

Isds 3115



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T/f

Some of the operations-related activities of Hard Rock Café include designing meals and analyzing them for ingredient cost and labor requirements. True (Global company profile, easy)t/f

The production process at Hard Rock Café is limited to meal preparation and serving customers. False (Global company profile, easy) ONISDS 3115

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All organizations, including service firms such as banks and hospitals, have a production function. True (What is operations management? moderate)t/f

Operations management is the set of activities that create value in the form of goods and services by transforming inputs into outputs. True (What is operations management? easy)T/F

An example of a "hidden" production function is money transfers at banks. True (What is operations management? moderate)T/F

One reason to study operations management is to learn how people organize themselves for

productive enterprise. True (Why study OM, easy)The operations manager

performs the management activities of planning, organizing, staffing, leading, and controlling of the OM function. True (What operations managers do, easy)T/F

"How much inventory of this item should we have?" is within the critical decision area of

managing quality. False (What operations managers do, easy)T/F

In order to have a career in operations management, one must have a degree in statistics or quantitative methods. False (What operations managers do, easy)T/F

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Henry Ford is known as the Father of Scientific Management. False (The heritage of operations management, easy)T/F

Shewhart's contributions to operations management came during the Scientific Management Era. False (The heritage of operations management, easy)T/F

Students wanting to pursue a career in operations management will find multidisciplinary knowledge beneficial. True (Where are the OM jobs? easy)T/F

Customer interaction is often high for manufacturing processes, but low for services. False (Operations in the service sector, moderate)T/F

Productivity is more difficult to improve in the service sector. True (The productivity challenge, moderate)T/F

Manufacturing now constitutes the largest economic sector in postindustrial societies. False (Operations in the service sector, moderate)T/F

In the past half-century, the number of people employed in manufacturing has more or less held steady, but each manufacturing employee is manufacturing about 20 times as much. True (Operations in the service sector, easy)T/F

A knowledge society is one that has migrated from work based on knowledge to one based on manual work. False (The productivity challenge, easy)T/F

Productivity is the total value of all inputs to the transformation process divided by the total value of the outputs produced. False (The productivity challenge, easy)T/F

Measuring the impact of a capital acquisition on productivity is an example of multi-factor productivity. False (The productivity challenge, moderate)T/F

Ethical and social dilemmas arise because stakeholders of a business have conflicting perspectives. True (Ethics and social responsibility, easy) {AACSB:

Ethical Reasoning}At Hard Rock Café, tasks that reflect operations or operations management include

- a. designing meals
- b. testing meals (recipes)
- c. analyzing meals for the cost of ingredients
- d. preparing employee schedules
- e. all of the abovee. all of the aboveAn operations task performed at Hard

Rock Café is

- a. borrowing funds to build a new restaurant
- b. advertising changes in the restaurant menu
- c. calculating restaurant profit and loss
- d. preparing employee schedules
- e. all of the aboved. preparing employee schedulesOperations 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 and service
- e. to the manufacturing sector exclusivelyd. to all firms, whether

manufacturing and serviceWhich of the following are the primary functions of all organizations?

- a. operations, marketing, and human resources
- b. marketing, human resources, and finance/accounting
- c. sales, quality control, and operations

d. marketing, operations, and finance/accounting

e. research and development, finance/accounting, and purchasing

marketing, operations, and finance/accounting Budgeting, paying the bills,

and collection of funds are activities associated with the

a. management function

b. control function

c. finance/accounting function

d. production/operations function

e. staffing function

c. finance/accounting function Which of the following would not be an operations function in a fast-food restaurant?

a. advertising and promotion

b. designing the layout of the facility

c. maintaining equipment

d. making hamburgers and fries

e. purchasing ingredients

a. advertising and promotion The marketing function's main concern is with

a. producing goods or providing services

b. procuring materials, supplies, and equipment

c. building and maintaining a positive image

d. generating the demand for the organization's products or services

e. securing monetary resources

d. generating the demand for the organization's products or services Reasons to study Operations Management

include

a. studying why people organize themselves for free 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. all of the above. learning about a costly part of the enterprise
Reasons to study Operations Management include learning about

a. why people organize themselves for productive enterprise

b. how goods and services are produced

c. what operations managers do

d. a costly part of the enterprise

e. all of the above. all of the above
The five elements in the management process are

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. plan, organize, staff, lead, and

control
Illiteracy and poor diets have been known to cost countries up to what percent of their

productivity?

a. 2%

b. 5%

c. 10%

d. 20%

e. 50%
d. 20%
Which of the following is not an element of the management process?

a. controlling

b. leading

c. planning

d. pricing

e. staffingd. pricingAn operations manager is not likely to be involved in

a. the design of goods and services to satisfy customers' wants and needs

b. the quality of goods and services to satisfy customers' wants and needs

c. the identification of customers' wants and needs

d. work scheduling to meet the due dates promised to customers

e. maintenance schedulesc. the identification of customers' wants and

needsAll of the following decisions fall within the scope of operations

management except for

a. financial analysis

b. design of goods and processes

c. location of facilities

d. managing quality

e. All of the above fall within the scope of operations management. a.

financial analysisThe Ten Critical Decisions of Operations Management

include

a. Layout strategy

b. Maintenance

c. Process and capacity design

d. Managing quality

e. all of the abovee. all of the aboveWhich of the following is not one of The

Ten Critical Decisions of Operations Management?

a. Layout strategy

b. Maintenance

c. Process and capacity design

d. Mass customization

e. Supply chain managementd. Mass customizationThe Ten Critical Decisions of Operations Management include

- a. Finance/accounting
- b. Advertising
- c. Process and capacity design
- d. Pricing

e. all of the abovec. Process and capacity designWalter Shewhart is listed among the important people of operations management because of his contributions to

- a. assembly line production
- b. measuring the productivity in the service sector
- c. just-in-time inventory methods
- d. statistical quality control

e. all of the aboved. statistical quality controlWalter Shewhart, in the _____, provided the foundations for _____ in operations management.

- a. 1920s; statistical sampling
- b. United Kingdom; mass production
- c. U. S. Army; logistics
- d. nineteenth century; interchangeable parts

e. none of the abovea. 1920s; statistical samplingEli Whitney, in the _____, provided the foundations for _____ in operations management.

- a. 1920s; statistical sampling
- b. United Kingdom; mass production
- c. U. S. Army; logistics
- d. nineteenth century; interchangeable parts

e. none of the aboved. nineteenth century; interchangeable partsThe person

most responsible for popularizing interchangeable parts in manufacturing was

- a. Frederick Winslow Taylor
 - b. Henry Ford
 - c. Eli Whitney
 - d. Whitney Houston
 - e. Lillian Gilbreth
- c. Eli Whitney
- The "Father of Scientific Management" is

- a. Henry Ford
 - b. Frederick W. Taylor
 - c. W. Edwards Deming
 - d. Frank Gilbreth
 - e. just a figure of speech, not a reference to a person
- b. Frederick W.

Taylor

Henry Ford is noted for his contributions to

- a. standardization of parts
 - b. statistical quality control
 - c. assembly line operations
 - d. scientific management
 - e. time and motion studies
- c. assembly line operations

Who among the following is associated with contributions to quality control in operations management?

