Supply Chain Management 8th edition Chopra Test Bank

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***Supply Chain Management, 8e* (Chopra)**
Chapter 1 Understanding the Supply Chain

LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

1) All stages of an enterprise are involved, either directly or indirectly, in fulfilling a customer request.
Answer: TRUE
Diff: 1
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

2) A supply chain is static, and involves the constant flow of information, product, and funds among different stages.
Answer: FALSE
Diff: 1
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

3) Of the three flows in the supply chain, only funds flow one way.
Answer: TRUE
Diff: 1
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

4) Supply chain cost is the difference between customer value and supply chain surplus.
Answer: TRUE
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

5) The primary reason that supply chain surplus is difficult to measure in accounting terms is that customers are difficult to identify.
Answer: FALSE
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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6) Most supply chains are strictly linear chains of supply chain members.
Answer: FALSE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

7) A supply chain includes only the organizations directly involved in supplying components needed for manufacturing.
Answer: FALSE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

8) The objective of every supply chain is to maximize the speed that materials move.
Answer: TRUE
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

9) The objective of the customer arrival process is to ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
Answer: FALSE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

10) The objective of customer order entry is to maintain a record of product receipt and complete payment.
Answer: FALSE
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
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11) The difference between the value of the product and its price remains with the customer as *consumer surplus*.
Answer: TRUE
Diff: 1
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AACSB: Application of knowledge
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12) There is a close connection between the design and management of supply chain flows and the success of a supply chain.
Answer: TRUE
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

13) Each stage in a supply chain is connected through the flow of products, information, and funds. These flows often occur in both directions and are usually managed by
A) pricing department.
B) one of the stages.
C) upper management.
D) engineering department.
Answer: B
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

14) What is the main reason that supply chain surplus is considered a better measure of success than individual stage profitability?
A) Supply chain surplus directly correlates with the total revenue generated by customers.
B) Individual profitability often leads to conflicting decisions that can reduce overall surplus.
C) Measuring individual profitability is easier and more precise than measuring supply chain surplus.
D) Supply chain surplus guarantees immediate cost reductions at all stages.
Answer: B
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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15) Why do distributors play a critical role in Indian supply chains compared to U.S. supply chains?
A) Indian distributors have better technology than their U.S. counterparts.
B) The small size of Indian retail outlets requires frequent and smaller deliveries.
C) Indian manufacturers lack the capacity to ship directly to retailers.
D) U.S. distributors prefer to stock products from only one manufacturer.
Answer: B
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
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16) What supply chain decision would likely maximize customer value for a high-demand humidifier at Home Depot?
A) Keeping the model available for immediate purchase in all stores.
B) Stocking the model exclusively in regional warehouses for faster delivery.
C) Shipping the model only when customers place online orders.
D) Offering discounts on models with longer delivery times.
Answer: A
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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17) How does Walmart's approach to integrating its online and brick-and-mortar supply chains reflect the importance of supply chain adaptability?
A) Walmart reduced its investment in transportation infrastructure to focus on online sales.
B) The company shifted entirely to online sales, abandoning brick-and-mortar stores.
C) Walmart focused exclusively on fast-moving consumer goods to maintain profitability.
D) It expanded fulfillment channels and leveraged store capabilities to meet changing customer needs.
Answer: D
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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18) What could have prevented Webvan's failure in its supply chain design?
A) Creating a hybrid model using traditional supermarket supply chain efficiencies.
B) Developing a supply chain that minimized labor costs for order picking.
C) Expanding its warehouses to increase inventory turnover rates.
D) Reducing the number of delivery cities to focus on larger metropolitan areas.
Answer: A
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

