**Chapter 01 Test Bank KEY**

1. Supply is a set of products or services a business offers to its customers.

**TRUE**

Supply is a set of products or services a business offers to its customers.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

2. Consumption utility is composed of price and convenience.

**FALSE**

Consumption utility is composed of performance and fit.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

3. Firm A Pareto dominates firm B means that firm A’s product or service is inferior to that of firm B on all dimensions of the customer utility function.

**FALSE**

Firm A Pareto dominates firm B means that firm A’s product or service is superior to that of firm B on all dimensions of the customer utility function.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

4. A firm reduces inefficiencies by making trade-offs.

**FALSE**

A firm reduces inefficiencies so that it does not have to sacrifice one performance dimension versus another.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

5. Reducing inefficiencies will increase a firm’s profitability.

**TRUE**

Reducing inefficiencies by increasing what the customer is willing to pay and/or decreasing costs will increase a firm’s profitability.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

6. Every work requires operations.

**TRUE**

Every work requires operations to do the work and/or to improve the work.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management: An Overview of the Book*

7. "Who are the customers?" is NOT an operations management–related question.

 **FALSE**

"Who are the customers?" is an operations management–related question because it corresponds to the consumption utility component of the consumer utility function.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

8. The set of products or services a business offers to its customers is called:

A. demand.

B. bundle.

**C.** supply.

D. value.

Supply is the set of products or services offered by a business to its customers.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: Introduction*

*Topic: The Customers View of the World*

9. The set of products or services customers want is called:

**A.** demand.

B. bundle.

C. supply.

D. value.

Demand is the set of products or services customers want.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: Introduction*

*Topic: The Customers View of the World*

10. "Match supply with demand" means:

A. tell customers what they want.

**B.** offer customers what they want.

C. explain to customers what they want.

D. invest in marketing.

"Offer customers what they want" is another way of saying "match supply with demand."

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Introduction*

*Topic: The Customers View of the World*

11. Which of the following is NOT a goal of operations management?

**A.** Understanding the drivers of customer utility

B. Match supply with demand

C. Make a profit while providing customers what they want

D. Provide great products at low prices to customers

Understanding demand is a goal of marketing.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Introduction*

*Topic: The Customers View of the World*

12. Which of the following is NOT a challenge of matching supply with demand?

A. Delivering better products at low prices

B. Attempting to predict demand

C. Providing customers with what they want at a low cost

**D.** Reducing demand to match supply

The challenge of matching supply with demand is to understand demand so that better products or services are offered to customers at low cost.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Introduction*

*Topic: The Customers View of the World*

13. A customer’s desire for a product or service is measured by its:

A. popularity.

B. costs.

**C.** utility.

D. advertisement.

According to economic theory, utility measures one’s desire for a product or service.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

14. Economic theory suggests that a customer chooses a product or service to obtain the highest \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. demand

B. supply

**C.** utility

D. satisfaction

A customer chooses a product or service that gives him/her the highest utility.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

15. Utility is composed of the following components EXCEPT:

**A.** customer loyalty.

B. price.

C. inconvenience.

D. consumption utility.

Utility is composed of consumption utility, price, and inconvenience .

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

16. The features of a product or service that most, if not all, customers prefer are called:

A. consensus attributes.

B. consumption attributes.

C. fit attributes.

**D.** performance attributes.

Performance attributes are features of a product or service that most, if not all, customers prefer.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

17. The many flavors of ice-cream offered by ice-cream parlors are reflective of the \_\_\_\_\_\_\_\_\_ of today’s customers.

A. bargaining power

B. product-fit

**C.** heterogeneous preferences

D. knowledge base

Customers’ differences in taste, color, or size of the product or services they want are called heterogeneous preferences.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

18. The inconvenience of obtaining a product or receiving a service is called:

**A.** transaction cost.

B. fit.

C. timing.

D. unavailability.

Transaction costs refer to the inconvenience of obtaining a product or receiving a service.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

19. A restaurant promising a meal in two minutes or less attempts to cater to which part of the customer utility function?

**A.** Timing

B. Preference

C. Ambience

D. Fit

Customers do not want to wait.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

20. Price utility includes all of the following EXCEPT:

A. cost of owning the product.

B. shipping cost.

C. financing costs.

**D.** transaction costs.

Price utility includes the total cost of owning the product or receiving the service. Transaction costs refer to the inconvenience of obtaining the product or receiving the service.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

21. \_\_\_\_\_\_\_\_\_\_\_\_ is the study of how customers derive utility from products or services.