- a. Charles Babbage
 - b. Henry Ford
 - c. Frank Gilbreth
 - d. W. Edwards Deming
 - e. Henri Fayol
- d. W. Edwards Deming
- The field of operations management is shaped by advances in which of the following fields?

- a. chemistry and physics
- b. industrial engineering and management science
- c. biology and anatomy
- d. information technology

e. all of the above. all of the above Which of the following statements is true?

- a. Almost all services and almost all goods are a mixture of a service and a tangible product.
- b. A pure good has no tangible product component.
- c. A pure service has only a tangible product component.
- d. There is no such thing as a pure good.

e. None of the above is a true statement. a. Almost all services and almost all goods are a mixture of a service and a tangible product. Which of the following statements is true?

a. The person most responsible for initiating use of interchangeable parts in manufacturing was

Eli Whitney.

b. The origins of management by exception are generally credited to Frederick W. Taylor.

c. The person most responsible for initiating use of interchangeable parts in manufacturing was

Walter Shewhart.

d. The origins of the scientific management movement are generally credited to Henry Ford.

e. The person most responsible for initiating use of interchangeable parts in manufacturing was

Henry Ford. a. The person most responsible for initiating use of interchangeable parts in manufacturing was
The service industry makes up approximately what percentage of all jobs in the United States?

a. 12%

b. 40%

c. 66%

d. 79%

e. 90%
d. 79% Typical differences between goods and services do not include

a. cost per unit

b. ability to inventory items

c. timing of production and consumption

d. customer interaction

e. knowledge content
a. cost per unit Which is not true regarding differences between goods and services?

a. Services are generally produced and consumed simultaneously; tangible goods are not.

b. Services tend to be more knowledge-based than products.

c. Services tend to have a more inconsistent product definition than goods.

d. Goods tend to have higher customer interaction than services.

e. None of the above is true. d. Goods tend to have higher customer

interaction than services. Which of the following is not a typical attribute of goods?

a. output can be inventoried

b. often easy to automate

c. aspects of quality difficult to measure

d. output can be resold

e. production and consumption are separate. aspects of quality difficult to measure
Which of the following services is least likely to be unique, i. e., customized to a particular

individual's needs?

a. dental care

b. hairdressing

c. legal services

d. elementary education

e. computer consulting
Which of the following is not

a typical service attribute?

a. intangible product

b. easy to store

c. customer interaction is high

d. simultaneous production and consumption

e. difficult to resell
Which of the following statements

concerning growth of services is true?

a. Services now constitute the largest economic sector in postindustrial societies.

b. The number of people employed in manufacturing has more or less held steady since 1950.

c. Each manufacturing employee now produces about 20 times more than in 1950

d. All of the above are true.

e. None of the above is true.
Current trends in operations management include all of the following except

a. just-in-time performance

- b. rapid product development
- c. mass customization
- d. empowered employees
- e. All of the above are current trends. e. All of the above are current trends.

Which of the following is not a current trend in operations management?

- a. just-in-time performance
- b. global focus
- c. supply chain partnering
- d. mass customization
- e. All of the above are current trends. e. All of the above are current trends.

One new trend in operations management is

- a. global focus
- b. mass customization
- c. empowered employees
- d. rapid product development
- e. All of the above are new trends in operations management. e. All of the

above are new trends in operations management. Which of the following statements about trends in operations management is false?

- a. Job specialization is giving way to empowered employees.
- b. Local or national focus is giving way to global focus.
- c. Environmentally-sensitive production is giving way to low-cost focus.
- d. Rapid product development is partly the result of shorter product cycles.
- e. All of the above statements are true. c. Environmentally-sensitive

production is giving way to low-cost focus. A foundry produces circular utility access hatches (manhole covers). If 120 covers are produced in

a 10-hour shift, the productivity of the line is

a. 1. 2 covers/hr

b. 2 covers/hr

c. 12 covers/hr

d. 1200 covers/hr

e. none of the above
 c. 12 covers/hr
 A foundry produces circular utility access hatches (manhole covers). Currently, 120 covers are produced in a 10-hour shift. If labor productivity can be increased by 20%, it would then be

a. 14. 4 covers/hr

b. 24 covers/hr

c. 240 valves/hr

d. 1200 covers/hr

e. none of the above
 a. 14. 4 covers/hr
 Gibson Valves produces cast bronze valves on an assembly line. If 1600 valves are produced in an 8-hour shift, the productivity of the line is

a. 2 valves/hr

b. 40 valves/hr

c. 80 valves/hr

d. 200 valves/hr

e. 1600 valves/hr
 d. 200 valves/hr
 Gibson Valves produces cast bronze valves on an assembly line, currently producing 1600 valves each 8-hour shift. If the productivity is increased by 10%, it would then be

a. 180 valves/hr

b. 200 valves/hr

c. 220 valves/hr

d. 880 valves/hr

e. 1760 valves/hrc. 220 valves/hr Gibson Valves produces cast bronze valves on an assembly line, currently producing 1600 valves per shift. If the production is increased to 2000 valves per shift, labor productivity will increase by

- a. 10%
- b. 20%
- c. 25%
- d. 40%

e. 50% c. 25% The Dulac Box plant produces 500 cypress packing boxes in two 10-hour shifts. What is the productivity of the plant?

- a. 25 boxes/hr
- b. 50 boxes/hr
- c. 5000 boxes/hr
- d. none of the above

e. not enough data to determine productivity a. 25 boxes/hr The Dulac Box plant works two 8-hour shifts each day. In the past, 500 cypress packing boxes

were produced by the end of each day. The use of new technology has enabled them to increase

productivity by 30%. Productivity is now approximately

- a. 32.5 boxes/hr
- b. 40.6 boxes/hr
- c. 62.5 boxes/hr
- d. 81.25 boxes/hr

e. 300 boxes/hr b. 40.6 boxes/hr The Dulac Box plant produces 500 cypress

packing boxes in two 10-hour shifts. Due to higher demand, they have decided to operate three 8-hour shifts instead. They are now able to produce

600 boxes per day. What has happened to production?

- a. It has increased by 50 sets/shift.
 - b. It has increased by 37.5 sets/hr.
 - c. It has increased by 20%.
 - d. It has decreased by 8.3%.
 - e. It has decreased by 9.1%
- c. It has increased by 20%. 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

b. the fact that precise units of measure are often unavailable
The total of all outputs produced by the transformation process divided by the total of the inputs is

- a. utilization
- b. greater in manufacturing than in services
- c. defined only for manufacturing firms
- d. multifactor productivity

e. none of the above
d. multifactor productivity
Which of the following inputs has the greatest potential to increase productivity?