19) A supply chain features a constant flow of
A) information, product and funds.
B) personnel, information, and policies.
C) processes, funds, and product.
D) product, processes, and support.
Answer: A
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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20) Why is focusing on the supply chain surplus beneficial for all members of the supply chain?
A) It helps each stage maximize its individual profit.
B) It ensures that costs are equally distributed across all members.
C) It encourages coordinated decisions that grow the overall supply chain surplus.
D) It eliminates the need for intermediaries in the supply chain.
Answer: C
Diff: 1
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
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21) Why might a supply chain that increases the total surplus fail to satisfy all its members?
A) The total surplus might not be evenly distributed across all stages.
B) Increased surplus often leads to higher customer expectations.
C) The value of the surplus depends on the demand forecast.
D) Higher surplus always results in reduced profitability for upstream stages.
Answer: A
Diff: 3
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22) Which statement best describes the relationship between supply chain stages and the overall supply chain surplus?
A) Each stage's surplus contribution is always equal to its costs.
B) The surplus generated by a supply chain depends solely on the efficiency of the manufacturer.
C) Coordination between stages can increase the total surplus, even if individual stages incur higher costs.
D) The total supply chain surplus is maximized when each stage focuses exclusively on minimizing its own costs.
Answer: C
Diff: 3
Topic: 1.1: What Is a Supply Chain?
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23) When considering customer needs in a supply chain, which of the following is most critical to the supply chain's success?
A) Offering the lowest possible price for a product.
B) Aligning supply chain operations to deliver maximum value at minimal cost.
C) Ensuring products are delivered as quickly as possible.
D) Minimizing inventory to avoid surplus goods.
Answer: B
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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24) In supply chain management, what determines the choice of how a product is made available to customers?
A) The availability of intermediaries.
B) The cost of production at the manufacturing stage.
C) The value customers receive and the total supply chain cost incurred.
D) The capacity of distribution centers.
Answer: C
Diff: 1
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25) Which of these is most typical of a supply chain's structure?
A) A linear chain with one supplier at each stage.
B) A circular flow of products and funds.
C) A network with multiple suppliers and customers at each stage.
D) A single entity managing all production and distribution.
Answer: C
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
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26) What are the three key flows involved in a supply chain?
A) Product, transportation, and revenue
B) Information, product, and funds
C) Revenue, cost, and product
D) Inventory, customer service, and marketing
Answer: B
Diff: 1
Topic: 1.1: What Is a Supply Chain?
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27) Which statement about supply chains is best?
A) New product development is not a supply chain function.
B) If a supplier uses a shipping company to send product to a customer, the shipping company is technically not a supply chain member.
C) Funds in a supply chain flow upstream only.
D) Flows in a supply chain may be managed by an intermediary.
Answer: D
Diff: 3
Topic: 1.1: What Is a Supply Chain?
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28) Which sequence of stages is typical for product flow in a supply chain?
A) Supplier → Manufacturer → Distributor
B) Retailer → Distributor → Customer
C) Manufacturer → Retailer → Distributor
D) Supplier → Customer → Retailer
Answer: A
Diff: 1
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29) Supply chain surplus involves what two parts?
A) Manufacturing cost and selling price
B) Customer value and supply chain cost
C) Customer value and high quality products
D) Reliable transportation and supply chain cost
Answer: B
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

30) For any supply chain, the source of revenue is generated by
A) efficient operations.
B) information flows.
C) the customer.
D) product flows.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

31) Customer value is
A) the sum of the supply chain surplus and supply chain cost.
B) the remainder after supply chain cost is subtracted from supply chain surplus.
C) the remainder after supply chain surplus is subtracted from supply chain cost.
D) supply chain profitability minus the supply chain cost.
Answer: A
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Analytical thinking
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

32) The objective of every supply chain is to
A) minimize the overall cost generated.
B) maximize the net value generated.
C) minimize the cost to the manufacturer.
D) maximize the profit of the manufacturer.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Analytical thinking
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

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33) Retailing in the United States is largely
A) push/pull.
B) profitable.
C) consolidated.
D) centralized.
Answer: C
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

34) For any supply chain,
A) management rests solely in the hands of the manufacturer.
B) management rests solely in the hands of the distributor.
C) if each member focuses on profitability, the overall supply chain profit will be maximized.
D) there is only one source of revenue, the customer.
Answer: D
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

