Supply Chain Management 4th edition Sanders Test Bank

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Chapter 1: Introduction to Supply Chain Management

Multiple Choice

1. SCM involves the design and management of three primary flows:

a) Products, information, funds
b) Suppliers, customers, manufacturers
c) Distributors, retailers, customers
d) Logistics, operations, marketing
e) Responsiveness, reliability, relationship management

Ans: a
Section: What Is Supply Chain Management (SCM)?
Level: Easy

2. Stages of supply chain management include suppliers, producers, distributors, retailers, and what?

a) Financial flows
b) Customers
c) Reverse logistics
d) Sustainability
e) None of the above

Ans: b
Section: What Is Supply Chain Management (SCM)?
Level: Medium

3. Another name for a supply chain is:

a) Supply network
b) Transportation chain
c) Value chain
d) Customer chain
e) Product chain

Ans: c
Section: What Is Supply Chain Management (SCM)?
Level: Easy

4. Examples of "upstream" players in a supply chain include:

a) Suppliers
b) Customers
c) Retailers
d) Distribution centers
e) Outbound transportation providers

Ans: a
Section: What Is Supply Chain Management (SCM)?
Level: Easy

5. Examples of "focal firms" players in a supply chain include:

a) Suppliers
b) Manufacturers
c) Retailers
d) Inbound transportation providers
e) Accountants

Ans: b
Section: What Is Supply Chain Management (SCM)?
Level: Easy

6. Examples of "downstream" players in a supply chain include:

a) Suppliers
b) Manufacturers
c) Retailers
d) Inbound transportation providers
e) Accountants

Ans: c
Section: What Is Supply Chain Management (SCM)?
Level: Easy

7. Three overriding SCM activities within and between firms include:

a) Marketing, sourcing, logistics
b) Suppliers, customers, manufacturers
c) Products, information, funds
d) Coordination, information sharing, collaboration
e) Responsiveness, reliability, relationship management

Ans: d
Section: SCM Activities
Level: Medium

8. The growing number and acceptance of customer returns has created an area of SCM called:

a) Order fulfillment
b) Distribution management
c) Reverse logistics
d) Sustainability
e) None of the above

Ans: c
Section: Managing Flows Through the Supply Chain
Level: Easy

9. A result of effective information flow through the supply chain is what?

a) Improved coordination and collaboration between supply chain partners
b) Reduction in the amount of inventory across the supply chain
c) Reduction of the bullwhip effect
d) Compression of the supply chain from a time standpoint
e) All of the above

Ans: e
Section: Managing Flows Through the Supply Chain
Level: Medium

10. An accelerated flow of funds through the supply chain can improve a firm's profitability by:

a) Increasing interest rates
b) Customers cannot be invoiced more quickly
c) Creating a positive cash flow provides financial opportunity
d) Increasing working capital needs
e) None of the above

Ans: c
Section: Managing Flows Through the Supply Chain
Level: Medium

11. In a simplified supply chain, financial flow is often viewed as flowing _____ in the supply chain as payment for products and services received.

a) forward
b) in parallel
c) backwards
d) forwards and backwards

Ans: c
Section: Managing Flows Through the Supply Chain
Level: Easy

12. Distortion and inaccurate information as it moves from the retailer back through the supply chain is known as:

a) Early supplier involvement
b) Bullwhip effect
c) Supply chain compression
d) Reverse logistics
e) None of the above

Ans: b
Section: The Bullwhip Effect
Level: Easy

13. SCM is a dynamic process and involves the constant flow of all of the following *except* which between different entities of the supply chain?

a) Information
b) Products
c) Funds
d) Raw materials
e) All of the above

Ans: d
Section: Customer Focus
Level: Easy

14. An example of intraorganizational integration is:

a) Marketing sharing promotion plans with operations
b) Independent retailer sharing point-of-sale data with manufacturer
c) Supplier informing manufacturer of a component defect
d) Retailers making sure returns flow back to the manufacturer

Ans: a
Section: Intraorganizational Integration
Level: Easy

15. An example of intraorganizational integration is:

a) Operations informing logistics of production plans
b) Independent retailer sharing point-of-sale data with manufacturer
c) Supplier informing manufacturer of a component defect
d) Purchasing making sure the organization meets it US purchasing quotas
e) Operations focusing on improving the efficiency of the operating system

