

OPERATION MANAGEMENT

MULTIPLE CHOICE QUESTION

Operations and Productivity

1. Operations management is applicable:
 - A) mostly to the service sector.
 - B) to services exclusively.
 - C) mostly to the manufacturing sector.
 - D) to all firms, whether manufacturing or service.
 - E) to the manufacturing sector exclusively.
2. Which of the following are the primary functions of all organizations?
 - A) production/operations, marketing, and human resources
 - B) marketing, human resources, and finance/accounting
 - C) sales, quality control, and production/operations
 - D) marketing, production/operations, and finance/accounting
 - E) research and development, finance/accounting, and purchasing
3. What is a global network of organizations and activities that supply a firm with goods and services?
 - A) supply tree
 - B) provider network
 - C) supply chain
 - D) vendor network
 - E) vendor tree
4. Reasons to study operations management include:
 - A) studying how people organize themselves for productive enterprise.
 - B) knowing how goods and services are consumed.
 - C) understanding what human resource managers do.
 - D) learning about a costly part of the enterprise.
 - E) A and D
5. In order to have a career in operations management, one must have a degree in statistics or quantitative methods.
 - FALSE
 - TRUE

6. What are the five elements in the management process?
- A) plan, direct, update, lead, and supervise
 - B) accounting, finance, marketing, operations, and management
 - C) organize, plan, control, staff, and manage
 - D) plan, organize, staff, lead, and control
 - E) plan, lead, organize, manage, and control
7. Which of the following is the best example of a pure service?
- A) counseling
 - B) oil change
 - C) heart transplant
 - D) electric Co-Op
 - E) restaurant
8. When a tangible component is not included in a service, such as with counseling, it is called a(n) _____.
- Answer: pure service
9. Productivity measurement is complicated by:
- A) the competition's output.
 - B) the fact that precise units of measure are often unavailable.
 - C) stable quality.
 - D) the workforce size.
 - E) the type of equipment used.
10. What term is given to those individuals with a vested interest in an organization, including customers, distributors, suppliers, owners, lenders, employees, and community members?
- A) alumni
 - B) investors
 - C) vendors
 - D) stockholders
 - E) stakeholders

- Operations Strategy in a Global Environment

1. Which of the following did the authors NOT suggest as a reason for globalizing operations?
 - A) reduce costs
 - B) improve the supply chain
 - C) pursue stockholder approval ratings
 - D) understand markets
 - E) attract and retain global talent
2. Multinational organizations can shop from country to country and cut costs through:
 - A) lower wage scales.
 - B) lower indirect costs.
 - C) less stringent regulations.
 - D) lower taxes and tariffs.
 - E) all of the above.
3. Which of the following statements about organizational missions is FALSE?
 - A) They reflect a company's purpose.
 - B) They indicate what a company intends to contribute to society.
 - C) They are formulated after strategies are known.
 - D) They define a company's reason for existence.
 - E) They provide guidance for functional area missions.
4. A strategy is a (n):
 - A) set of opportunities in the marketplace.
 - B) broad statement of purpose.
 - C) simulation used to test various product line options.
 - D) plan for cost reduction.
 - E) action plan to achieve the mission
5. The ability of an organization to produce goods or services that have some uniqueness in their characteristics is:
 - A) mass production.
 - B) time-based competition.
 - C) competing on productivity.
 - D) competing on quality.
 - E) competing on differentiation.
6. Key success factors and core competencies are synonyms.
 - FALSE
 - TRUE
7. SWOT analysis is a method of determining external strengths and weaknesses and internal opportunities and threats.
 - FALSE
 - TRUE

8. Outsourcing is the practice of transferring a firm's activities that have traditionally been internal to external suppliers.

- TRUE
- FALSE

9. The acronym **MNC** stands for

- A) Mexican National Committee (for international trade)
- B) Maquiladora Negates Competition
- C) Maytag-Nestlé Corporation
- D) Multinational Corporation
- E) Maritime Navigation Company

10. The _____ strategy utilizes a standardized product across countries.

Answer: global

- Project Management

1. The phases of project management are:
 - A) planning, scheduling, and controlling.
 - B) planning, programming, and budgeting.
 - C) planning, organizing, staffing, leading, and controlling.
 - D) different for manufacturing projects than for service projects.
 - E) GANTT, CPM, and PERT.
2. A project organization:
 - A) is effective for companies with multiple large projects.
 - B) is appropriate only in construction firms.
 - C) often fails when the project cuts across organizational lines.
 - D) is most helpful for ongoing projects with no termination date.
 - E) is most helpful when the work contains simple and unrelated tasks.
3. Ethical issues that may arise in projects large and small include:
 - A) gifts from contractors.
 - B) exaggerated expense reports.
 - C) compromised quality standards to meet bonuses or avoid penalties related to schedules.
 - D) pressure to mask delays with false status reports.
 - E) all of the above.
4. WBS stands for which of the following project management tools?
 - A) work break schedule
 - B) work breakdown status
 - C) work breakdown schedule
 - D) work breakdown structure
 - E) work break status
5. PERT, but not CPM, has the ability to consider the precedence relationships in a project.
 - FALSE
 - TRUE
6. The control of projects involves close monitoring of which of the following?
 - A) resources
 - B) costs
 - C) quality
 - D) budgets
 - E) all of the above
7. The shortest of all paths through the network is the critical path.
 - FALSE
 - TRUE

8. A simple CPM network has five activities, A, B, C, D, and E. A is an immediate predecessor of C and of D. B is also an immediate predecessor of C and of D. C and D are both immediate predecessors of E. Which of the following statements is true?
- A) There are two paths in this network.
 - B) There are four paths in this network.
 - C) There are five paths in this network.
 - D) There are 25 paths in this network.
 - E) There are six paths in this network.
9. Slack is the amount of time an activity can be delayed without delaying the entire project.
- TRUE
 - FALSE
10. The time an activity will take assuming very unfavorable conditions is:
- A) the optimistic time.
 - B) the pessimistic time.
 - C) the activity variance.
 - D) the minimum time.
 - E) exactly twice as long as the expected time.