35) Webvan designed a supply chain with large warehouses in several major cities in the United States, from which groceries were delivered to customer homes. They failed partly because of
A) low demand for their service.
B) slow inventory turnover compared to industry averages.
C) higher labor costs for picking orders.
D) poor quality products.
Answer: C
Diff: 2
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36) Walmart's supply chain features clusters of stores around distribution centers, which facilitates
A) high transportation costs.
B) frequent but inexpensive replenishment at the stores.
C) rapid design cycles from their R&D group.
D) sharing of information with suppliers.
Answer: B
Diff: 2
Topic: 1.1: What Is a Supply Chain?
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37) Which of the following scenarios is an example of a supply chain strategy or design decision?
A) Deciding to run a limited-time price promotion for the Tesla Model Y in Europe.
B) Determining the specific colors of vehicles to be produced in the Berlin factory for the next month.
C) Selecting Shanghai as the location for a Tesla manufacturing plant to serve the Asian market.
D) Scheduling daily deliveries of Model S vehicles to California dealerships.
Answer: C
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

38) Why is uncertainty a key consideration in the supply chain strategy phase, and how does it differ from the planning and operations phases?
A) Because strategic decisions involve significant short-term market fluctuations, while planning and operations deal with stable markets.
B) Because strategic decisions have a long-term impact, requiring forecasts of market conditions several years into the future.
C) Because planning decisions ignore uncertainty, while operational decisions are unaffected by market fluctuations.
D) Because operational decisions require perfect certainty, and planning involves no constraints from strategic decisions.
Answer: B
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
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39) Which of these statements about Dell's supply chain is best?
A) Dell's supply chain surplus was largely driven by their negative shipping model.
B) Dell's initial success was largely driven by the ability to accurately forecast what customers wanted and supply those models to retail outlets that carried their computers.
C) Dell's initial success was largely driven by their Assembly → Customer supply chain linkage.
D) Dell's supply chain consists of only two members, Dell and the customer.
Answer: C
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Analytical thinking
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

40) Tesla plans production of different vehicle models in specific factories. What supply chain phase does this decision align with, and why?
A) Supply chain strategy, because it involves selecting factory locations.
B) Supply chain planning, because it considers production allocation within existing factory constraints.
C) Supply chain operation, because it focuses on meeting daily or weekly order requirements.
D) Supply chain control, because it demonstrates a narrower focus for each location.
Answer: C
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Analytical thinking
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

41) What is a key distinction between supply chain planning and operation phases?
A) Planning focuses on short-term adjustments to inventory, while operations focus on long-term strategy.
B) Planning uses aggregate forecasts to allocate resources, while operations deal with specific customer orders and configurations.
C) Planning considers global demand forecasts, while operations determine plant locations.
D) Planning requires no consideration of uncertainty, while operations optimize performance with high uncertainty.
Answer: B
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
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42) Which of the following would most likely optimize supply chain operations for Tesla?
A) Redesigning the global supply chain configuration to handle increased demand.
B) Developing a marketing strategy to forecast demand over the next year.
C) Using precise demand data to allocate vehicle configurations and delivery schedules daily.
D) Increasing warehouse capacities across all locations for long-term demand growth.
Answer: C
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Analytical thinking
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

43) What are the major components of a supply chain and what is their overall goal?
Answer: A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request. The supply chain includes not only the manufacturer and suppliers, but also transporters, warehouses, retailers, and even customers themselves. Within each organization, such as a manufacturer, the supply chain includes all functions involved in receiving and filling a customer request. These functions include, but are not limited to, new product development, marketing, operations, distribution, finance, and customer service. The objective of every supply chain should be to maximize the net value generated.
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

