impact operations management.	12
Stevenson - Chapter 01	70
Topic Area: Introduction	20
Topic Area: Key Issues for Todays Business Operations	6
Topic Area: Operations Management and Decision Making	16
Topic Area: Operations Today	5
Topic Area: Process Management	4
Topic Area: The Historical Evolution of Operations Management	8
Topic Area: The Scope of Operations Management	9
Topic Area: Why Learn about Operations Management?	2