- a. labor
- b. globalization
- c. management

d. capital

e. none of the above
c. management
Productivity can be improved by

a. increasing inputs while holding outputs steady

b. decreasing outputs while holding inputs steady

c. increasing inputs and outputs in the same proportion

d. decreasing inputs while holding outputs steady

e. none of the above
d. decreasing inputs while holding outputs steady
The

largest contributor to productivity increases is _____, estimated to be responsible for

_____ of the annual increase.

a. management; over one-half

b. Mr. Deming; one-half

c. labor; two-thirds

d. capital; 90%

e. technology; over one-half
a. management; over one-half
The factor

responsible for the largest portion of productivity increase in the U. S. is

a. labor

b. management

c. capital

d. all three combined; it is impossible to determine the contribution of individual factors

e. none of these; most productivity increases come from investment

spending
b. management
Which of the following is not true when explaining

why productivity tends to be lower in the

service sector than in the manufacturing sector?

a. Services are typically labor-intensive.

- b. Services are often difficult to evaluate for quality.
 - c. Services are often an intellectual task performed by professionals.
 - d. Services are difficult to automate.
 - e. Service operations are typically capital intensive.
- e. Service operations are typically capital intensive. Three commonly used productivity variables are
- a. quality, external elements, and precise units of measure
 - b. labor, capital, and management
 - c. technology, raw materials, and labor
 - d. education, diet, and social overhead
 - e. quality, efficiency, and low cost
- b. labor, capital, and management
- The service sector has lower productivity improvements than the manufacturing sector because
- a. the service sector uses less skilled labor than manufacturing
 - b. the quality of output is lower in services than manufacturing
 - c. services usually are labor-intensive
 - d. service sector productivity is hard to measure
 - e. none of the above
- c. services usually are labor-intensive
- Productivity tends to be more difficult to improve in the service sector because the work is
- a. often difficult to automate
 - b. typically labor-intensive
 - c. frequently processed individually
 - d. often an intellectual task performed by professionals
 - e. all of the above
- e. all of the above
- Among the ethical and social challenges facing operations managers are
- a. honoring community commitments
 - b. maintaining a clean environment

c. efficiently developing and producing safe quality products
 d. providing a safe workplace
 e. all of the above.

Among the ethical and social challenges facing operations managers are

a. honoring financial commitments
 b. maintaining a clean environment
 c. developing low-cost products
 d. providing an efficient workplace
 e. all of the above.

b. maintaining a clean environment

Which of the following is not among the ethical and social challenges facing operations managers?

a. honoring community commitments
 b. maintaining a clean environment
 c. efficiently developing and producing safe quality products
 d. increasing executive pay
 e. providing a safe workplace.

d. increasing executive pay

A business's stakeholders, whose conflicting perspectives cause ethical and social dilemmas,

include

a. lenders
 b. suppliers
 c. owners
 d. employees
 e. all of the above.

e. all of the above.

T/F

NAFTA seeks to phase out all trade and tariff barriers among Canada, Mexico, and the United States. True

T/F

The World Trade Organization has helped to significantly reduce tariffs

around the world. TrueT/F

Production processes are being dispersed to take advantage of national differences in labor costs. TrueT/F

NAFTA seeks to phase out all trade and tariff barriers between the United States and Asia. FalseT/F

One reason for global operations is to gain improvements in the supply chain. TrueT/F

One reason to globalize is to learn to improve operations. TrueT/F

To attract and retain global talent, and to expand a product's life cycle, are both reasons to globalize. TrueT/F

A product will always be in the same stage of its product life cycle regardless of the country. FalseT/F

The World Trade Organization helps provide governments and industries around the world with protection from firms that engage in unethical conduct. TrueT/F

Boeing's development of the 787 Dreamliner is an example of a company obtaining a competitive advantage via product differentiation/innovation. TrueT/F

An organization's strategy is its purpose or rationale for an organization's existence. FalseT/F

Operations strategies are implemented in the same way in all types of organizations. FalseT/F

Between 1980 and 2005, the amount of money (bank deposits, government and corporate debt securities, and equity securities) invested in global capital markets more than tripled. TrueT/F

Experience differentiation is an extension of product differentiation,

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accomplished by using

people's five senses to create an experience rather than simply providing a service. TrueT/F

An organization's ability to generate unique advantages over competitors is central to a successful strategy implementation. TrueT/F

Low-cost leadership is the ability to distinguish the offerings of the organization in any way that the customer perceives as adding value.

FalseT/F

Most services are tangible; this factor determines how the ten decisions of operations management

are handled differently for goods than for services. FalseT/F

The relative importance of each of the ten operations decisions depends on the ratio of goods and

services in an organization. TrueT/F

Decisions that involve what is to be made and what is to be purchased fall under the heading of supply chain management. TrueT/F

Manufacturing organizations have ten strategic OM decisions, while service organizations have

only eight. FalseT/F

Errors made within the location decision area may overwhelm efficiencies in other areas. TrueT/F

The PIMS study indicated that high ROI firms tend to have high product quality. TrueT/F

Southwest Airlines' core competence is operations. TrueT/F

Critical success factors and core competencies are synonyms. FalseT/F

SWOT analysis identifies those activities that make a difference between

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having and not having a

competitive advantage. FalseT/F

For the greatest chance of success, an organization's operations

management strategy must support

the company's strategy. TrueT/F

Critical Success Factors are those activities that are key to achieving

competitive advantage. TrueT/F

A multinational corporation has extensive international business

involvements. TrueT/F

The multidomestic OM strategy maximizes local responsiveness while

achieving a significant cost advantage. FalseT/F

Firms using the global strategy can be thought of as " world companies."

FalseWhich of the following statements regarding the Dreamliner 787 is true?

- a. Boeing has found partners in over a dozen countries.
- b. The new aircraft incorporates a wide range of aerospace technologies.
- c. The new aircraft uses engines from not one, but two manufacturers.
- d. Boeing will add only 20 to 30 percent of the aircraft's value.
- e. All of the above are true.

e. All of the above are true. Boeing's new 787 Dreamliner

a. is assembled in Washington, D. C.

b. uses engines from Japan

c. has its fuselage sections built in Australia

d. has increased efficiency from new engine technology

e. results from a partnership of about a dozen companiesd. has increased

efficiency from new engine technology. Examples of response to the global environment include

- a. Boeing's worldwide sales and production
- b. Benneton's flexibility in design, production, and distribution
- c. A Chinese manufacturer, Haier, opening plants in the United States
- d. Ford's partnerships with Volvo and Mazda
- e. All of the above are examples.

e. All of the above are examples. Which of the following is an example of globalization of operations strategy?

- a. Boeing's Dreamliner has engines with higher fuel/payload efficiency.
- b. Ford's new auto models have dent-resistant panels.
- c. A Chinese manufacturer, Haier, now operates plants in the United States.
- d. Hard Rock Café provides an "experience differentiation" at its restaurants.
- e. All of the above are examples.

c. A Chinese manufacturer, Haier, now operates plants in the United States.

Cost cutting in international operations can take place because of

- a. lower taxes and tariffs
- b. lower wage scales
- c. lower indirect labor costs
- d. less stringent regulations

e. all of the above. Which of the following did the authors not suggest as a reason for globalizing operations?