44) What are the three flows in a supply chain and which direction is the flow? Discuss an example used in the book that illustrates the three flows.
Answer: The three flows are information, product and funds. Information and product flow both ways between the supplier stage and customer stage. Funds typically flow from the customer stage up to the supplier stage. Examples will vary; Apple is used as the example in conjunction with Figure 1-2 in the textbook (example not shown here).
Diff: 2
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45) Provide an example of a company that has optimized its supply chain to align with a highly efficient cost leadership strategy. Explain one key decision or practice they have implemented to achieve this efficiency.
Answer: Walmart is an example of a company that has optimized its supply chain for cost leadership. One key practice is its use of a hub-and-spoke distribution system, with strategically located distribution centers that enable frequent replenishment of stores. This practice minimizes transportation costs and reduces inventory holding costs, ensuring operational efficiency at scale.
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
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46) Identify a company known for its ability to balance responsiveness and efficiency in its supply chain. Describe one specific way they address customer needs while maintaining operational effectiveness.
Answer: 7-Eleven Japan is known for its ability to balance responsiveness and efficiency. The company uses a highly responsive replenishment system that allows stores to receive deliveries multiple times a day. This enables them to adjust the merchandise mix at each store based on time of day and customer demand, ensuring product availability while keeping inventory levels low.
Diff: 2
Topic: 1.1: What Is a Supply Chain?
AACSB: Application of knowledge
Objective: LO 1.1: Discuss the goal of a supply chain and explain the impact of supply chain decisions on the success of a firm.

LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

1) The replenishment cycle occurs at the retailer/distributor interface.
Answer: TRUE
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

2) The manufacturing cycle occurs at the distributor/manufacturer interface.
Answer: TRUE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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3) The push/pull view of a supply chain holds that the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.
Answer: TRUE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

4) The production scheduling process in the manufacturing cycle is similar to the order entry process in the replenishment cycle.
Answer: TRUE
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

5) The cycle view of a supply chain holds that the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.
Answer: FALSE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

6) The procurement cycle occurs at the manufacturer/supplier interface.
Answer: TRUE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

7) The cycle view of the supply chain is useful when considering operational decisions, because it specifies the roles and responsibilities of each member of the supply chain.
Answer: TRUE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
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8) Push processes may also be referred to as speculative processes.
Answer: TRUE
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

9) All supply chain activities within a firm belong to one of three macro processes – CRM, ISCM and SRM.
Answer: TRUE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

10) CRM systems typically include capabilities for sourcing and negotiating as well as design and supply collaboration.
Answer: FALSE
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

11) The cycle view of a supply chain holds that
A) the processes in a supply chain are divided into 2 categories.
B) the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.
C) all processes in a supply chain are initiated in response to a customer order.
D) all processes in a supply chain are performed in anticipation of customer orders.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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12) The push/pull view of a supply chain holds that
A) the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.
B) all processes in a supply chain are initiated in response to a customer order.
C) all responses in a supply chain are performed in anticipation of customer orders.
D) the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.
Answer: D
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

13) The customer order cycle occurs at the
A) customer/retailer interface.
B) retailer/distributor interface.
C) distributor/manufacturer interface.
D) manufacturer/supplier interface.
Answer: A
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

14) Customer order arrival refers to
A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
C) the process where product is prepared and sent to the customer.
D) the process where the customer receives the product and takes ownership.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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15) The objective of the customer order arrival process is to
A) get the correct orders to customers by the promised due date at the lowest possible cost.
B) maintain a record of product receipt and complete payment.
C) maximize the conversion of customer arrivals to customer orders.
D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
Answer: C
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

16) Customer order entry is
A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
C) the process where product is prepared and sent to the customer.
D) the process where the customer receives the product and takes ownership.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

17) The objective of customer order entry is to
A) get the correct orders to customers by the promised due date at the lowest possible cost.
B) maintain a record of product receipt and complete payment.
C) maximize the conversion of customer arrivals to customer orders.
D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
Answer: D
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
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Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

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18) Customer order fulfillment refers to
A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
C) the process where product is prepared and sent to the customer.
D) the process where the customer receives the product and takes ownership.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

19) Demand is external to the supply chain and thus is most uncertain at the
A) manufacturing cycle.
B) replenishment cycle.
C) customer order cycle.
D) procurement cycle.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

