

TEST BANK

Principles of Supply Chain Management

A Balanced Approach

Joel Wisner, Keah-Choon Tan, G. Leong

6th Edition

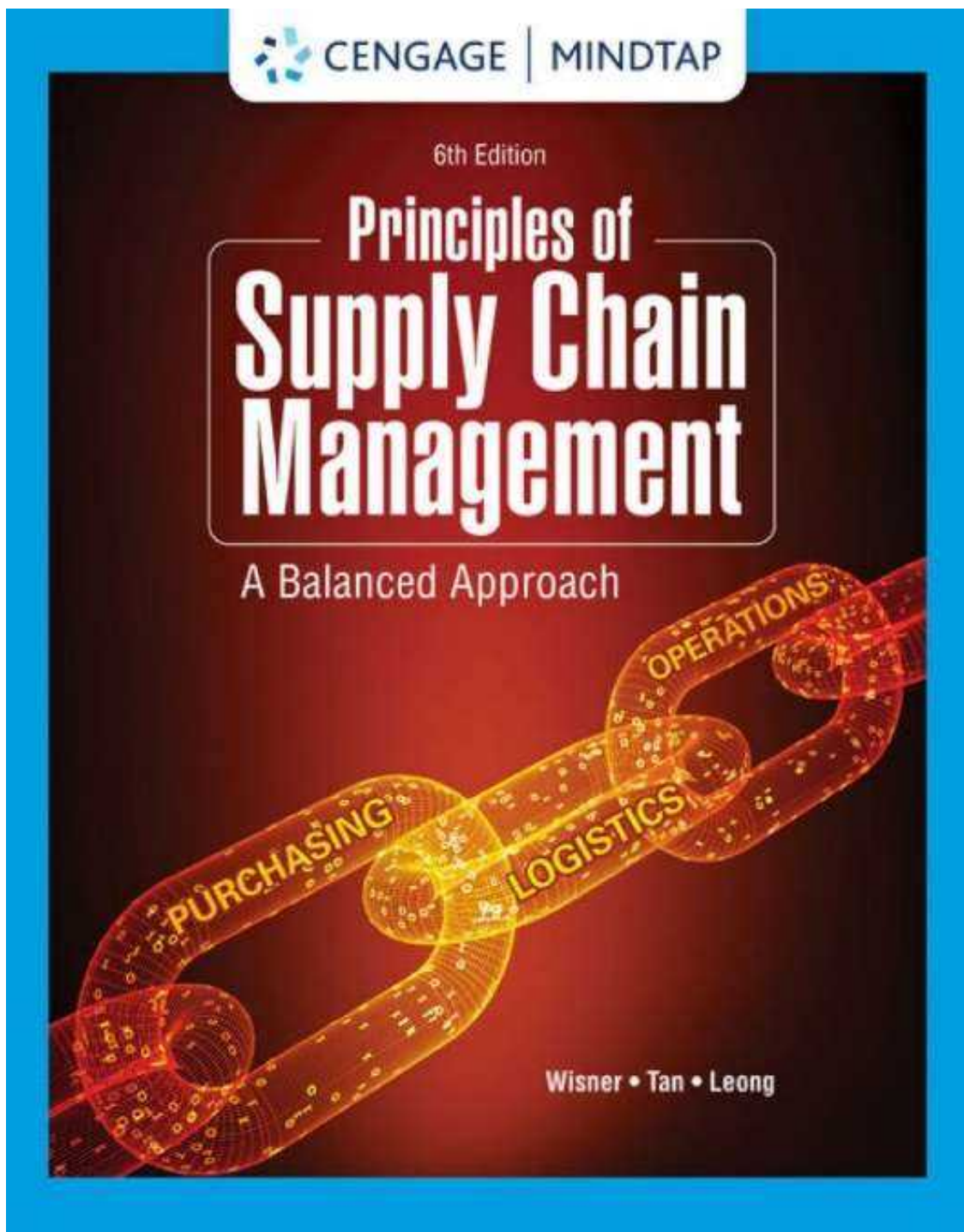


Table of Contents

Chapter 1. Introduction to Supply Chain Management

Chapter 2. Purchasing Management

Chapter 3. Creating and Managing Supplier Relationships

Chapter 4. Ethical and Sustainable Sourcing

Chapter 5. Demand Forecasting

Chapter 6. Resource Planning Systems

Chapter 7. Inventory Management

Chapter 8. Process Management—Lean and Six Sigma in the Supply Chain

Chapter 9. Domestic U.S. and Global Logistics

Chapter 10. Customer Relationship Management

Chapter 11. Global Location Decisions

Chapter 12. Service Response Logistics

Chapter 13. Supply Chain Process Integration

Chapter 14. Performance Measurement along Supply Chains

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

Indicate whether the statement is true or false.