- a. reduce costs

b. improve the supply chain

c. stockholder approval ratings

d. attract new markets

e. All of the above were suggested. c. stockholder approval

ratings
Multinational organizations can shop from country to country and cut costs through

a. lower wage scales

b. lower indirect labor costs

c. less stringent regulations

d. lower taxes and tariffs

e. all of the above
The term maquiladora is most synonymous with

a. free trade zones

b. Chinese forced labor camps

c. home-based or cottage industry

d. areas that do not meet U. S. standards for workplace safety and pollution

e. none of the above
Which of the following represent

reasons for globalizing operations?

a. to gain improvements in the supply chain

b. to improve operations

c. to expand a product's life cycle

d. to attract and retain global talent

e. All of the above are valid
Which of the following does not represent reasons for globalizing operations?

a. reduce costs

b. improve supply chain

c. reduce responsiveness

d. attract and retain global talent

e. All of the above are valid reasons for globalizing operations

sc. reduce responsiveness
NAFTA seeks to

a. substitute cheap labor in Mexico for expensive labor in the United States

b. curb illegal immigration from Mexico to the United States

c. phase out all trade and tariff barriers between the United States and Mexico

d. phase out all trade and tariff barriers between the United States, Canada, and Mexico

e. All of the above are NAFTA goals.

d. phase out all trade and tariff barriers between the United States, Canada, and Mexico

With reference to cultural and ethical issues, the World Trade Organization has

a. succeeded in providing equal protection of intellectual property among nations

b. made progress in providing equal protection of intellectual property among nations

c. phased out all trade and tariff barriers between the United States and Mexico

d. eliminated slave labor and child labor

e. played little role in addressing cultural and ethical issues among nations

b. made progress in providing equal protection of intellectual property among nations

Which of the following is true about business strategies?

a. An organization should stick with its strategy for the life of the business.

b. All firms within an industry will adopt the same strategy.

- c. Well defined missions make strategy development much easier.
- d. Strategies are formulated independently of SWOT analysis.
- e. Organizational strategies depend on operations strategies.
- c. Well defined missions make strategy development much easier. Which of the following activities takes place once the mission has been developed?
- a. The firm develops alternative or back-up missions in case the original mission fails.
- b. The functional areas develop their functional area strategies.
- c. The functional areas develop their supporting missions.
- d. The ten OM decision areas are prioritized.
- e. Operational tactics are developed.
- c. The functional areas develop their supporting missions. 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
- c. They are formulated after strategies are known. The impact of strategies on the general direction and basic character of a company is
- a. short range
- b. medium range
- c. long range
- d. temporal

e. minimalc. long rangeThe fundamental purpose of an organization's mission statement is to

- a. create a good human relations climate in the organization
- b. define the organization's purpose in society
- c. define the operational structure of the organization
- d. generate good public relations for the organization
- e. define the functional areas required by the organization

b. define the organization's purpose in societyWhich of the following is true?

- a. Corporate mission is shaped by functional strategies.
- b. Corporate strategy is shaped by functional strategies.
- c. Functional strategies are shaped by corporate strategy.
- d. External conditions are shaped by corporate mission.
- e. Functional area missions are merged to become the organizational mission

c. Functional strategies are shaped by corporate strategy. According to the authors, which of the following strategic concepts allow firms to achieve their missions?

- a. productivity, efficiency, and quality leadership
- b. differentiation, cost leadership, and quick response
- c. differentiation, quality leadership, and quick response
- d. distinctive competency, cost leadership, and experience
- e. differentiation, distinctive competency, quality leadership, and capacityb.

differentiation, cost leadership, and quick responseA firm can effectively use its operations function to yield competitive advantage via all of the

following except

- a. customization of the product
- b. setting equipment utilization goals below the industry average
- c. speed of delivery
- d. constant innovation of new products
- e. maintain a variety of product options

Which of the following has progressed the furthest along its product life cycle?

- a. drive-thru restaurants
- b. Internet search engines
- c. iPods
- d. LCD & plasma TVs

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 flexibility
- e. competing on differentiation

Which of the following has made the least progress along its product life cycle?

- a. drive-thru restaurants
 - b. Internet search engines
 - c. iPods
 - d. LCD & plasma TVs
 - e. Xbox 360
- Xbox 360A 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. action plan to achieve the mission
- Which of the following statements best characterizes delivery reliability?

- a. a company that always delivers on the same day of the week
- b. a company that always delivers at the promised time
- c. a company that delivers more frequently than its competitors
- d. a company that delivers faster than its competitors
- e. a company that has a computerized delivery scheduling system

b. a company that always delivers at the promised time

Which of the following is an example of competing on the basis of differentiation?

- a. A firm manufactures its product with less raw material waste than its competitors do.
- b. A firm's products are introduced into the market faster than its competitors' products are.
- c. A firm's distribution network routinely delivers its product on time.
- d. A firm offers more reliable products than its competitors do.
- e. A firm advertises more than its competitors do

d. A firm offers more reliable products than its competitors do. The ability of an organization to produce services that, by utilizing the consumer's five senses, have some uniqueness in their characteristics is a/

some uniqueness in their characteristics is

- a. mass production
- b. time-based competition
- c. differentiation
- d. flexible response
- e. experience differentiation

Which of the following best describes "experience differentiation"?

- a. immerses consumers in the delivery of a service
- b. uses people's five senses to enhance the service
- c. complements physical elements with visual and sound elements
- d. consumers may become active participants in the product or service
- e. All are elements of experience differentiation.

e. All are elements of experience differentiation. Experience Differentiation

- a. isolates the consumer from the delivery of a service
- b. is an extension of product differentiation in the service sector
- c. uses only the consumer's senses of vision and sound
- d. keeps consumers from becoming active participants in the service
- e. is the same as product differentiation, but applied in the service sector

b. is an extension of product differentiation in the service sector
Which of the following is the best example of competing on low-cost leadership?

- a. A firm produces its product with less raw material waste than its competitors.
- b. A firm offers more reliable products than its competitors.
- c. A firm's products are introduced into the market faster than its

competitors' products.

d. A firm's research and development department generates many ideas for new products.

e. A firm advertises more than its competitors

a. A firm produces its product with less raw material waste than its competitors. Franz Colruyt has achieved low-cost leadership through

a. Spartan headquarters

b. absence of voice mail

c. low-cost facilities

d. no background music

e. all of the above. all of the above Franz Colruyt has achieved low-cost leadership through

a. effective use of voice mail

b. plastic, not paper, shopping bags

c. background music that subtly encourages shoppers to buy more

d. converting factories, garages, and theaters into retail outlets

e. use of the Euro, not the currency of each European country d. converting factories, garages, and theaters into retail outlets

Which of the following is an example of competing on quick response?

a. A firm produces its product with less raw material waste than its competitors.

b. A firm offers more reliable products than its competitors.

c. A firm's products are introduced into the market faster than its competitors' products.

d. A firm's research and development department generates many ideas for

new products.

e. A firm advertises more than its competitors. c. A firm's products are introduced into the market faster than its competitors' products. Costs, quality, and human resource decisions interact strongly with the _____ decision.

a. layout design

b. process and capacity design

c. supply chain management

d. goods and service design

e. All of the above are correct. d. goods and service design Which of the following influences layout design?