20) The objective of customer order fulfillment is to
A) get the correct orders to customers by the promised due date at the lowest possible cost.
B) maintain a record of product receipt and complete payment.
C) maximize the conversion of customer arrivals to customer orders.
D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
Answer: A
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
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Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

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21) Customer order receiving is
A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
B) the customer informing the retailer of what they want to purchase and the retailer allocates product to the customer.
C) the process where product is prepared and sent to the customer.
D) the process where the customer receives the product and takes ownership.
Answer: D
Diff: 1
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

22) The retailer and distributor engage in the
A) customer order cycle.
B) replenishment cycle.
C) manufacturing cycle.
D) procurement cycle.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

23) The process included in the replenishment cycle includes
A) order arrival.
B) production scheduling.
C) retail sale.
D) manufacturing.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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24) In the cycle view of supply chain processes, which of the following best describes the primary goal of interactions between a buyer and supplier?
A) To maximize profit through price negotiations
B) To ensure product availability while reducing order and receiving costs
C) To completely eliminate uncertainties in the supply chain
D) To standardize all processes across different industries
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

25) The text suggests that information sharing becomes more important as you move further from the end customer. This is primarily because
A) suppliers have more complex technological systems.
B) order sizes increase and individual order numbers decrease.
C) transportation costs become more significant.
D) marketing strategies become more intricate.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

26) In comparing L.L. Bean and Ethan Allen's supply chain approaches, which statement most accurately reflects their fundamental difference?
A) L.L. Bean uses more advanced technology
B) Ethan Allen has a more complex procurement process
C) L.L. Bean operates with more push processes, while Ethan Allen uses more pull processes
D) Ethan Allen has a more profitable business model
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

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27) The SCOR model is mentioned in the text as providing
A) a description of processes, framework for relationships, and performance metrics.
B) a comprehensive method for eliminating supply chain inefficiencies.
C) a standardized pricing strategy for all industries.
D) a universal method for customer relationship management.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

28) When the text discusses the paint industry's supply chain restructuring, what strategic shift demonstrates the importance of the push/pull boundary?
A) Completely eliminating all forecasting
B) Increasing raw material inventory
C) Centralizing all manufacturing processes
D) Shifting color mixing from the push to the pull phase
Answer: D
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

29) The three macro processes (CRM, ISCM, SRM) are ultimately aimed at
A) serving the same customer effectively.
B) maximizing individual department profits.
C) reducing operational complexity.
D) minimizing supplier interactions.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

30) The text implies that poor integration between macro processes can lead to
A) increased customer satisfaction.
B) lower operational costs.
C) more efficient supplier relationships.
D) dissatisfied customers and high costs.
Answer: D
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

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31) Dell's supply chain strategy change illustrates that
A) build-to-order models are always superior.
B) supply chain strategies must adapt to changing market conditions.
C) customization is always the most profitable approach.
D) offshore manufacturing is inherently more efficient.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

32) The cycle view of supply chain processes is particularly useful for
A) operational decisions and specifying roles.
B) strategic long-term planning.
C) determining global market trends.
D) eliminating all supply chain uncertainties.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

33) The manufacturing cycle occurs at the
A) customer/retailer interface.
B) retailer/distributor interface.
C) distributor/manufacturer interface.
D) manufacturer/supplier interface.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

34) The processes involved in the manufacturing cycle include
A) order trigger.
B) production scheduling.
C) order fulfillment.
D) order entry.
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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35) The production scheduling process in the manufacturing cycle is similar to the
A) order receiving process in the replenishment cycle.
B) order fulfillment process in the replenishment cycle.
C) order entry process in the replenishment cycle.
D) order trigger process in the replenishment cycle.
Answer: C
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

36) The manufacturing and shipping process in the manufacturing cycle is equivalent to the
A) order receiving process in the replenishment cycle.
B) order fulfillment process in the replenishment cycle.
C) order entry process in the replenishment cycle.
D) order trigger process in the replenishment cycle.
Answer: B
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

