ReadChk01TB

True/False
Indicate whether the statement is true or false.

____ 1. Employees who work in financial and accounting functions of organizations need little knowledge of operations management.

____ 2. Ensuring that a credit card has accurate customer information and is delivered quickly to the customer is an example of inventory management in OM.

____ 3. A toothbrush is an example of a nondurable good.

____ 4. Services always involve direct customer contact.

____ 5. Time-based competition means providing new and innovative products that surprise and delight customers.

____ 6. Value can be increased by adding services to customer benefit packages even when the quality or features of goods cannot be improved.

____ 7. A competitively dominant customer experience is often called a value proposition.

____ 8. A value chain can be considered a "cradle-to-grave" model of the operations function.

____ 9. A value chain begins with the goods and services that are provided to customers.

____ 10. Pre-production services might include on-line training services, billing, and warranty service.

____ 11. Post-production services might include customer financing, customer benefit package design, and promotion/advertising.

____ 12. Vertical integration is a modern method of outsourcing.

____ 13. Historically, service work was outsourced before many goods-producing jobs were.

____ 14. In breakeven analysis, whenever the anticipated volume is greater than the breakeven quantity, the firm should not outsource.

____ 15. Third party "system integrators" are often used for vertical integration strategies.

____ 16. Offshoring is the same as outsourcing in terms of transferring ownership and control.

____ 17. A reason for globalization includes shifting work closer to customers for fast delivery and customization.

____ 18. Having a large number of performance measures is much better than having a selected few.
19. Reliability is the ability to perform a service dependably and accurately.

20. Having intensive care nurses on call in case of a dramatic increase in patient demand is an example of design flexibility.

21. Design flexibility is the ability to respond quickly to changes in the volume and type of demand.

22. It costs 3 to 5 times more to keep an existing customer than to acquire a new customer.

23. The value chain model is probably the dominant model for operations managers.

24. The service-profit chain model is based on understanding cause-and-effect linkages among performance measures.

25. A clean bed in a hotel would be considered as an order satisfier.

26. The ease by which one can create original music compositions using a software package such as Band in a Box or Apples' Garage Band would be an example of an experience attribute.

27. Improving design quality usually allows a firm to charge higher prices and thus increase revenue and profit.

28. An operations strategy provides the direction on which corporate strategy is based.

29. Innovation does not necessarily involve practical application or commercialization.

30. Because of the importance of supplying goods or services, operations strategy has historically received significant high-level management attention.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

31. Which one of the following statements is false?
   a. Service encounters can be between a customer and a building.
   b. High customer contact systems generally have high process efficiency.
   c. A hotel room is a perishable asset.
   d. The demand for services is time-dependent, especially over the short term.

32. Which one of the following statements is false?
   a. Service that do not involve significant interaction with customers can be managed much the same as goods in a factory.
   b. A service is any primary or complementary activity that does not directly produce a physical product.
   c. Some very significant differences exist between goods and services that create different demands on the operations function.
   d. Designing and managing operations in a goods-producing firm is quite similar to that in a service-providing organization.
33. Which one of the following has the lowest goods content?
   a. automobile muffler replacement  
   b. computer diagnosis and repair  
   c. movie presentation  
   d. fast food restaurant

34. A customer benefit package (CBP) includes
   a. only core offerings  
   b. only peripheral offerings  
   c. either core or peripheral offerings but not both  
   d. both core offerings as well as peripheral offerings

35. Support processes would typically include all of the following except
   a. inventory management  
   b. customer help desk operations  
   c. research and development  
   d. manufacturing and assembly

36. The following terms—interchangeability of parts, division of labor, highly repetitive tasks—best relate to a focus on
   a. quality  
   b. efficiency  
   c. quality  
   d. time

37. The quality revolution is most related to
   a. continuous improvement  
   b. mass production  
   c. time-based competition  
   d. service

38. Which of the following is not a current challenge to OM?
   a. globalization  
   b. technology  
   c. quality  
   d. mass production

39. A value creation process could be any of the following except
   a. shipping a customer's order  
   b. providing a home mortgage  
   c. assembling a dishwasher  
   d. purchasing production material

40. Which is generally related to service operations?
   a. tangible product  
   b. need for flexible capacity  
   c. separation of production from consumption  
   d. large amount of inventory