a. inventory requirements

b. capacity needs

c. personnel levels

d. technology decisions

e. All of the above influence layout decisionse. All of the above influence layout decisions Response-based competitive advantage can be

a. flexible response

b. reliable response

c. quick response

d. all of the above

e. none of the aboved. all of the above Which of the following is not an operations strategic decision?

a. maintenance

b. price

c. layout design

d. quality

e. inventory. inventory Which of the following OM strategic decisions pertains to sensible location of processes and materials in relation to each other?

a. layout design

b. goods and service design

c. supply chain management

d. inventory

e. scheduling. layout design Which of these companies is most apt to have quality standards that are relatively subjective?

a. Chrysler

b. Dell Computer

c. Sanyo Electronics

d. Harvard University

e. Whirlpool. Harvard University Which of the following will more likely locate near their customers?

a. an automobile manufacturer

b. an aluminum manufacturer

c. an insurance company headquarters

d. a medical clinic

e. All of the above will tend to locate near their customers. d. a medical clinic Which of the following statements concerning the operations management decision is relevant to services?

a. There are many objective quality standards.

b. The customer is not involved in most of the process.

c. The work force's technical skills are very important.
 d. Labor standards vary depending on customer requirements.
 e. Ability to inventory may allow the leveling of the output ratesd. Labor standards vary depending on customer requirements. Which of these organizations is likely to have the most important inventory decisions?

a. a marketing research firm

b. a lobbying agency

c. a management consulting firm

d. an aluminum manufacturer

e. a law firmd. an aluminum manufacturerThe PIMS program has identified the

a. operations decisions all organizations must make

b. distinctive competencies any company needs

c. characteristics of firms with high " ROI"

d. corporate decisions any company needs to make

e. all of the above

c (Issues in operations strategy, moderate)

c. characteristics of firms with high " ROI" Which of these is not one of the PIMS characteristics of high return on investment organizations?

a. high product quality

b. high capacity utilization

c. low investment intensity

d. low direct cost per unit

e. All of the above are PIMS characteristics. e. All of the above are PIMS

characteristics. Standardization is an appropriate strategy in which stage of

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the product life cycle?

- a. introduction
- b. growth
- c. maturity
- d. decline

e. retirement
 Cost minimization is an appropriate strategy in which stage of the product life cycle?

- a. introduction
- b. growth
- c. maturity
- d. decline

e. retirement
 Which of the following preconditions does not affect the formulation of an OM strategy?

- a. knowledge of each product's life cycle
- b. external economic and technological conditions
- c. the company's employment benefits
- d. competitors' strengths and weaknesses

e. knowledge of the company's strategy
 The stage in the product life cycle at which it is a poor time to change quality is

- a. introduction
- b. growth
- c. maturity
- d. decline

e. incubation
 Which of the following changes does not result in strategy changes?

a. change in the company's financial situation
 b. a company's adoption of new technology
 c. change in the product life cycle
 d. change in the competitive environment
 e. change in job scheduling techniques. change in job scheduling techniques
 All of these preconditions affect an operations management strategy except

a. external economic and technological conditions
 b. competitors' strengths and weaknesses
 c. maintenance policies
 d. knowledge of the company's strategy

e. knowledge of each product's life cycle
 c. maintenance policies
 Understanding competitors' strengths and weaknesses, understanding current and prospective technological issues, and understanding product life cycle are examples of

a. what is important to the transnational strategy but not the multidomestic strategy

b. SWOT analysis

c. elements in the formulation of an organization's mission

d. preconditions to establishing and implementing a strategy

e. the critical decision area of supply chain analysis
 d. preconditions to

establishing and implementing a strategy
 Which of the following statements is most correct?

a. CSFs are often necessary, but not sufficient for competitive advantage.

b. CSFs are often sufficient, but not necessary for competitive advantage.

c. CSFs are neither necessary nor sufficient for competitive advantage.

d. CSFs are both necessary and sufficient for competitive advantage.

e. None of the above statements is correct. a. CSFs are often necessary, but not sufficient for competitive advantage. Given the position of the iPod in the growth stage of its life cycle, which of the following OM

Strategy/Issues should the makers of iPods be least concerned with at the current time?

a. forecasting

b. cost cutting

c. increasing capacity

d. product and process reliability

e. enhancing distributionb. cost cuttingWhich of these organizations is likely to have the most complex inventory decisions?

a. a marketing research firm

b. a stock brokerage firm

c. a management consulting firm

d. a computer manufacturing company

e. a high schoole. a high schoolThe three steps of the operations manager's job, in order, are

a. develop the strategy, establish the organizational structure, find the right staff

b. develop the strategy, find the right staff, establish the organizational structure

c. find the right staff, establish the organizational structure, develop the strategy

d. find the right staff, develop the strategy, establish the organizational

structure

e. establish the organizational structure, find the right staff, develop the strategy

a. develop the strategy, establish the organizational structure, find the right staff
When developing the operations strategy for a new manufacturing organization, one of the most

important considerations is that it

a. requires minimal capital investment

b. utilizes as much automation as possible

c. utilizes an equal balance of labor and automation

d. supports the overall competitive strategy of the company

e. none of the above
d. supports the overall competitive strategy of the

company
Which of the international operations strategies involves high cost reductions and high local responsiveness?

a. international strategy

b. global strategy

c. transnational strategy

d. multidomestic strategy

e. none of the above
c. transnational strategy
Which of the international operations strategies involves low cost reductions and low local responsiveness?

a. international strategy

b. global strategy

c. transnational strategy

d. multidomestic strategy

e. none of the above
 a. international strategy
 Which of the international operations strategies uses import/export or licensing of existing products?

a. international strategy

b. global strategy

c. transnational strategy

d. multidomestic strategy

e. none of the above
 a. international strategy
 Which of the international operations strategies uses the existing domestic model globally?

a. international strategy

b. global strategy

c. transnational strategy

d. multidomestic strategy

e. none of the above
 d. multidomestic strategy
 The acronym MNC stands for

a. Mexican National Committee (for international trade)

b. Maquiladora Negates Competition

c. Maytag- Nestlé Corporation

d. Multinational Corporation

e. none of the above
 d. Multinational Corporation
 Caterpillar and Texas Instruments are two firms that have benefited from the use of

a. the multidomestic strategy option.

b. the multinational corporation strategy.

c. the transnational strategy option.

d. the maquiladora system in Europe.

e. the global strategy option
 e. the global strategy option
 Which of the

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following are examples of transnational firms?