37) The manufacturer and supplier participate in the
A) procurement cycle.
B) replenishment cycle.
C) manufacturing cycle.
D) life cycle.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

38) The relationship between the manufacturer and supplier during the procurement cycle is very similar to the relationship between
A) customer and retailer.
B) retailer and distributor.
C) distributor and manufacturer.
Answer: C
Diff: 2
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39) The cycle view of the supply chain is useful when considering operational decisions because
A) it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.
B) it specifies the roles and responsibilities of each member of the supply chain.
C) processes are identified as either reactive or speculative.
D) it focuses on processes that are external to the firm.
Answer: B
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

40) The push/pull view of the supply chain is useful when considering strategic decisions relating to supply chain design because
A) it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.
B) it specifies the roles and responsibilities of each member of the supply chain.
C) it clearly defines the processes involved and the owners of each process.
D) it focuses on processes that are external to the firm.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

41) Which of the following statements about pull processes is accurate?
A) They may also be referred to as speculative processes.
B) Execution is initiated in anticipation of customer orders.
C) At the time of execution, demand must be forecast.
D) They may also be referred to as reactive processes.
Answer: D
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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42) Which of the following statements about push processes is accurate?
A) They may also be referred to as speculative processes.
B) Execution is initiated in response to customer orders.
C) At the time of execution, demand is known with certainty.
D) They may also be referred to as reactive processes.
Answer: A
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

43) Supply chain macro processes include which of the following?
A) Internal Relationship Management (IRM)
B) Customer Relationship Management (CRM)
C) External Relationship Management (ERM)
D) Supplier Relationship Management (SCRM)
Answer: B
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

44) Supply chain macro processes include which of the following?
A) Internal Relationship Management (IRM)
B) External Relationship Management (ERM)
C) Supplier Relationship Management (SRM)
D) Customer Relationship Management (CRM)
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

45) Activities involved in the Customer Relationship Management (CRM) macro process include
A) planning of internal production and storage.
B) order fulfillment.
C) marketing.
D) supply planning.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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46) Activities involved in the Internal Supply Chain Management (ISCM) macro process include
A) marketing.
B) order fulfillment.
C) sales.
D) order management.
Answer: B
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

47) Activities involved in the Supplier Relationship Management (SRM) macro process include
A) planning of internal production and storage.
B) order fulfillment.
C) supplier evaluation and selection.
D) order management.
Answer: C
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

48) The activities associated with planning typically occur during which macro process?
A) SRM
B) ISCM
C) DRM
D) CRM
Answer: B
Diff: 2
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49) Describe the cycle view of the processes within a supply chain.
Answer: The cycle view divides the supply chain into a series of 4 cycles between the 5 different stages of a supply chain. The cycles are the customer order cycle, replenishment cycle, manufacturing cycle and procurement cycle. The customer order cycle occurs at the customer/retailer interface and includes all processes directly involved in receiving and filling the customer. The replenishment cycle occurs at the retailer/distributor interface and includes all processes involved in replenishing retailer inventory. The manufacturing cycle typically occurs at the distributor/manufacturer (or retailer/manufacturer) interface and includes all processes involved in replenishing distributor (or retailer) inventory. The procurement cycle occurs at the manufacturer/supplier interface and includes all processes necessary to ensure that the materials are available for manufacturing according to schedule.
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

50) Explain the push/pull view of the processes within a supply chain.
Answer: The push/pull view of the supply chain divides supply chain processes into two categories based on whether they are executed in response to a customer order or in anticipation of customer orders. Pull processes are initiated in response to a customer order. Push processes are initiated and performed in anticipation of customer orders. The push/pull boundary separates push processes from pull processes. This view is very useful when considering strategic decisions relating to supply chain design, because it forces a more global consideration of supply chain processes as they relate to the customer.
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
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Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

