

c1

Student: _____

1. The present and future manager must have functional expertise and does not need an enterprise perspective.

True False

2. Scientific Management embraces the idea that there is a "best way" to perform a task.

True False

3. In the not-too-distant future many traditional manufacturing firms and other consumer product manufacturers will not manufacture at all anymore.

True False

4. Craft production depends on unskilled laborers to produce products

True False

5. Manufacturers are outsourcing less of their needs and at the same time becoming more directly linked to the customer through service.

True False

6. In a knowledge-based economy, innovations substitute knowledge for other capital.

True False

7. Profitability differs from profit in that profitability measures productivity.

True False

8. Like cost, quality, and timeliness; processes and capabilities are also viewed by customers as a component of value.

True False

9. The following are typical resources managed by businesses: inventory, capacity, facilities and patents.

True False

10. Which of the following are saleable outputs of a business?

- A. Products and Services
- B. Quality and Speed
- C. Capacity and Facilities
- D. Value and Quality

11. Processes are made up of

- A. Activities
- B. Capabilities
- C. Value
- D. Value components
- E. None of the above

12. According to the resource/profit model, the overriding objective of the business is:

- A. Profit
- B. Value
- C. Strategy
- D. Profitability
- E. None of the above

13. Timeliness refers to whether a product or service

- A. Is not obsolete
- B. Is produced without taking too much labor
- C. Uses exactly the correct amount of capacity
- D. Created, delivered, and available when it is supposed to be
- E. None of the above

14. The difference between something's market value and the cost of creating it creates a potential for:

- A. Net worth
- B. Profitability
- C. Reduced costs
- D. Sales
- E. None of the above

15. The two critical roles played by processes in defining the value of a product or service are:

- A. Processes contribute value and also contribute costs
- B. Processes contribute value as well as differentiation.
- C. Processes reduce costs and enhance benefits to consumers
- D. Processes enhance perceived value and reduce perceived costs.
- E. None of the above

16. The components of value included in the resource profit model are:

- A. Benefits, timeliness, and processes
- B. Strategy, capabilities, and processes
- C. Strategy, Profitability, and market share
- D. Cost, quality, timeliness
- E. None of the above

17. Integrative management frameworks:

- A. Eliminate the need for managerial accounting
- B. Replace profitability measures for measuring performance
- C. Help managers make day-to-day decisions that are consistent with goals
- D. Eliminate guesswork in decision-making
- E. Rarely become part of good management practice

18. A technology that displaces an existing technology is often referred to as:

- A. A progressive technology
- B. A life cycle
- C. A disruptive technology
- D. A competitive advantage

19. A critical ramification of the intangible nature of services is:

- A. Service quality is easier to measure than product quality
- B. Consumers do not care about service processes as much as they care about service outcomes
- C. Waiting lines are a frequent quality concern for service managers
- D. Services cannot be stored for future use.

20. B2C refers to:

- A. A business selling to a business
- B. A business shifting its capacity
- C. A cost reduction effort
- D. A business selling to a consumer

21. Which of the following is often more important for business customers than consumer customers?

- A. Cost
- B. Timeliness
- C. Product quality
- D. Value
- E. Service quality

22. Mass customization:

- A. Will probably never exist
- B. Is an objective of many U.S. manufacturers
- C. Occurred as a result of the just-in-time revolution of the 1980's
- D. Has already been achieved in the service sector.

23. A strategy is

- A. A plan for maximizing profitability
- B. A plan for designing effective processes
- C. A plan for how the business will continue to be profitable in the future
- D. A plan for beating competitors
- E. None of the above

24. Which of the following is not an integrative management framework in the resource/profit model?

- A. Lean systems
- B. Constraint management
- C. Customer relationship management
- D. Supply chain management

25. The most influential environmental force that product- and service- oriented firms must deal with is:

- A. Globalization
- B. The Internet
- C. Regulatory forces
- D. The natural environment
- E. None of the above

26. Constraint management focuses on:

- A. Controlling employee behavior by establishing constraints
- B. Cost reduction
- C. How a limiting resource can determine system productivity
- D. Reducing costs through elimination of process tasks
- E. None of the above