- ___ 1. Supply chain management activity includes managing the various compensation and benefit programs within an organization.
 - a. True
 - b. False

- ___ 2. Trade estimates suggest that the bullwhip effect results in excess costs on the order of 50 percent for each firm in a supply chain.
 - a. True
 - b. False

- ___ 3. According to the textbook, the keys to successful supply chain management include trust, cooperation, collaboration and honest, accurate communications between supply chain partners.
 - a. True
 - b. False

- ___ 4. According to the textbook, in the 1950s and 1960s, mass production techniques focused on creating supplier partnerships, improving process design and flexibility, and improving product quality.
 - a. True
 - b. False

- ___ 5. The bullwhip effect causes an amplification of the variation in the demand pattern along the supply chain.
 - a. True
 - b. False

- ___ 6. Circular economy refers to an economic system aimed at eliminating waste and the continual use of resources.
 - a. True
 - b. False

- ___ 7. According to the textbook, supply chains include raw material suppliers, intermediate component manufacturers, end-product manufacturers, wholesale distributors, retailers and end-product consumers.
 - a. True
 - b. False

- ___ 8. The foundation elements of supply chain management are Supply, Operations, Customer Service, and Logistics.
 - a. True
 - b. False

- ___ 9. Highly valued customers with large purchasing budgets who achieve moderate supply chain management success have been known to lower purchasing and inventory carrying costs and create better quality products with higher levels of customer service.
 - a. True
 - b. False

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

- ___ 10. The assembly or production of finished products, producing the right amount of product, and ensuring that finished products meet specific quality, cost, and customer service requirements can all be considered elements of operations.
 - a. True
 - b. False
- ___ 11. Supply chain management is concerned about how suppliers' products are designed, produced, and transported.
 - a. True
 - b. False
- ___ 12. Supply Chain Management activities work with computer-aided design programs to ensure continued supply of a scarce item.
 - a. True
 - b. False
- ___ 13. Many large firms are moving to in-house vertically integrated structures where they have more control over each business unit.
 - a. True
 - b. False
- ___ 14. One definition of supply chain management is "Coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers."
 - a. True
 - b. False
- ___ 15. According to the textbook, environmental and social impacts are considered outside of supply chain management.
 - a. True
 - b. False
- ___ 16. Supply chain analytics can be used along the supply chain to schedule production according to expected supplier deliveries
 - a. True
 - b. False
- ___ 17. The universally accepted definition of supply chain management is "the management and integration of the parties involved in producing the end items coveted by consumers."
 - a. True
 - b. False
- ___ 18. According to the textbook, a supply chain's end customers are the only true source of income for all supply chain organizations.
 - a. True
 - b. False

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

- ___ 19. The bullwhip effect is the result of companies producing excessive defective products; defective items are whipped back from the end customer toward the manufacturer of the defect.
- a. True
 - b. False
- ___ 20. Trends in supply chain management include expansion of the supply chain and decreasing supply chain visibility.
- a. True
 - b. False

Indicate the answer choice that best completes the statement or answers the question.

- ___ 21. According to the text, the FOUR important elements of the supply chain are:
- a. Purchasing, manufacturing, transportation, retail stores
 - b. Supply, operations, logistics, integration
 - c. Purchasing, manufacturing, logistics, transportation
 - d. Supply, operations, manufacturing, distribution
- ___ 22. An example of an internal or external event that causes a disruption or failure of supply chain operations is:
- a. Supply chain risk
 - b. Back-shoring
 - c. Six Sigma quality management
 - d. COVID-19 Pandemic
- ___ 23. According to the text, which of the following is considered a current trend in supply chain management?
- a. Outsourcing the CRM function
 - b. Increasing supply chain visibility
 - c. Use of self-directed teams
 - d. None of these
- ___ 24. The term Supply Chain Management and the field of study it represents today seems to have emerged in the:
- a. 1960s
 - b. 1970s
 - c. 1980s
 - d. 1990s
- ___ 25. Supply chain management includes the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. It also includes:
- a. Human resources and job design
 - b. Selling and marketing products
 - c. Coordination and collaboration with channel partners
 - d. Program evaluation and review techniques.

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

- ___ 26. The following strategy is usually employed by lean organizations in an effort to ensure continued quality compliance among suppliers and with internal production facilities:
- a. Six Sigma
 - b. MRP II
 - c. 3PL
 - d. CAPS
- ___ 27. The following is an example of the bullwhip effect:
- a. Nike includes safety stock of 5,000 units of shoestrings in its demand forecast causing its shoestring supplier to increase their normal output for Nike.
 - b. Nike products are so successful that it adds a new retailer for distribution
 - c. Nike produces a defective product and thus realizes an excessive increase in consumer returns
 - d. Nike is unhappy with the performance of a distributor which causes a chain-reaction of replacements to companies involved in its supply chain
- ___ 28. One operational method for managing inventory is the implementation of a software system which can be referred to as:
- a. Customer relationship management (CRM)
 - b. Demand capacity tracking (DCT)
 - c. Material requirements planning (MRP)
 - d. Demand process reengineering (DPR)
- ___ 29. According to the textbook, the order of product and service flow is as follows:
- a. Raw material supplier, retailer, component manufacturer, wholesale distributor, end product manufacturer, end-product consumer
 - b. Raw material supplier, component manufacturer, retailer, wholesale distributor, end product manufacturer, end-product consumer
 - c. Component manufacturer, raw material supplier, retailer, wholesale distributor, end product manufacturer, end-product consumer
 - d. Raw material supplier, component manufacturer, end product manufacturer, wholesale distributor, retailer, end-product consumer
- ___ 30. Customer relationship management, distribution network, transportation management, and service response logistics are all important issues that are most closely related to:
- a. Purchasing
 - b. Logistics
 - c. Integration
 - d. Manufacturing
- ___ 31. Which of the following companies are indirectly involved in most supply chains?
- a. Trucking and airfreight companies
 - b. Freight forwarders
 - c. Public warehousing firms
 - d. All of these