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51) Analyze the push/pull view of supply chain processes by comparing and contrasting the supply chain strategies of L.L. Bean and Ethan Allen. Discuss how their different approaches demonstrate the strategic importance of determining the push/pull boundary. In your response, explain how each company's strategy addresses uncertainty and efficiency in their respective markets.
Answer: L.L. Bean and Ethan Allen exemplify distinctly different approaches to the push/pull supply chain strategy. L.L. Bean operates predominantly through push processes, manufacturing and stocking inventory in anticipation of customer demand, with processes in replenishment and manufacturing cycles initiated based on forecasts. In contrast, Ethan Allen employs a more pull-based approach, particularly in its manufacturing cycle, where production begins only after receiving a specific customer order for customized furniture.
The strategic significance of their push/pull boundary lies in how each company manages demand uncertainty and operational efficiency. L.L. Bean's model allows for immediate product availability but risks potential overstock, while Ethan Allen's approach minimizes unnecessary inventory but requires longer customer wait times. This demonstrates that the push/pull view is not a one-size-fits-all strategy, but a flexible framework that must be tailored to specific business models, market conditions, and customer expectations.
Diff: 2
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

52) Evaluate the significance of integrating the three macro processes (Customer Relationship Management, Internal Supply Chain Management, and Supplier Relationship Management) in a successful supply chain. Using examples from the text and drawing on your understanding, discuss the challenges of integration and propose strategies for effective coordination across these processes.
Answer: The integration of Customer Relationship Management (CRM), Internal Supply Chain Management (ISCM), and Supplier Relationship Management (SRM) is critical to supply chain success, as these macro processes fundamentally aim to serve the same customer. Typically, organizations struggle with this integration due to departmental silos, with marketing, manufacturing, and purchasing operating with limited communication and often conflicting forecasts, which can lead to misaligned supply and demand, increased costs, and customer dissatisfaction.
Effective integration requires creating organizational visibility that enables communication and coordination across these processes. This can be achieved through shared performance metrics, cross-functional planning, and technology that allows real-time information sharing. The goal is to create a unified supply chain organization where each macro process understands its role in the broader objective of serving the customer efficiently, ultimately transforming potential departmental conflicts into a collaborative approach that enhances overall supply chain performance.
Diff: 3
Topic: 1.2: Process Views of a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.2: Describe the cycle and push/pull views along with the macro processes of a supply chain.

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LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

1) The time horizon in the supply chain planning phase is typically a few days or weeks.
Answer: FALSE
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

2) The goal during the supply chain planning phase is to exploit the reduction of uncertainty and optimize performance.
Answer: FALSE
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

3) The decision phases in a supply chain include
A) production scheduling.
B) customer relationship management.
C) supply chain operation.
D) supply chain orientation.
Answer: C
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

4) A company would decide whether to outsource or perform a supply chain function in-house during the
A) planning phase.
B) design phase.
C) tactical phase.
D) operation phase.
Answer: B
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

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5) The supply chain strategy category would include a decision about
A) which items in the warehouse will be shipped to Malibu.
B) which warehouse will supply the Surf City location.
C) when the order should be shipped to the little old lady from Pasadena.
D) how large the warehouse in Kokomo should be.
Answer: D
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

6) A decision made about which markets will be serviced by which locations falls in the supply chain _____ phase
A) conceptualization
B) design
C) operation
D) planning
Answer: D
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

7) The profitability of a supply chain is impacted primarily by
A) the design, planning and operation categories of decisions.
B) only the operation category of decisions.
C) only the design and planning categories of decisions.
D) only the planning and operation categories of decisions.
Answer: A
Diff: 1
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

8) The time horizon of the operation phase is typically
A) quarterly or yearly.
B) weekly or daily.
C) monthly or quarterly.
D) over the next several years.
Answer: B
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

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9) Handling customer orders in the best possible manner is the goal of supply chain
A) strategy.
B) planning.
C) operations.
D) design.
Answer: C
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

10) Explain why supply chain flows are important.
Answer: Supply chain flows are important, because there is a close connection between the design and management of supply chain flows (product, information, and cash) and the success of a supply chain. The success of many companies can be directly traced to the design and management of an appropriate supply chain. The failure of many businesses can be linked directly to their inability to effectively design and manage supply chain flows.
Diff: 2
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