27. Lean systems refers to

- A. Systems with very little waste and low inventory
- B. Systems that add very little value
- C. Systems that outsource all processing steps
- D. Systems that depend on external suppliers for capacity
- E. None of the above

28. In a knowledge-based economy, _____ substitute _____ for other capital.

29. If profitability is the answer to the ____ question of a business's existence, then value answers the ____ question.

30. Inventory is a (n) _____ on the balance sheet, but has characteristics of a (n) _____ as well.

31. _____ provide a set of principles that eliminate the need to evaluate day-to-day decisions on the basis of profitability.

32. A close match between the _____ rate and the _____ rate is critical for services because services can't be stored for future use.

33. Match these items.

- A. A business' abilities that result from its processes
- B. Materials used in the production of products and services
- C. A measure of the productivity of money invested in a business
- D. A plan for creating profitability in the future
- E. Production of goods by skilled artisans
- F. A philosophy to guide day-to-day decisions
- G. Managing system productivity by managing the limiting resources of the system
- H. The level of output in a specified period of time
- I. A system with little waste
- J. The speed at which a business completes tasks

- ___ 1. Integrative Management Framework
- ___ 2. Lean systems
- ___ 3. Inventory
- ___ 4. Capacity
- ___ 5. Craft Production
- ___ 6. Profitability
- ___ 7. Capability
- ___ 8. Strategy
- ___ 9. Timeliness
- ___ 10. Constraint Management

34. Explain the key differences between products and services.

35. Define the relationship among resources, processes, capabilities, and value.

36. Why might value be defined differently by consumer customers than business customers?

37. Explain why operations management is an important subject for all business students.

38. List all the activities involved in registering for courses at your university or obtaining a mortgage for your home. Which of these activities do you think add value? Which do not? If you could improve the process by eliminating non-value activities, how would you go about doing it? How would the value (from your perspective) resulting from the process be improved if the non-value adding activities were eliminated?

39. You are in need of two computers: one for personal use and the other for work use. When making your decision, what value attributes would you consider most important when purchasing the computer for personal use? What value attributes do you consider most important when purchasing the computer for work use? Which components of value would be the most critical for each situation?

c1 Key

1. The present and future manager must have functional expertise and does not need an enterprise perspective.

FALSE

*Finch - Chapter 01 #1
Level: Medium*

2. Scientific Management embraces the idea that there is a "best way" to perform a task.

TRUE

*Finch - Chapter 01 #2
Level: Medium*

3. In the not-too-distant future many traditional manufacturing firms and other consumer product manufacturers will not manufacture at all anymore.

TRUE

*Finch - Chapter 01 #3
Level: Medium*

4. Craft production depends on unskilled laborers to produce products

FALSE

*Finch - Chapter 01 #4
Level: Easy*

5. Manufacturers are outsourcing less of their needs and at the same time becoming more directly linked to the customer through service.

FALSE

*Finch - Chapter 01 #5
Level: Medium*

6. In a knowledge-based economy, innovations substitute knowledge for other capital.

TRUE

Finch - Chapter 01 #6
Level: Easy

7. Profitability differs from profit in that profitability measures productivity.

FALSE

Finch - Chapter 01 #7
Level: Difficult

8. Like cost, quality, and timeliness; processes and capabilities are also viewed by customers as a component of value.

FALSE

Finch - Chapter 01 #8
Level: Difficult

9. The following are typical resources managed by businesses: inventory, capacity, facilities and patents.

FALSE

Finch - Chapter 01 #9
Level: Difficult

10. Which of the following are saleable outputs of a business?

- A.** Products and Services
- B. Quality and Speed
- C. Capacity and Facilities
- D. Value and Quality

Finch - Chapter 01 #10
Level: Medium

11. Processes are made up of

- A.** Activities
- B. Capabilities
- C. Value
- D. Value components
- E. None of the above