- a. Nestlé
- b. Asea Brown Boveri
- c. Reuters
- d. Citicorp
- e. All of the above are transnational. All of the above are transnationalsT/F

The ES of an activity that has only one predecessor is simply the EF of that predecessor. TrueT/F

One phase of a large project is scheduling. TrueT/F

A project organization works best for an organization when the project resides in only one of its functional areas. FalseT/F

By their very nature, projects have a limited lifetime, and that sets project management apart from

the management of more traditional activities. TrueT/F

One responsibility of a project manager is to make sure that the project meets its quality goals. TrueT/F

Work Breakdown Structure is a useful tool in project management because it addresses the timing

of individual work elements. FalseT/F

Project managers have their own code of ethics, established by the Project Management Institute. TrueT/F

Ethical issues which can arise in projects include bid rigging, bribery, and "low balling." TrueT/F

Gantt charts give a timeline for each of a project's activities, but do not adequately show the interrelationships of activities. TrueT/F

PERT, but not CPM, has the ability to consider the precedence relationships

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in a project. FalseT/F

The shortest of all paths through the network is the critical path. FalseT/F

The fundamental difference between PERT and CPM is that PERT uses the beta distribution for

crashing projects while CPM uses cost estimates. FalseT/F

Slack is the amount of time an activity can be delayed without delaying the entire project. TrueT/F

Every network has at least one critical path. TrueT/F

The critical path can be determined by use of either the " forward pass" or the " backward pass." FalseT/F

The PERT pessimistic time estimate is an estimate of the minimum time an activity will require. FalseT/F

The standard deviation of project duration is the average of the standard deviation of all activities on the critical path. FalseT/F

In PERT analysis, the identification of the critical path can be incorrect if a noncritical activity takes substantially more than its expected time. TrueT/F

Shortening the project's duration by deleting unnecessary activities is called " project crashing." FalseT/F

In project management, crashing an activity must consider the impact on all paths in the network. TrueWhich of the following statements regarding Bechtel is true?

- a. Its competitive advantage is project management.
- b. Bechtel was the construction contractor for the Hoover Dam.
- c. While helping to rebuild Iraq, Bechtel's crews had to travel under armed escort.

d. Bechtel's procurement program is global in nature.

e. All of the above are true

e. All of the above are true Which of the following statements about Bechtel is true?

a. Even though Bechtel is over 100 years old, the Kuwaiti oil fields was its first " project."

b. Bechtel is the world's premier manager of massive construction and engineering projects.

c. Bechtel's competitive advantage is supply chain management.

d. While its projects are worldwide, its network of suppliers is largely in the U. S.

e. All of the above are true.

b. Bechtel is the world's premier manager of massive construction and engineering projects. 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

a. planning, scheduling, and controlling 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

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d. is formed to ensure that programs (projects) get proper management and attention

e. a and d are both true

e. a and d are both true Which of the following statements regarding project management is false?

a. Gantt charts give a timeline for each of a project's activities, but do not adequately show the interrelationships of activities.

b. A project organization works best for a project that is temporary but critical to the organization.

c. Project organization works well when the work contains simple, independent tasks.

d. Gantt charts and PERT/CPM are never used together.

e. None of the above is true.

c. Project organization works well when the work contains simple, independent tasks. A code of ethics especially for project managers

a. has been established by the Project Management Institute

b. has been formulated by the Federal government

c. has been formulated by the World Trade Organization

d. is inappropriate, since everyone should use the same guidance on ethical issues

e. does not exist at this time a. has been established by the Project

Management Institute Divulging information to some bidders on a project to give them an unfair advantage

- a. is the same thing as altering a status report
- b. is bribery
- c. is permitted by NAFTA
- d. is known as bid rigging
- e. is acceptable for private corporations but not for government agencies.

is known as bid rigging. Ethical issues that may arise in projects large and small include

- a. bid rigging
 - b. expense account padding
 - c. compromised safety or health standards
 - d. bribery
 - e. All of the above are true.
- e. All of the above are true. Which of the following statements regarding Gantt charts is true?

- a. Gantt charts give a timeline and precedence relationships for each activity of a project.
- b. Gantt charts use the four standard spines of Methods, Materials, Manpower, and Machinery.
- c. Gantt charts are visual devices that show the duration of activities in a project.
- d. Gantt charts are expensive.
- e. All of the above are true.

c. Gantt charts are visual devices that show the duration of activities in a project. Which of the following statements regarding critical paths is true?

- a. The shortest of all paths through the network is the critical path.
 - b. Some activities on the critical path may have slack.
 - c. Every network has exactly one critical path.
 - d. On a specific project, there can be multiple critical paths, all with exactly the same duration.
 - e. The duration of the critical path is the average duration of all paths in the project network.
-
- d. On a specific project, there can be multiple critical paths, all with exactly the same duration. Which of the following statements regarding CPM is true?
 - a. The critical path is the shortest of all paths through the network.
 - b. The critical path is that set of activities that has positive slack.
 - c. Some networks have no critical path.
 - d. All activities on the critical path have their LS equal their predecessor's EF.
 - e. All of the above are false. d. All activities on the critical path have their LS equal their predecessor's EF. A simple CPM network has three activities, A, B, and C. A is an immediate predecessor of B and of C. B is an immediate predecessor of C. The activity durations are A= 4, B= 3, C= 8.
 - a. The critical path is A-B-C, duration 15.
 - b. The critical path is A-C, duration 12.
 - c. The critical path is A-B-C, duration 13. 5
 - d. The critical path cannot be determined without knowing PERT expected activity times.
 - e. The network has no critical path

a. The critical path is A-B-C, duration 15. A simple CPM network has three activities, D, E, and F. D is an immediate predecessor of E and of F. E is an immediate predecessor of F. The activity durations are D= 4, E= 3, F= 8.

a. The critical path is D-E-F, duration 15.

b. The critical path is D-F, duration 12.

c. Slack at D is 3 units

d. Slack at E is 3 units

e. Both a and c are true

a. The critical path is D-E-F, duration 15. 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.

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 through this network.

e. None of these statements is true. There are four paths in this network.

Activity D on a CPM network has predecessors B and C, and has successor F.

D has duration 6. B's earliest finish is 18, while C's is 20. F's late start is 26.

Which of the following is true?

a. B is a critical activity.

b. C is completed before B.

c. D has no slack but is not critical.

d. D is critical, and has zero slack.

e. All of the above are true

d. D is critical, and has zero slack. Which of the following statements regarding CPM networks is true?

a. There can be multiple critical paths on the same project, all with different durations.

b. The early finish of an activity is the latest early start of all preceding activities.

c. The late start of an activity is its late finish plus its duration.

d. If a specific project has multiple critical paths, all of them will have the same duration.

e. All of the above are true.

d. If a specific project has multiple critical paths, all of them will have the same duration. Activity M on a CPM network has predecessors N and R, and has successor S. M has duration 5. N's late finish is 18, while R's is 20. S's late start is 14. Which of the following is true?

a. M is critical and has zero slack.

b. M has no slack but is not critical.

c. The last start time of S is impossible.

d. N is a critical activity.

e. S is a critical activity.

c. The last start time of S is impossible. Which of the following statements concerning CPM activities is false?

a. The early finish of an activity is the early start of that activity plus its duration.

b. The late finish is the earliest of the late start times of all successor activities.

c. The late start of an activity is its late finish less its duration.

d. The late finish of an activity is the earliest late start of all preceding activities.

e. The early start of an activity is the latest early finish of all preceding activities

d. The late finish of an activity is the earliest late start of all preceding activities. 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
b. the pessimistic time
The expected activity time in PERT analysis is calculated as

a. the simple average of the optimistic, pessimistic, and most likely times

b. the weighted average of a, m, and b, with m weighted 4 times as heavily as a and b

c. the sum of the optimistic, pessimistic, and most likely times

d. the sum of the optimistic, pessimistic, and most likely times, divided by six

e. the sum of the activity variances, divided by six

b. the weighted average of a, m, and b, with m weighted 4 times as heavily as a and b

Which of the following statements regarding PERT times is true?