**A.** Marketing

B. Operations

C. Economics

D. Management

Marketing is the study of how customers derive utility from products or services.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

22. Which dimension of the customer utility function is emphasized with a restaurant’s slogan, "Eat Fresh"?

A. Timing

B. Location

**C.** Performance

D. Fit

"Eat Fresh" is a performance attribute of Subway’s sandwiches indicating that customers prefer fresh over processed ingredients in their food.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

23. A firm that offers tailor-made suits to its customers is appealing to the \_\_\_\_\_\_\_\_\_\_\_\_ dimension of the customers’ utility function.

A. timing

B. location

C. performance

**D.** fit

Fit captures how well the product or service matches with the unique characteristics of a given customer.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-01 Identify the drivers of customer utility.*

*Topic: The Customers View of the World*

24. Which of the following statements about a firm’s capabilities is FALSE?

A. A firm has capabilities to do well on some dimensions of its customers’ utility function.

**B.** A firm has capabilities to do well on all dimensions of its customers’ utility function.

C. A firm’s capabilities can be defined as the dimensions of the customer’s utility function it is able to satisfy.

D. How well a firm can satisfy its customers’ utility function is dependent on its capabilities.

A firm has capabilities to do well on some but not all dimensions of its customers’ utility function.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

25. You are considering four hotels that differ from each other with respect to their price and customer reviews:

|  |  |  |
| --- | --- | --- |
| **Hotel** | **Price** | **Reviews (1 = worst . . . 5 = best)** |
|  H1 | $100 | 2 |
|  H2 | $250 | 5 |
|  H3 | $200 | 4 |
|  H4 | $150 | 2 |

Which of the following is a valid conclusion?

A. H3 is Pareto dominated by H2

B. H2 is Pareto dominated by H3

C. H1 is Pareto dominated by H4

**D.** H4 is Pareto dominated by H1

Pareto dominated means that a firm’s product or service is inferior to one or multiple competitors on at least one dimension of the customer utility function and no better than on any other dimension.

*AACSB: Analytical Thinking*

*Blooms: Evaluate*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

26. You are considering four hotels that differ from each other with respect to their price and customer reviews:

|  |  |  |
| --- | --- | --- |
| **Hotel** | **Price** | **Reviews (1 = worst . . . 5 = best)** |
|  H1 | $100 | 2 |
|  H2 | $250 | 5 |
|  H3 | $200 | 4 |
|  H4 | $150 | 2 |

Which of these hotels is NOT on the efficient frontier?

A. H1

B. H3

C. H2

**D.** H4

The set of firms that are not Pareto dominated are on the efficient frontier.

*AACSB: Analytical Thinking*

*Blooms: Evaluate*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

27. You are considering four hotels that differ from each other with respect to their price and customer reviews:

|  |  |  |
| --- | --- | --- |
| **Hotel** | **Price** | **Reviews (1 = worst . . . 5 = best)** |
|  H1 | $100 | 2 |
|  H2 | $250 | 5 |
|  H3 | $200 | 4 |
|  H4 | $150 | 2 |

Which of these hotels is inefficient?

A. H1

B. H2

C. H3

**D.** H4

A firm that is not on the efficient frontier is inefficient.

*AACSB: Analytical Thinking*

*Blooms: Evaluate*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

28. Beyond just executing the current way of doing things, operations management is about:

A. eliminating inefficiencies to move the firm away from the efficient frontier.

B. making strategic trade-offs to do well on all dimensions of the customers’ utility function.

C. managing inputs and resources to move the firm away from the efficient frontier.

**D.** innovating its operations to shift the efficient frontier.

There are three ways in which operations management can match supply with demand: make trade-offs, reduce inefficiencies, and innovate.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

29. By making many burgers before customers ask for them, a fast-food restaurant is sacrificing the dimension of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and improving the dimension \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the customers’ utility function.

A. timing, fit

**B.** fit, timing

C. timing, price

D. price, timing

A trade-off is how a firm chooses to sacrifice certain dimensions of the customers’ utility function to excel on another.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

30. A firm that targets a market segment of budget-conscious customers is likely to sacrifice some \_\_\_\_\_\_\_\_\_\_\_\_ to get a better \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**A.** consumption utility, price

B. performance, fit

C. timing, location

D. location, utility

Budget-conscious customers are price sensitive and they will be less willing to pay (price utility) for a perfectly fitted or optimally performed (consumption utility) product/service.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Evaluate*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

31. Three restaurants are compared along the dimensions of responsiveness and cost performance, as shown below:



Which of the following conclusions can be drawn about restaurant C?