41. A support process could be any of the following except
   a. assembling automobiles  
   b. purchasing materials and supplies  
   c. managing inventory  
   d. installing a product

42. Which of the following would be the lowest in goods content and highest in service content?
   a. fast food restaurant  
   b. attending a theater production  
   c. getting an oil change for your car  
   d. filling a medical prescription

43. Service management skills would include all of the following except
   a. accounting and finance  
   b. knowledge and technical expertise about operations  
   c. marketing and cross-selling  
   d. human interaction
44. A golf simulator in a retail sports store is an example of
a. non-durable goods replacing services  
   b. primary good  
   c. goods content  
   d. biztainment  

45. Which one of the following is not an example of biztainment?
   a. iPhone applications  
   b. automobile leasing  
   c. product demonstrations  
   d. virtual factory tours  

46. Which one of the following statements about the structure of the U.S. economy is true?
   a. About 91 percent of all U.S. jobs are in service-providing processes.  
   b. All goods-producing jobs account for 25 percent of total U.S. jobs.  
   c. All service-providing jobs account for 65 percent of total U.S. jobs.  
   d. The largest U.S. industry with respect to U.S. jobs is manufacturing.  

47. The three issues that are at the core of operations management include all of the following except
   a. cost  
   b. quality  
   c. utilization  
   d. efficiency  

48. The first, second, and third waves of outsourcing experienced by the U.S. are
   a. goods-producing jobs, simple service work, skilled knowledge work  
   b. simple service work, goods-producing jobs, skilled knowledge work  
   c. simple service work, skilled knowledge work, goods-producing jobs  
   d. skilled knowledge work, simple service work, goods-producing jobs  

49. A company has two alternatives for meeting a customer requirement for 9,000 units of a specialty molding. If done in-house, fixed cost would be $350,000, with variable cost at $30 per unit. If outsourced, the cost is $80 per unit. Determine the breakeven point and determine if they should make the item in-house or outsource it.
   a. breakeven point = 7,000 units; outsource  
   b. breakeven point = 7,000 units; make in-house  
   c. breakeven point = 11,667 units; outsource  
   d. breakeven point = 11,667 units; make in-house  

50. For a restaurant, order-taking, bill payment and home delivery would be considered
   a. services  
   b. inputs  
   c. processes  
   d. outputs  

51. Which of the following is not a component of a value chain?
   a. goods and services  
   b. information  
   c. sources of labor  
   d. financial transactions  

52. In the value chain model for a hospital, patients, drugs and staff would be considered
   a. suppliers  
   b. inputs  
   c. processes  
   d. outputs  

53. Which of the following generally does not result from vertical integration?
   a. less control over cost  
   b. more control over quality  
   c. more complexity in managing  
   d. higher levels of risk
54. _____ is the process of managing information, services and physical goods to insure their availability at the right place, at the right time, at the right cost and at the right quantity, with the highest attention given to quality.
   a. Preproduction service  
   b. Value proposition  
   c. Operational structure  
   d. Value chain integration

55. "The perception of the benefits associated with a good, service, or bundle of goods and services in relation to what buyers are willing to pay for them" is the definition of
   a. proportionality  
   b. competitiveness  
   c. value  
   d. equity

56. Outsourcing is
   a. the same as offshoring  
   b. the opposite of vertical integration  
   c. the opposite of backward integration  
   d. the same as diversifying

57. The control of Wal-Mart's value chain is _____, while the control of General Electric's is _____.
   a. post-production focused; preproduction focused  
   b. horizontal; vertical  
   c. centralized; decentralized  
   d. backward integrated; forward integrated

58. A competitively dominant customer experience is often called a
   a. perceived benefit  
   b. preemptive strike  
   c. moment of truth  
   d. value proposition

59. Which one of the following statements is true with regard to the case study BankUSA: Credit Card Division?
   a. Service upsets represented 17 percent of total transactions.  
   b. Current performance reports indicate that the credit card division is meeting 99.2 percent of its service requirements.  
   c. The correlation between customer satisfaction and operating costs was negatively correlated.  
   d. The ultimate (real) service level for this organization is internal performance metrics.