11) Explain the 3 decision phases (categories) that must be made in a successful supply chain.
Answer: The 3 decision phases that occur within a supply chain are supply chain strategy (or design), supply chain planning and supply chain operation. Decisions relate to the flow of information, product and funds. The difference between categories depends upon the frequency of each decision and the time frame over which it has an impact. During the supply chain strategy phase, a company determines what the chain's configurations will be, how resources will be allocated, and what processes each stage will perform. This will establish the structure of the supply chain for several years. Supply chain planning deals with decisions with a time frame from 3 months up to a year. The planning phase must work within the constraints established in the strategy phase. Planning decisions include which markets to supply from which locations, subcontracting of manufacturing, inventory policies and timing and size of marketing promotions. The supply chain operation phase operates on a weekly or daily time horizon and deals with decisions concerning individual customer orders.
Diff: 3
Topic: 1.3: Decision Phases in a Supply Chain
AACSB: Application of knowledge
Objective: LO 1.3: Define the three key supply chain decision phases and explain the significance of each one.

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LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

1) An advantage of Zara's responsive supply chain is that it tends to sell fewer products at markdown than most of its competitors.
Answer: TRUE
Diff: 2
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

2) Part of Toyota's strategy since the Asian financial crisis in 1996-97 has been to equip each plant for local production and use specialized parts for each model for each market the plant serves.
Answer: FALSE
Diff: 2
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

3) While Amazon is known as an online retailer, its operations are a combination of online and brick and mortar.
Answer: TRUE
Diff: 2
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

4) A key issue facing Toyota is
A) developing an Internet marketing system.
B) whether to specialize in a particular market.
C) design of its global production and distribution network.
D) how to implement model changes.
Answer: C
Diff: 3
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

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5) A key supply chain difference between Gateway and Apple is that
A) Gateway's stores currently carry a large variety of products made by other manufacturers, while Apple carries only Apple products.
B) Apple has always carried product in their stores while at one time Gateway stores carried no inventory.
C) Gateway has always used a push system while Apple has always used a pull system.
D) Gateway has no suppliers, preferring to make everything in-house, while Apple buys many of their components from suppliers.
Answer: B
Diff: 2
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

6) Zara's supply chain strategy
A) results in supply more closely matching customer demand.
B) results in longer lead times for store order fulfillment, primarily due to shipping time.
C) of purely online sales reduces the costs that they would incur with a brick and mortar store system.
D) of high volume but low-cost apparel requires production well in advance of the actual selling season for each garment type.
Answer: A
Diff: 2
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

7) Toyota's *global complementation* strategy
A) calls for plants to be devoted to the production of vehicles for only the local market.
B) dictates that parts plants be built to supply all of the needs for each vehicle production plant worldwide.
C) requires that a single parts plant, for example, for brakes, export brake components to all of its vehicle assembly plants worldwide.
D) mandates that plants can produce vehicles for export to markets that remain strong when the local market weakens.
Answer: D
Diff: 3
Topic: 1.4: Examples of Supply Chains
AACSB: Application of knowledge
Objective: LO 1.4: Identify important issues and decisions to be addressed in a supply chain.

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LO 1.5: Develop skills that employers have identified as critical to success in the workplace.

1) Dynamic pricing algorithms, like the variation in the price of an airplane seat on a specific flight based on time of year or current demand, actually have little impact on supply chain performance.
Answer: FALSE
Diff: 2
Topic: 1.5: Developing Skills for Your Career
AACSB: Application of knowledge
Objective: LO 1.5: Develop skills that employers have identified as critical to success in the workplace.

2) Good strategic decisions or plans cannot be made with access to relevant analytics.
Answer: TRUE
Diff: 2
Topic: 1.5: Developing Skills for Your Career
AACSB: Application of knowledge
Objective: LO 1.5: Develop skills that employers have identified as critical to success in the workplace.

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