- a. The optimistic time estimate is an estimate of the minimum time an activity will require.
- b. The optimistic time estimate is an estimate of the maximum time an activity will require.
- c. The probable time estimate is calculated as $t = (a + 4m + b)$.
- d. Pessimistic time estimate is an estimate of the minimum time an activity will require.
- e. Most likely time estimate is an estimate of the maximum time an activity will require.

a. The optimistic time estimate is an estimate of the minimum time an activity will require. Which of the following statements regarding PERT times is true?

- a. Expected time is an estimate of the time an activity will require if everything goes as planned.
- b. The optimistic time estimate is an estimate of the maximum time an activity will require.
- c. The probable time estimate is calculated as $t = (a + 4m + b)/6$.
- d. Pessimistic time estimate is an estimate of the minimum time an activity will require.
- e. Most likely time estimate is an estimate of the maximum time an activity will require.

c. The probable time estimate is calculated as $t = (a + 4m + b)/6$. The _____ distribution is used by PERT analysis to calculate expected activity times and variances.

a. Normal

b. Beta

c. Alpha

d. Gaussian

e. Binomial
b. Beta
Which of the following statements regarding PERT times is true?

a. Expected time is an estimate of the time an activity will require if everything goes as planned.

b. The optimistic time estimate is an estimate of the maximum time an activity will require.

c. The probable time estimate is calculated as $t = (a + 4m + b)/6$.

d. Pessimistic time estimate is an estimate of the minimum time an activity will require.

e. Most likely time estimate is an estimate of the maximum time an activity will require.

c. The probable time estimate is calculated as $t = (a + 4m + b)/6$. The Beta distribution is used in project management to

a. calculate slack on activities not on the critical path

b. calculate the probability that a project will be completed within its budget

c. calculate pessimistic and optimistic activity times

d. determine which activity should be crashed

e. none of the above

e. none of the above
The Beta distribution is used in project management to

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- a. determine which activity should be crashed
- b. calculate the probability that a project will be completed within its budget
- c. calculate expected activity times
- d. calculate slack for activities on the critical path
- e. none of the above

c. calculate expected activity times
In a PERT network, non-critical activities that have little slack need to be monitored closely

- a. because PERT treats all activities as equally important
- b. because near-critical paths could become critical paths with small delays in these activities
- c. because slack is undesirable and needs to be eliminated
- d. because they are causing the entire project to be delayed
- e. because they have a high risk of not being completed

b. because near-critical paths could become critical paths with small delays in these activities
Which of the following statements regarding PERT analysis is true?

- a. Each activity has two estimates of its duration.
- b. Project variance is the sum of all activity variances.
- c. Project standard deviation is the sum of all critical activity standard deviations.
- d. Only critical activities contribute to the project variance.
- e. None of the above is true.

- d. Only critical activities contribute to the project variance. Which of these statements regarding time-cost tradeoffs in CPM networks is true?
- a. Crashing is not possible unless there are multiple critical paths.
 - b. Crashing a project often reduces the length of long-duration, but noncritical, activities.
 - c. Activities not on the critical path can never be on the critical path, even after crashing.
 - d. Crashing shortens the project duration by assigning more resources to one or more of the critical tasks.
 - e. None of the above is true.
- d. Crashing shortens the project duration by assigning more resources to one or more of the
- What was the name of the construction project to rebuild the Pentagon after the terrorist attacks on Sept. 11, 2001?
- a. Project Panther
 - b. Project Pit Bull
 - c. Project Python
 - d. Project Piranha
 - e. Project Phoenix
- e. Project Phoenix
- Which of the following statements regarding time-cost tradeoffs in CPM networks is false?

a. " Project Crashing" shortens project duration by assigning more resources to critical tasks.

b. Crashing sometimes has the reverse result of lengthening the project duration.

c. Crashing must consider the impact of crashing an activity on all paths in the network.

d. Activities not on the critical path can become critical after crashing takes place.

e. All of the above are true

b. Crashing sometimes has the reverse result of lengthening the project duration. A network has been crashed to the point where all activities are critical. Additional crashing

a. is unnecessary

b. is impossible

c. is prohibitively expensive

d. may require crashing multiple tasks simultaneously

e. can be done, but all critical tasks must be reduced in duration

d. may require crashing multiple tasks simultaneouslyT/F

A naïve forecast for September sales of a product would be equal to the forecast for August. FalseT/F

The forecasting time horizon and the forecasting techniques used tend to vary over the life cycle of

a product. TrueT/F

Demand (sales) forecasts serve as inputs to financial, marketing, and

personnel planning True/T/F

Forecasts of individual products tend to be more accurate than forecasts of product families False/T/F

Most forecasting techniques assume that there is some underlying stability in the system. True/T/F

The sales force composite forecasting method relies on salespersons' estimates of expected sales True/T/F

A time-series model uses a series of past data points to make the forecast. True/T/F

The quarterly "make meeting" of Lexus dealers is an example of a sales force composite forecast. True/T/F

Cycles and random variations are both components of time series. True/T/F

A naive forecast for September sales of a product would be equal to the sales in August. True/T/F

One advantage of exponential smoothing is the limited amount of record keeping involved. True/T/F

The larger the number of periods in the simple moving average forecasting method, the greater the

method's responsiveness to changes in demand False/T/F

Forecast including trend is an exponential smoothing technique that utilizes two smoothing

constants: one for the average level of the forecast and one for its trend.

True What two numbers are contained in the daily report to the CEO of Walt Disney Parks & Resorts

regarding the six Orlando parks?

- a. yesterday's forecasted attendance and yesterday's actual attendance
- b. yesterday's actual attendance and today's forecasted attendance
- c. yesterday's forecasted attendance and today's forecasted attendance
- d. yesterday's actual attendance and last year's actual attendance
- e. yesterday's forecasted attendance and the year-to-date average daily forecast error

a. yesterday's forecasted attendance and yesterday's actual attendance

- a. become more accurate with longer time horizons
- b. are rarely perfect
- c. are more accurate for individual items than for groups of items
- d. all of the above
- e. none of the above

b. are rarely perfect

- a. production planning
- b. inventory budgets
- c. research and development plans
- d. facility location
- e. job assignments

e. job assignments

Forecasts are usually classified by time horizon into three categories

- a. short-range, medium-range, and long-range
- b. finance/accounting, marketing, and operations

- c. strategic, tactical, and operational
 - d. exponential smoothing, regression, and time series
 - e. departmental, organizational, and industrial
- a. short-range, medium-range, and long-rangeA forecast with a time horizon of about 3 months to 3 years is typically called a

- a. long-range forecast
- b. medium-range forecast
- c. short-range forecast
- d. weather forecast
- e. strategic forecast

b. medium-range forecastForecasts used for new product planning, capital expenditures, facility location or expansion, and R&D typically utilize a

- a. short-range time horizon
- b. medium-range time horizon
- c. long-range time horizon
- d. naive method, because there is no data history
- e. all of the above

c. long-range time horizonThe three major types of forecasts used by business organizations are

- a. strategic, tactical, and operational
- b. economic, technological, and demand
- c. exponential smoothing, Delphi, and regression

d. causal, time-series, and seasonal

e. departmental, organizational, and territorial

a. strategic, tactical, and operational
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.

d. Select forecasting model.

e. Validate and implement the results.

b. Eliminate any assumptions. 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

a. qualitative and quantitative
Which of the following uses three types of participants: decision makers, staff personnel, and respondents?

a. executive opinions

b. sales force composites

c. the Delphi method

d. consumer surveys

e. time series analysis

c. the Delphi method The forecasting model that pools the opinions of a group of experts or managers is known as the

- a. sales force composition model
- b. multiple regression
- c. jury of executive opinion model
- d. consumer market survey model
- e. management coefficients model

c. jury of executive opinion model Which of the following is not a type of qualitative forecasting?