60. Which of the following would be a typical operational-level quality performance measure?
   a. customer ratings of goods and services  
   b. customer retention  
   c. service representative courtesy  
   d. product recalls

61. Which of the following would be an example of an innovation and learning performance measure?
   a. employee satisfaction  
   b. earnings per share  
   c. design flexibility  
   d. product-related litigation

62. Dell's ability to provide a wide range of customized computer hardware to accommodate customers' needs best describes
   a. volume flexibility  
   b. design flexibility  
   c. cycle time  
   d. queue time

63. The number of patent applications and the number of improvement suggestions implemented relate best to which operational performance measure category?
   a. financial  
   b. customer and market  
   c. innovation and learning  
   d. productivity
64. Which category of the Malcolm Baldrige National Quality Award examines how the organization fulfills its ethical, legal, and societal responsibilities, and supports its key communities?
   a. Leadership  b. Strategic Planning  c. Customer Focus  d. Results

65. Value chain measures would generally be less valuable to
   a. top management  b. middle managers  c. first-line supervisors  d. employees to monitor any control

66. Regarding the service-profit chain model, which of the following is not viewed as internal performance?
   a. customer satisfaction  b. employee satisfaction  c. employee retention  d. employee productivity

67. Which one of the following statements is true regarding FedEx's Service Quality Indicator (SQI)?
   a. FedEx's SQI is an example of volume flexibility.
   b. FedEx's SQI places the most weight (importance) on late pickups.
   c. FedEx's SQI places the most weight (importance) on damaged and lost packages.
   d. FedEx's SQI places the most weight (importance) on delivery on the wrong day.

68. Which of the following is not generally considered a competitive priority?
   a. time  b. flexibility  c. innovation  d. infrastructure

69. Using the Four Key Decision Loops in Professor Terry Hill's Generic Strategy Framework, which statement is true?
   a. The four loops are highly integrated and require improvement cycles.
   b. The first loop ties strategy to operations.
   c. Operations has no input loop into corporate strategy or marketing strategy.
   d. Infrastructure decisions must come before marketing strategy decisions.

70. A firm's ability to achieve market and financial superiority over its competitors is called

71. With regard to the three types of customer attributes in evaluating the quality of goods and services, those associated with buying furniture would best be classified as
   a. search attributes  b. experience attributes  c. credence attributes  d. reflect attributes

72. The ____ of a firm defines the strengths that are unique to that organization.
   a. strategy development  b. strategic mission  c. vision statement  d. core competencies

73. ____ attributes are most likely to be experienced by the customer when using estate planning services.
   a. Search attributes  b. Experience attributes  c. Credence attributes  d. Order winners

74. With regard to the three types of customer attributes in evaluating the quality of goods and services, those associated with having a meal in a restaurant such as taste of the food and courtesy of the server would best be classified as
   a. search attributes  b. experience attributes  c. credence attributes  d. reflect attributes
75. Which of the following does not describe how customers evaluate services in a manner that differs from the way they evaluate goods?
   a. Customers rely on more information from personal sources.
   b. Customers perceive greater risks.
   c. Customers cannot form a priori expectations of expected service quality.
   d. Dissatisfaction often results from a customer's inability to properly co-produce the service.

76. Regarding quality, which statement is not true?
   a. Businesses offering premium quality goods usually have larger market share and are early entrants into their market.
   b. Quality is positively and significantly related to higher return on investment for almost all kinds of market situations.
   c. A strategy of quality improvement usually leads to increased market share but at a cost in terms of reduced short-run profits.
   d. High goods quality producers can usually excel by charging low prices.

77. Families of goods or services having similar characteristics or methods of creation are called
   a. Core competencies
   b. Corporate strategy
   c. Strategic business units
   d. Functional strategy

78. Which of the following would not constitute an element of operations infrastructure?
   a. Market segmentation
   b. Workforce
   c. Quality control
   d. Learning and innovation systems

79. Operations design choices include all of the following except
   a. Operating plans and controls
   b. Type of processes
   c. Value chain integration and outsourcing
   d. Inventory and service capacity

80. Professor Terry Hill has presented a four-loop framework for operations strategy through an iterative and integrated process. Decision loop #1
   a. describes how Operations evaluates the implications of competitive priorities in terms of process choices and infrastructure
   b. involves determining if process choice decisions and capabilities are consistent with infrastructure capabilities
   c. represents Operations' input into corporate and marketing strategy
   d. ties together corporate strategy and marketing strategy