Finch - Chapter 01 #11

Level: Easy

12. According to the resource/profit model, the overriding objective of the business is:

- A. Profit
- B. Value
- C. Strategy
- D.** Profitability
- E. None of the above

Finch - Chapter 01 #12

Level: Medium

13. Timeliness refers to whether a product or service

- A. Is not obsolete
- B. Is produced without taking too much labor
- C. Uses exactly the correct amount of capacity
- D.** Created, delivered, and available when it is supposed to be
- E. None of the above

Finch - Chapter 01 #13

Level: Difficult

14. The difference between something's market value and the cost of creating it creates a potential for:

- A. Net worth
- B.** Profitability
- C. Reduced costs
- D. Sales
- E. None of the above

AACSB: Analytic

Finch - Chapter 01 #14

Level: Medium

15. The two critical roles played by processes in defining the value of a product or service are:

- A. Processes contribute value and also contribute costs
- B. Processes contribute value as well as differentiation.
- C. Processes reduce costs and enhance benefits to consumers
- D. Processes enhance perceived value and reduce perceived costs.
- E. None of the above

Finch - Chapter 01 #15

Level: Difficult

16. The components of value included in the resource profit model are:

- A. Benefits, timeliness, and processes
- B. Strategy, capabilities, and processes
- C. Strategy, Profitability, and market share
- D. Cost, quality, timeliness
- E. None of the above

Finch - Chapter 01 #16

Level: Easy

17. Integrative management frameworks:

- A. Eliminate the need for managerial accounting
- B. Replace profitability measures for measuring performance
- C. Help managers make day-to-day decisions that are consistent with goals
- D. Eliminate guesswork in decision-making
- E. Rarely become part of good management practice

Finch - Chapter 01 #17

Level: Medium

18. A technology that displaces an existing technology is often referred to as:

- A. A progressive technology
- B. A life cycle
- C. A disruptive technology
- D. A competitive advantage

Finch - Chapter 01 #18

Level: Easy

19. A critical ramification of the intangible nature of services is:

- A. Service quality is easier to measure than product quality
- B. Consumers do not care about service processes as much as they care about service outcomes
- C. Waiting lines are a frequent quality concern for service managers
- D.** Services cannot be stored for future use.

Finch - Chapter 01 #19

Level: Difficult

20. B2C refers to:

- A. A business selling to a business
- B. A business shifting its capacity
- C. A cost reduction effort
- D.** A business selling to a consumer

Finch - Chapter 01 #20

Level: Easy

21. Which of the following is often more important for business customers than consumer customers?

- A. Cost
- B.** Timeliness
- C. Product quality
- D. Value
- E. Service quality

Finch - Chapter 01 #21

Level: Medium

22. Mass customization:

- A. Will probably never exist
- B.** Is an objective of many U.S. manufacturers
- C. Occurred as a result of the just-in-time revolution of the 1980's
- D. Has already been achieved in the service sector.

Finch - Chapter 01 #22

Level: Medium

23. A strategy is

- A. A plan for maximizing profitability
- B. A plan for designing effective processes
- C. A plan for how the business will continue to be profitable in the future
- D. A plan for beating competitors
- E. None of the above

Finch - Chapter 01 #23

Level: Easy

24. Which of the following is not an integrative management framework in the resource/profit model?

- A. Lean systems
- B. Constraint management
- C. Customer relationship management
- D. Supply chain management

Finch - Chapter 01 #24

Level: Medium

25. The most influential environmental force that product- and service- oriented firms must deal with is:

- A. Globalization
- B. The Internet
- C. Regulatory forces
- D. The natural environment
- E. None of the above

Finch - Chapter 01 #25

Level: Medium

26. Constraint management focuses on:

- A. Controlling employee behavior by establishing constraints
- B. Cost reduction
- C. How a limiting resource can determine system productivity
- D. Reducing costs through elimination of process tasks
- E. None of the above

Finch - Chapter 01 #26

27. Lean systems refers to

- A. Systems with very little waste and low inventory
- B. Systems that add very little value
- C. Systems that outsource all processing steps
- D. Systems that depend on external suppliers for capacity
- E. None of the above

Finch - Chapter 01 #27
Level: Medium

28. In a knowledge-based economy, _____ substitute _____ for other capital.
innovations, knowledge

Finch - Chapter 01 #28
Level: Medium

29. If profitability is the answer to the ____ question of a business's existence, then value answers the ____ question.
Why?, How?

