Purchasing and Supply Chain Management 7th edition Monczka Test Bank

SKU: 9780357442142-TEST-BANK

Name:________________________ Class:____________________ Date:__________

Chapter 1: Introduction to Purchasing and Supply Chain Management

True / False

1. The development of strategic purchasing practices can only help a company maintain its competitive position in a rapidly changing business environment.
   a. True
   b. False

ANSWER: False

2. Global sourcing is a requirement and no longer a luxury for most firms.
   a. True
   b. False

ANSWER: True

3. Sophisticated customers, both industrial and consumer, no longer talk about price increases – they demand price reductions!
   a. True
   b. False

ANSWER: True

4. An abundance of competitors and choices have conditioned customers to want higher quality, faster delivery, and products and services tailored to their individual needs at a higher total cost.
   a. True
   b. False

ANSWER: False

5. The availability of low-cost domestic supplier alternatives has led to the shift away from outsourcing and offshoring.
   a. True
   b. False

ANSWER: False

6. Competition today is no longer between firms; it is between the supply chains of those firms.
   a. True
   b. False

ANSWER: True

7. In the manufacturing sector, the percentage of purchases to sales averages 55 percent.
   a. True
   b. False

ANSWER: True

8. The traditional approach to purchasing and supply management is to build relations with suppliers to jointly pull costs out of the product or service and expect suppliers to contribute innovative ideas that continually add value to a firm's products and services.
   a. True
   b. False

ANSWER: False

9. Few of the features that make their way into final products originate with suppliers.
   a. True
   b. False

ANSWER: False

10. Purchasing and supply management has a major impact on product and service quality.
   a. True
   b. False

ANSWER: True

11. Supply management is a broader concept than purchasing.
   a. True
   b. False

ANSWER: True

12. The routine ordering and follow-up of basic operational supplies is a strategic responsibility.
   a. True
   b. False

ANSWER: False

13. Supply chain management does not require the coordination of activities and flows that do not extend across boundaries.
   a. True
   b. False

ANSWER: False

14. According to Porter, a firm’s value chain is composed of primary and support activities that can lead to competitive advantage when configured properly.
   a. True
   b. False

ANSWER: True

15. Purchasing is becoming less responsible for sourcing indirect goods and services required by internal groups.
   a. True
   b. False

ANSWER: False

16. Distribution management involves the management of packaging, storing, and handling of materials at receiving docks, warehouses, and retail outlets.
   a. True
   b. False

ANSWER: True

17. Today’s emphasis on supplier quality has shifted from detecting defects at the time of receipt or use to prevention early in the materials-sourcing process.

a. True
b. False

ANSWER: True

18. The key to the success of any company is the quality of its employees.
    a. True
    b. False

ANSWER: True

19. Cost management is no longer an integral part of purchasing and supply chain management.
    a. True
    b. False

ANSWER: False

20. Formal organizational charts portray the entirety of the workings of an organization.
    a. True
    b. False

ANSWER: False

21. There is a definitive and prescriptive set of supply chain measures that result in one best way to measure supply chain performance.
    a. True
    b. False

ANSWER: False

22. In Period 4 of the evolution of purchasing and supply chain management, firms faced stable competition and had access to abundant material – conditions that historically have diminished the overall importance of purchasing.
    a. True
    b. False

ANSWER: True

Multiple Choice

23. _____ involves evaluating suppliers located closer to the United States.
    a. Re-shoring
    b. Nearshoring
    c. Outsourcing
    d. Offshoring
    e. Insourcing

ANSWER: b

24. Which of the following is ***not*** one of the features of the new model of progressive purchasing?
    a. Developing closer relationships with important suppliers.
    b. Performing due diligence on suppliers before awarding longer-term contracts.
    c. Focusing primarily on price analysis and short-term contracts.

d. Conducting worldwide Internet searches for the best sources of supply.

e. Inviting key suppliers to participate in product and process development.

ANSWER: c

25. Which of the following is *not* one of the factors driving an emphasis on supply chain management?

a. *An increasing emphasis on domestic sourcing* due to the longer lead times and higher levels of pipeline inventories associated with global sourcing.

b. *The cost and availability of information resources* among entities in the supply chain that allow easy linkages that eliminate time delays in the network.

c. *The level of competition in both domestic and international markets* requires organizations to be fast, agile, and flexible.

d. *Customer expectations and requirements* that are becoming much more demanding.

e. *The ability of an organization's supply chain to identify and mitigate risk* minimizes disruptions in both supply and downstream product or services to mitigate the impact on lost sales.

ANSWER: a

26. _____ is a functional group (i.e., a formal entity on the organizational chart as well as a functional activity (i.e., buying goods and services).

a. Engineering

b. Purchasing

c. Quality assurance

d. Logistics

e. Treasury operations

ANSWER: b

27. The _____ is a change index, and generally a rating over 50 indicates that the economy is expanding.

a. Consumer Price Index

b. Producer Price Index

c. ISM Report on Business

d. rate of inflation

e. None of these answers.