A. It is on the efficient frontier.

B. Pareto dominates A.

**C.** It is inefficient.

D. It is efficient.

Restaurant C is not on the efficient frontier, suggesting that it is inefficient.

*AACSB: Analytical Thinking*

*Blooms: Analyze*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

32. Three restaurants are compared along the dimensions of responsiveness and cost performance, as shown below:



Which of the following conclusions can be drawn?

A. A is Pareto dominated by B.

**B.** A is on the efficient frontier.

C. C is Pareto dominating A and B.

D. C is on the efficient frontier.

Both A and B are on the efficient frontier and Pareto dominating C.

*AACSB: Analytical Thinking*

*Blooms: Analyze*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

33. A firm invents an app that allows customers to make purchases with their smartphone. It is hoping that the new mobile payment app allows the firm to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ the efficient frontier through \_\_\_\_\_\_\_\_\_\_\_\_.

**A.** shift, innovation

B. stay on, innovation

C. stay on, imitations

D. shift, imitations

Innovating is a way of shifting the efficient frontier.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-02 Explain inefficiencies and determine if a firm is on the efficient frontier.*

*Topic: A Firms Strategic Trade-Offs*

34. The difference between revenue and costs is called:

**A.** profit.

B. input.

C. supply.

D. demand.

Profit is the difference between revenue and costs.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

35. A firm investing in a manufacturing plant is an example of which type of costs it incurs as a manufacturer?

A. Output

B. Variable

**C.** Resources

D. Marketing

Resources such as production facilities are things in a business that help transform input into output.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

36. A firm can increase its profitability by:

A. increasing costs and reducing price.

B. moving away from the efficient frontier.

C. increasing inefficiencies.

**D.** reducing inefficiencies.

Reducing inefficiencies will increase a firm’s profitability.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

37. Which of the following is NOT a system inhibitor?

A. Inflexibility

**B.** Poor brand recognition

C. Variability

D. Waste

The three system inhibitors are waste, variability, and inflexibility.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

38. Leftover bread that is not sold at a bakery is an example of:

A. defect.

B. flexibility.

C. variability.

**D.** waste.

Leftover bread takes up inputs and resources to make but adds no value to customers if it is not sold.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

39. A long waiting line at the checkout of a supermarket at some moments in the day is an example of \_\_\_\_ and a symptom of \_\_\_\_:

A. defect, waste.

B. inflexibility, profit.

**C.** variability, inflexibility.

D. waste, variability.

Customers coming at different times of the day cause demand variability.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

40. A sold-out concert that turns away music fans because it is not able to increase the number of seats is an example of:

A. defect.

**B.** inflexibility.

C. variability.

D. waste.

The inability to accommodate all music fans due to insufficient booking is an example of inflexibility.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

41. Which of the following is NOT a source of supply variability?

**A.** Customers having different requests

B. Power outage

C. Time to serve a customer

D. Wrong order entered

Customers having different requests causes demand variability.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

42. To which system inhibitor does the following customer complaint relate: "I wish they could add more cashiers in the busy hours"?

A. Defect

**B.** Inflexibility

C. Variability

D. Waste

Inflexibility is the inability of an operation to quickly and cheaply change in response to new information.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

43. More guests showing up than expected in a party is an example of:

**A.** demand variability.

B. supply variability.

C. demand inflexibility.

D. supply inflexibility.

Demand variability deals with uncertainty in knowing exactly how many guests show up.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Analyze*

*Difficulty: 3 Hard*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

44. Which of the following statements about system inhibitors is TRUE?

A. Reducing waste will be enough in battling against system inhibitors.

B. Increasing profit is a way to overcome system inhibitors.

C. Fighting system inhibitors is a one-time process.

**D.** System inhibitors cause inefficiencies.

Inefficiencies are the result of having system inhibitors in an operation.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-03 Explain the three system inhibitors.*

*Topic: Overcoming Inefficiencies: The Three System Inhibitors*

45. Operations management is about:

A. working harder.

B. doing away with work.

**C.** improving the way that we and/or others do their work.

D. dealing with customer feedback.

Operations management is about improving how work is being done.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

46. Which of the following statements about operations management is TRUE?

**A.** Every work requires operations.

B. Operations is all about manufacturing plants.

C. Operations management is in all job descriptions.

D. Operations management is not important for lawyers.

Operations is about work and operations management is about improving the work.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

47. *Operations* comes from the Latin word "opus," which means:

A. activity.

B. helping people.

C. improvement.

**D.** work.

*Operations* comes from the Latin word "opus," which means "work."