Finch - Chapter 01 #29
Level: Medium

30. Inventory is a (n) _____ on the balance sheet, but has characteristics of a (n) _____ as well.
asset, liability

Finch - Chapter 01 #30
Level: Medium

31. _____ provide a set of principles that eliminate the need to evaluate day-to-day decisions on the basis of profitability.
Integrated management frameworks

Finch - Chapter 01 #31
Level: Medium

32. A close match between the _____ rate and the _____ rate is critical for services because services can't be stored for future use.

output, demand

*Finch - Chapter 01 #32
Level: Medium*

33. Match these items.

- A. A business' abilities that result from its processes
- B. Materials used in the production of products and services
- C. A measure of the productivity of money invested in a business
- D. A plan for creating profitability in the future
- E. Production of goods by skilled artisans
- F. A philosophy to guide day-to-day decisions
- G. Managing system productivity by managing the limiting resources of the system
- H. The level of output in a specified period of time
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- J. The speed at which a business completes tasks

- ___ 1. Integrative Management Framework
- ___ 2. Lean systems
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- ___ 5. Craft Production
- ___ 6. Profitability
- ___ 7. Capability
- ___ 8. Strategy
- ___ 9. Timeliness
- ___ 10. Constraint Management

1-F; 2-I; 3-B; 4-H; 5-E; 6-C; 7-A; 8-D; 9-J; 10-G

Finch - Chapter 01 #33

34. Explain the key differences between products and services.

Answers will vary but should include a discussion of implications of being tangible versus intangible, particularly as it relates to meeting demand (storage of inventory, etc), measuring quality prior to customers receiving it, and customer involvement in processes.

*AACSB: Reflective Thinking
Finch - Chapter 01 #34*

35. Define the relationship among resources, processes, capabilities, and value.

Answers will vary somewhat, but should explain how customers define value, value is created by the capabilities that a business has. Capabilities result from processes, which are formed by organizing resources.

Finch - Chapter 01 #35

36. Why might value be defined differently by consumer customers than business customers?

Answers will vary somewhat, but should describe how a business values different things because it uses products and services differently than consumers. A business purchases a product or a service to add value to what it sells. A consumer purchases a product or service to use it for him/herself.

Finch - Chapter 01 #36

37. Explain why operations management is an important subject for all business students.

Answers will vary somewhat, but should discuss the need for an enterprise perspective in order to make the best business decision, rather than merely the best decision for a particular business function.

*AACSB: Reflective Thinking
Finch - Chapter 01 #37*

38. List all the activities involved in registering for courses at your university or obtaining a mortgage for your home. Which of these activities do you think add value? Which do not? If you could improve the process by eliminating non-value activities, how would you go about doing it? How would the value (from your perspective) resulting from the process be improved if the non-value adding activities were eliminated?

Students should list at least 5-7 activities starting from the time they initiate the process till they get their approval. By listing the activities, the students can examine each activity to identify those activities that add value (those activities which are necessary) and those that do not. For improving the process, students should (1) suggest eliminating or consolidating activities that do not add value and (2) suggest ways to improve performance (time taken) to conduct activities. Finally, by eliminating non-value added activities, the process will be completed more efficiently.

Finch - Chapter 01 #38

39. You are in need of two computers: one for personal use and the other for work use. When making your decision, what value attributes would you consider most important when purchasing the computer for personal use? What value attributes do you consider most important when purchasing the computer for work use? Which components of value would be the most critical for each situation?

The response to this question will vary significantly. The students need to discuss the components of value outlined in Chapter 1.

c1 Summary

<u>Category</u>	<u># of Questions</u>
AACSB: Analytic	1
AACSB: Reflective Thinking	3
Finch - Chapter 01	39
Level: Difficult	6
Level: Easy	7
Level: Medium	18