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

- ___ 32. When a particular item is in short supply accompanied by rising prices, a firm might find it beneficial to:
- a. Discontinue buying the product and focus more on cheaper products.
 - b. Align itself with one of the suppliers to ensure a continued supply of the scarce item.
 - c. Purchase the item from a manufacturer who cuts corners and provides a product below market price.
 - d. All of these
- ___ 33. The continuing cycle of erratic demand causing forecasts to include safety stock which in turn magnify supplier forecasts and cause production planning problems is known as:
- a. Supply chain management
 - b. Process integration
 - c. Back-shoring
 - d. Bullwhip effect
- ___ 34. Which of the following statements is TRUE?
- a. Supply chain management was invented by the auto manufacturing industry.
 - b. Strategic partnerships are seen as one of the foundations of supply chain management.
 - c. Purchasing is seen as the final and most difficult step in the supply chain.
 - d. Service response logistics is the digital distribution of services.
- ___ 35. According to the textbook, conditions which must be present for successful supply chain management include:
- a. High level of trust among firms
 - b. Corporate contracts regarding performance expectations
 - c. Short-term company focused performance
 - d. Benchmarking
- ___ 36. Which of the following tends to reduce duplicate testing and inspections and the need for extensive supplier evaluations?
- a. Supplier certification
 - b. Right-shoring
 - c. Business process reengineering
 - d. Pilot Production
- ___ 37. Encouraging or helping a firm's suppliers to perform in a desired fashion can be referred to as:
- a. Progressive procurement
 - b. Supplier management
 - c. Right-shoring
 - d. Supply chain performance management
- ___ 38. Which of the following acronyms is NOT paired with its correct "translation"?
- a. TQM – Total Quality Management
 - b. JIT – Just-in-Time
 - c. TLS – Third-party Logistics Services
 - d. ERP – Enterprise Resource Planning

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

- ___ 39. Which of the following can happen as a result of the bullwhip effect?
- a. Increase in defective products
 - b. Excess costs for each firm in a supply chain
 - c. Decreased levels of safety stock
 - d. Quicker distribution to warehouses
- ___ 40. Which of the following would be considered a third party logistics provider?
- a. A raw materials supplier
 - b. An intermediate component manufacturer
 - c. A firm that leases storage warehousing
 - d. An end product manufacturer
- ___ 41. Which of the following is a reverse logistics activity?
- a. Delivering finished goods to your customer
 - b. Recycling products and components
 - c. Developing a collaborative relationship with your supplier
 - d. Managing the quality of products
- ___ 42. Lean production is typically associated with which of the following company's production systems?
- a. Procter and Gamble
 - b. Kraft
 - c. Samsung
 - d. Toyota
- ___ 43. Which of the following activities would fall under the foundational element of operation?
- a. Distribution network
 - b. Supplier management
 - c. Demand management
 - d. Third-party logistics services
- ___ 44. Developed in the 1990s as a popular way of developing radically new business processes in an effort to reduce waste and increase performance is referred to as:
- a. Process integration
 - b. Benchmarking
 - c. Business process reengineering
 - d. Vertical integration
- ___ 45. Indicate which of the following can be defined as “the ability to meet the needs of current supply chain members without hindering the ability to meet the needs of future generations.”
- a. Reverse logistics
 - b. Enterprise resource planning
 - c. Sustainability
 - d. Strategic partnerships

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

46. Give three examples of benefits that may be realized by a firm that successfully manages its supply chain.

47. Briefly explain how technology has impacted supply chain management. Give three examples.

48. Briefly discuss three current trends in supply chain management:

49. There are many definitions for supply chain management. a. Define supply chain management in your own words. b. What is the goal of supply chain management?

50. List the four elements of supply chain management and provide a brief explanation of each of the four elements. What types of failures might each of those elements create within the supply chain? Why might those results be linked to errors in a particular element?

51. Draw a generic global supply chain and label all the participants.

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

52. Explain the bullwhip effect. What can be done to reduce the bullwhip effect? Give an example of how the bullwhip effect results in excess costs in the supply chain.

53. Discuss the differences between supply chain partnerships of the past and those that have developed today.

Name: _____ Class: _____ Date: _____

Chap 01 6e Wisner

Answer Key

1. False
2. False
3. True
4. False
5. True
6. True
7. True
8. False
9. True
10. True
11. True
12. False
13. False
14. True
15. False
16. True
17. False
18. True
19. False
20. False
21. b
22. d
23. b
24. c
25. c
26. a