ANSWER: c

28. According to the *Institute for Supply Management*, _____ is the identification, acquisition, access, positioning, and management of resources and related capabilities an organization needs or potentially needs in the attainment of its strategic objectives.

a. supply chain management

b. procurement

c. logistics

d. supply management

e. distribution

ANSWER: d

29. Instead of adversarial relationships which characterize _____, _____ features a long-term, win-win relationship between a buying company and specially selected suppliers.

a. traditional purchasing….supply management

b. traditional purchasing….logistics management

c. supply management….traditional purchasing

d. strategic sourcing….supply management

e. supply chain management….strategic sourcing

ANSWER: a

30. A _____ is a set of three or more organizations linked directly by one or more of the upstream or downstream flows of products, services, finances, and information from a source to a customer.

a. process

b. manufacturing system

c. value chain

d. social media chain

e. supply chain

ANSWER: e

31. All of the following are typical processes involved in supply chain management *except* _____.

a. new-product development

b. customer-order fulfillment

c. supplier evaluation and selection

d. demand and supply planning

e. cash flow management

ANSWER: e

32. According to Michael Porter, a firm's _____ is composed of primary and secondary support activities that can lead to competitive advantage when configured properly.

a. supply chain

b. process

c. value chain

d. marketing channel

e. core competency

ANSWER: c

33. The _____ states that success is a function of effectively managing a linked group of firms past first-level suppliers or customers.

a. supply chain orientation

b. value chain concept

c. traditional purchasing perspective

d. extended enterprise concept

e. process orientation

ANSWER: d

34. _____ are those items provided by suppliers and used directly during production or service delivery.

a. Direct materials

b. Indirect materials
c. Indirect services
d. Internal materials
e. Vendor managed inventories

ANSWER: a

35. Which of the following is an example of a purchased direct item for a manufacturing firm?
a. Parts and components.
b. Travel.
c. Office and janitorial supplies.
d. Advertising and media.
e. Personal computers.

ANSWER: a

36. Within the downstream portion of a supply chain, _____ are responsible for the actual movement of materials between locations.
a. buyers
b. trucking firms
c. logistics managers
d. accountants
e. purchasing managers

ANSWER: c

37. Which of the following is *not* an example of a typical resource shared between a buyer and supplier?
a. Dedicated capacity.
b. Specific information.
c. Technological capabilities.
d. Direct financial support.
e. Advertising and media.

ANSWER: e

38. All of the following are examples of demand planning activities *except* _____.
a. forecasts of anticipated demand
b. accounts payable
c. inventory adjustments
d. orders taken but not filled
e. spare parts and aftermarket requirements

ANSWER: b

39. _____ schedules the firm's output; while _____ is the process of taking demand data and developing a supply, production, and logistics network capable of satisfying demand requirements.
a. Inventory control….quality control
b. Quality control….supply planning
c. Order processing….material control

d. Demand planning….customer service
e. Demand planning….supply planning

ANSWER: e

40. _____ involves generating the materials release, contacting a supplier directly concerning changes, and monitoring the status of inbound shipments.
a. Order processing
b. Material control
c. Warehousing
d. Customer service
e. Quality control

ANSWER: b

41. _____ helps ensure that customers receive material when and where they require it and represents the key link between the producer and the external customer.
a. Order processing
b. Inbound transportation
c. Customer service
d. Scheduling
e. Inventory control

ANSWER: a

42. The _____ activity involves physically getting a product ready for distribution to the customer.
a. customer service
b. material control
c. materials handling
d. quality control
e. shipping

ANSWER: e

43. Which of the following is *not* one of the four enablers of purchasing and supply chain management?
a. Sufficient cash flow and large on-hand cash deposits.
b. Capable human resources.
c. Proper organizational design.
d. Real-time collaborative technology capabilities.
e. Right measures and measurement systems.

ANSWER: a

44. Recent research indicates that all of the following are top knowledge areas for purchasers *except* _____.
a. supplier relationship management
b. total cost analysis
c. supplier analysis
d. consumer behavior
e. competitive market analysis

ANSWER: d

45. _____ refers to the process of assessing and selecting the structure and formal system of communication, division of labor, coordination, control, authority, and responsibility required to achieve organizational goals and objectives, including supply chain objectives.
   a. Supply chain orientation
   b. Human resource management
   c. Demand planning
   d. Organizational design
   e. Extended value chain

ANSWER: d

46. _____ seeks to improve forecast accuracy, optimize production scheduling, reduce working capital costs, shorten cycle times, cut transportation costs, and improve customer service; while _____ helps obtain materials and manage physical flows from suppliers through downstream distribution to ensure that customers receive the right products at the right location, time, and cost.
   a. RFID….GPS
   b. Execution software….planning software
   c. Customer service….inbound transportation
   d. The process approach….cost management
   e. Planning software….execution software

ANSWER: e

47. All of the following are roadblocks between measurement and improved performance *except* _____.
   a. up-to-date information technology
   b. too many metrics
   c. debate over the correct metrics
   d. constantly changing metrics
   e. old data

ANSWER: a