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

48. Operations management improves the way work is done by means of all of the following EXCEPT:

**A.** overcoming efficiencies.

B. eliminating waste.

C. decreasing variability.

D. increasing flexibility.

Operations management helps people improve the way they work by overcoming the inefficiencies that they face.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

49. A doctor can apply his/her knowledge in operations management to:

A. find a cure to cancer.

B. discover a new drug.

**C.** improve his/her work as a doctor.

D. improve his/her language skill.

Operations management helps to improve a doctor’s work.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

50. Which of the following is a job of an operations manager?

**A.** Acquiring inputs and managing resources

B. Setting up an accounting system

C. Filing lawsuits against competitors

D. Developing a new logo

Operations managers are in charge of acquiring inputs and managing the resources they need to better serve their customers.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

51. Which of the following is NOT a job of an operations manager?

A. Acquiring inputs

B. Managing resources

C. Overcoming inefficiencies

**D.** Developing a new logo

Operations managers are in charge of acquiring inputs and managing the resources they need to better serve their customers.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

52. Which of the following is NOT a job of an operations manager?

A. Acquiring inputs

B. Managing resources

C. Overcoming inefficiencies

**D.** Filing lawsuits against competitors

Operations managers are in charge of acquiring inputs and managing the resources they need to better serve their customers.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

53. As an operations manager, you improve work by doing all of the following EXCEPT:

A. eliminating waste.

B. increasing flexibility.

**C.** doing the work for others.

D. reducing variability.

Work can be improved by overcoming the three system inhibitors.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

54. As an operations manager, you improve work by doing all of the following EXCEPT:

A. eliminating waste.

B. increasing flexibility.

C. reducing variability.

**D.** setting up a new accounting system.

Work can be improved by overcoming the three system inhibitors.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-04 Explain what work in operations management looks like.*

*Topic: Operations Management at Work*

55. A mismatch of supply and demand can be caused by all of the following EXCEPT:

A. demand variability.

B. supply variability.

C. supply inflexibility.

**D.** demand inflexibility.

Inflexibility comes from the supply side only.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

56. Which of the following is NOT an operational problem that you will learn in this text?

A. Process analysis

B. Process improvement

**C.** Process satisfaction

D. Process quality

The term "process satisfaction" does not make sense. Our goal is to satisfy the customer.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

57. \_\_\_\_\_\_\_\_\_\_ addresses the question of how a firm should produce the products or services its customers want.

**A.** Process analysis

B. Product development

C. Process satisfaction

D. Process quality

Process analysis addresses the question of how a firm should produce the products or services its customers want.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

58. \_\_\_\_\_\_\_\_\_\_ is a response to system inhibitors in order to answer the question of how a firm improves the productivity of its process by reducing waste.

A. Demand anticipation

B. Inventory management

C. Process variability

**D.** Lean

Lean is a response to system inhibitors to improve a firm’s process productivity.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

59. \_\_\_\_\_\_\_\_\_ helps a firm to answer the question of how much of a product should be made or how many customers should be served.

A. Product development

**B.** Inventory management

C. Process variability

D. Lean

Inventory management helps a firm anticipate customer demand.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

60. Which of the following operational decisions corresponds to the inconvenience component of the consumer utility function?

A. Who are the customers?

B. How efficiently will the products or the services be delivered?

C. What is the product or service to be delivered?

**D.** Where will the demand be fulfilled?

The question "Where will the demand be fulfilled?" answers the location subcomponent of the inconvenience component of the consumer utility function.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

61. Which of the following operational decisions corresponds to the performance attributes subcomponent of the consumer utility function?

A. Who are the customers?

B. How efficiently will the products or the services be delivered?

**C.** What is the product or service to be delivered?

D. Where will the demand be fulfilled?

The question "What is the product or service to be delivered?" defines the features or performance attributes of the product or service.

*AACSB: Analytical Thinking*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Gradable: automatic*

*Learning Objective: 01-05 Articulate the key operational decisions a firm needs to make to match supply with demand.*

*Topic: Operations Management: An Overview of the Book*

**Chapter 01 Test Bank Summary**

|  |  |
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