- Forecasting

1. Forecasts may be influenced by a product's position in its life cycle.
 - TRUE
 - FALSE
2. As compared to long-range forecasts, short-range forecasts:
 - A) are less accurate.
 - B) deal with less comprehensive issues supporting management decisions.
 - C) employ similar methodologies.
 - D) all of the above
 - E) none of the above
3. One use of short-range forecasts is to determine:
 - A) planning for new products.
 - B) capital expenditures.
 - C) research and development plans.
 - D) facility location.
 - E) job assignments.
4. Which of the following is NOT a step in the forecasting process?
 - A) Determine the use of the forecast.
 - B) Eliminate any assumptions.
 - C) Determine the time horizon of the forecast.
 - D) Select the forecasting model.
 - E) Validate and implement the results.
5. The two general approaches to forecasting are:
 - A) qualitative and quantitative.
 - B) mathematical and statistical.
 - C) judgmental and qualitative.
 - D) historical and associative.
 - E) judgmental and associative.
6. The forecasting technique that pools the opinions of a group of experts or managers is known as:
 - A) the expert judgment model.
 - B) multiple regression.
 - C) jury of executive opinion.
 - D) market survey.
 - E) management coefficients.
7. _____ forecasts employ one or more mathematical models that rely on historical data and/or associative variables to forecast demand.

Answer: Quantitative

8. Time-series data may exhibit which of the following behaviors?
 - A) trend
 - B) random variations
 - C) seasonality
 - D) cycles
 - E) They may exhibit all of the above.

9. Gradual upward or downward movement of data over time is called:
- A) seasonality.
 - B) a cycle.
 - C) a trend.
 - D) exponential variation.
 - E) random variation.
10. The fundamental difference between cycles and seasonality is the:
- A) duration of the repeating patterns.
 - B) magnitude of the variation.
 - C) ability to attribute the pattern to a cause.
 - D) all of the above
 - E) none of the above

- Design of Goods and Services

1. In which stage of the product life cycle should product strategy focus on process modifications as the product is being "fine-tuned" for the market?
A) introduction
B) growth
C) maturity
D) decline
E) incubation
2. A product's life cycle is divided into four stages, which are:
A) introduction, growth, saturation, and maturity.
B) introduction, growth, stability, and decline.
C) introduction, maturity, saturation, and decline.
D) introduction, growth, maturity, and decline.
E) incubation, growth, maturity, and decline.
3. Operations managers must be able to anticipate changes in which of the following?
A) product mix
B) product opportunities
C) the products themselves
D) product volume
E) all of the above
4. Quality function deployment refers to both (1) determining what will satisfy the customer and (2) translating those customer desires into a target design.
• TRUE
• FALSE
5. Quality function deployment (QFD):
 - Determines what will satisfy the customer.
 - Translates customer desires into the target design.
 - Is used early in the design process.
 - Is used to determine where to deploy quality efforts.
 - All of the above
6. A graphic technique for defining the relationship between customer desires and product (or service) is:
 - Product lifecycle management.
 - The house of quality.
 - The moment of truth.
 - The assembly drawing.
 - Modular design.
7. The _____ is a part of the quality function deployment process that utilizes a planning matrix to relate customer "wants" to "how" the firm is going to meet those "wants."

Answer: House of quality

8. Value analysis takes place:
- A) When the product is selected and designed.
 - B) During the initial stages of production when something needs to be done to assure product success.
 - C) When the product is first conceived.
 - D) During the production process when it is clear that the new product is a success.
 - E) When the product cost is very low.
9. Rapidly developing products and moving them to the market is part of time-based competition.
- TRUE
 - FALSE
10. The "make-or-buy" decision distinguishes between what an organization chooses to produce and what it chooses to purchase from suppliers.
- TRUE
 - FALSE

Managing Quality

1. All of the following costs are likely to decrease as a result of better quality EXCEPT:
 - A) customer dissatisfaction costs.
 - B) inspection costs.
 - C) scrap costs.
 - D) warranty and service costs.
 - E) maintenance costs.
2. Quality is mostly the business of the quality control staff, not ordinary employees.
 - FALSE
 - TRUE
3. TQM is important because each of the ten decisions made by operations managers deals with some aspect of identifying and meeting customer expectations.
 - TRUE
 - FALSE
4. PDCA, developed by Shewhart, stands for which of the following?
 - Plan-Do-Check-Act
 - Plan-Develop-Check-Accept
 - Problem-Develop Solution-Check-Act
 - Problem-Do-Continue-Act
 - Prepare-Develop-Create-Assess
5. PDCA is most often applied with regard to which aspect of TQM?
 - Six Sigma
 - Employee empowerment
 - Continuous improvement
 - Benchmarking
 - JIT
6. The Japanese use the term *poka-yoke* to refer to continuous improvement.
 - FALSE
 - TRUE
7. Security is the determinant of service quality that means freedom from danger, risk, or doubt.
 - TRUE
 - FALSE
8. Which of the determinants of service quality involves performing the service right the first time?
 - A) access
 - B) courtesy
 - C) credibility
 - D) reliability
 - E) responsiveness

9. Source inspection is also known as source control
- TRUE
 - FALSE
10. Which of the determinants of service quality involves having the customer's best interests at heart?
- A) access
 - B) courtesy
 - C) credibility
 - D) responsiveness
 - E) tangibles