- a. executive opinions
- b. sales force composites
- c. consumer surveys
- d. the Delphi method
- e. moving average

e. moving average Which of the following techniques uses variables such as price and promotional expenditures, which are related to product demand, to predict demand?

- a. associative models
- b. exponential smoothing
- c. weighted moving average
- d. simple moving average
- e. time series

a. associative models Which of the following statements about time series forecasting is true?

- a. It is based on the assumption that future demand will be the same as past demand.
- b. It makes extensive use of the data collected in the qualitative approach.
- c. The analysis of past demand helps predict future demand.
- d. Because it accounts for trends, cycles, and seasonal patterns, it is more powerful than causal forecasting.
- e. All of the above are true

c. The analysis of past demand helps predict future demand. 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

e. They may exhibit all of the above Gradual, long-term movement in time series data is called

- a. seasonal variation
- b. cycles
- c. trends

d. exponential variation

e. random variation

c. trends Which of the following is not present in a time series?

a. seasonality

b. operational variations

c. trend

d. cycles

e. random variations

b. operational variations 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

a. duration of the repeating patterns In time series, which of the following cannot be predicted?

a. large increases in demand

b. technological trends

c. seasonal fluctuations

d. random fluctuations

e. large decreases in demand

d. random fluctuations Which time series model below assumes that demand in the next period will be equal to the most recent period's demand?

- a. naive approach
- b. moving average approach
- c. weighted moving average approach
- d. exponential smoothing approach
- e. none of the above

a. naive approach A six-month moving average forecast is better than a three-month moving average forecast if demand

- a. is rather stable
- b. has been changing due to recent promotional efforts
- c. follows a downward trend
- d. follows a seasonal pattern that repeats itself twice a year
- e. follows an upward trend

a. is rather stable Increasing the number of periods in a moving average will accomplish greater smoothing, but at the expense of

- a. manager understanding
- b. accuracy
- c. stability
- d. responsiveness to changes
- e. All of the above are diminished when the number of periods increases.

d. responsiveness to changes Which of the following statements comparing the weighted moving average technique and exponential smoothing is true?

- a. Exponential smoothing is more easily used in combination with the Delphi method.
- b. More emphasis can be placed on recent values using the weighted moving average.
- c. Exponential smoothing is considerably more difficult to implement on a computer.
- d. Exponential smoothing typically requires less record keeping of past data.
- e. Exponential smoothing allows one to develop forecasts for multiple periods, whereas weighted moving averages does not.

d. Exponential smoothing typically requires less record keeping of past data. Which time series model uses past forecasts and past demand data to generate a new forecast?

- a. naive
- b. moving average
- c. weighted moving average
- d. exponential smoothing
- e. regression analysis

d. exponential smoothing Which is not a characteristic of exponential smoothing?

- a. smoothes random variations in the data
- b. easily altered weighting scheme
- c. weights each historical value equally
- d. has minimal data storage requirements
- e. none of the above; they are all characteristics of exponential smoothing

c. weights each historical value equally
A forecast based on the previous forecast plus a percentage of the forecast error is a(n)

- a. qualitative forecast
- b. naive forecast
- c. moving average forecast
- d. weighted moving average forecast
- e. exponentially smoothed forecast

e. exponentially smoothed forecast
The primary purpose of the mean absolute deviation (MAD) in forecasting is to

- a. estimate the trend line
- b. eliminate forecast errors
- c. measure forecast accuracy
- d. seasonally adjust the forecast
- e. all of the above

c. measure forecast accuracy
For a given product demand, the time series trend equation is $53 - 4X$. The negative sign on the slope of the equation

- a. is a mathematical impossibility
- b. is an indication that the forecast is biased, with forecast values lower than actual values
- c. is an indication that product demand is declining
- d. implies that the coefficient of determination will also be negative
- e. implies that the RSFE will be negative

c. is an indication that product demand is declining
Yamaha manufacturers which set of products with complementary demands to address seasonal fluctuations?

- a. golf clubs and skis
- b. swimming suits and winter jackets
- c. jet skis and snowmobiles
- d. pianos and guitars
- e. ice skates and water skis

c. jet skis and snowmobiles
Which of the following is true regarding the two smoothing constants of the Forecast Including Trend (FIT) model?

- a. One constant is positive, while the other is negative.
- b. They are called MAD and RSFE.
- c. Alpha is always smaller than beta.
- d. One constant smoothes the regression intercept, whereas the other smoothes the regression slope.
- e. Their values are determined independently

e. Their values are determined independently
A fundamental distinction between trend projection and linear regression is that

a. trend projection uses least squares while linear regression does not

b. only linear regression can have a negative slope

c. in trend projection the independent variable is time; in linear regression the independent

variable need not be time, but can be any variable with explanatory power

d. linear regression tends to work better on data that lack trends

e. trend projection uses two smoothing constants, not just one

c. in trend projection the independent variable is time; in linear regression

the independent
The percent of variation in the dependent variable that is

explained by the regression equation is

measured by the

a. mean absolute deviation

b. slope

c. coefficient of determination

d. correlation coefficient

e. intercept

c. coefficient of determination
The degree or strength of a linear relationship

is shown by the

a. alpha

b. mean

c. mean absolute deviation

d. correlation coefficient

e. RSFE

d. correlation coefficient The tracking signal is the

a. standard error of the estimate

b. running sum of forecast errors (RSFE)

c. mean absolute deviation (MAD)

d. ratio RSFE/MAD

e. mean absolute percentage error (MAPE)

d. ratio RSFE/MAD Computer monitoring of tracking signals and self-adjustment if a signal passes a preset limit is characteristic of

a. exponential smoothing including trend

b. adaptive smoothing

c. trend projection

d. focus forecasting

e. multiple regression analysis

b. adaptive smoothing Many services maintain records of sales noting

a. the day of the week

b. unusual events

c. weather

d. holidays

e. all of the above

e. all of the above
Taco Bell's unique employee scheduling practices are partly the result of using

a. point-of-sale computers to track food sales in 15 minute intervals

b. focus forecasting

c. a six-week moving average forecasting technique

d. multiple regression

e. a and c are both correct

e. a and c are both correct