Ans: a
Section: Intraorganizational Integration
Level: Easy

16. The primary role of marketing in an organization is to link the organization to its what?

a) Suppliers
b) Operations
c) Customers
d) Finance
e) None of the above

Ans: c
Section: Intraorganizational Integration
Level: Easy

17. Challenges to developing a systems thinking viewpoint in an organization include:

a) Competing goals and incentives
b) Segmented organizational structure
c) Lack of information sharing
d) 'siloed" decision-making
e) All of the above

Ans: e
Section: Intraorganizational Integration
Level: Medium

18. Why have partnerships and alliances across enterprises become so important to SCM?

a) Technology is expensive
b) Companies want external supply chain partners to hold more risk
c) "Early supplier involvement" is simple to implement
d) Collaboration enables long-term viability and success in a competitive global environment
e) a and c

Ans: d
Section: page Cross-Enterprise Integration
Level: Medium

19. The primary difference between logistics and SCM is:

a) SCM is a more popular term
b) Logistics is more strategic in nature
c) There is no difference
d) SCM takes a more strategic and managerial focus
e) Logistics is more complex

Ans: d
Section: SCM versus Logistics
Level: Medium

20. Logistics consists of what?

a) Collaboration between supply chain partners in a strategic effort to achieve superior competitiveness.
b) Interfacing with purchasing to make sure the correct components reach the production floor.
c) The tasks involved in moving and positioning inventory throughout the supply chain.
d) Keeping executives up-to-date with the manufacturing operations.
e) All of the above

Ans: c
Section: SCM versus Logistics
Level: Easy

21. Factors driving the growth of SCM include:

a) Better intra-organizational coordination
b) Customer sophistication
c) Early supplier involvement
d) Reverse logistics capabilities
e) Improved relationship management between firms

Ans: b
Section: The Rise of SCM
Level: Medium

22. Interest in SCM has rapidly grown over the years, as it has proven to be a necessary ingredient for successful global competition. A number of forces have contributed to this trend. Which of the following is not one of those forces?

a) Companies have realized large cost savings by working with their suppliers to consolidate shipments and by coordinating with shipping companies.
b) Companies have discovered the large magnitude of savings that can be achieved by planning and managing their supply chain more effectively.
c) Advances in information technologies have provided access to comprehensive data from all components of the supply chain.
d) Improvement in transportation methods has led to a reduction in transportation costs, while significantly increasing speed of delivery to multiple locations.
e) All of the above

Ans: a
Section: The Rise of SCM
Level: Medium

23. How has greater customer affluence increased the importance of SCM?

a) Customers demand lower cost goods from China
b) The internet empowered consumers with information
c) Customers wanted more standardized, mass-produced products
d) Customers wanted wider product choices
e) All of the above

Ans: d
Section: The Rise of SCM
Level: Medium

24. A demand-driven supply chain is focused on which SCM characteristic?

a) Relationship management
b) Collaboration
c) Coordination
d) Responsiveness
e) Risk management

Ans: d
Section: Responsiveness
Level: Difficult

25. Characteristics of a competitive supply chain include which of the following?

a) Outsourcing, reliability, technology
b) Globalization, innovation, reliability
c) Relationship management, finance, early supplier involvement
d) Affluent customers, technology, transportation
e) Reliability, relationship management, responsiveness

Ans: e
Section: page Characteristics of a Competitive Supply Chain
Level: Medium

26. Supply chain visibility increases supply chain reliability through:

a) Shared understanding of real-time demand data by all supply chain partners
b) Increasing variability across the supply chain
c) Improved relationship management
d) Understanding customer needs more quickly
e) Putting more pressure on suppliers

Ans: a
Section: Reliability
Level: Medium

27. The globalization trend presents numerous benefits to SCM including which of the following?

a) Removes distance barrier between markets/consumers
b) Consumers have greater product choices
c) More supplier choices
d) Cost savings
e) All of the above

Ans: e
Section: Globalization
Level: Easy

28. When a firm is focusing on its core competencies, it is engaging in which trend:

a) Sustainability
b) Financial supply chain
c) Lean initiatives
d) Risk management
e) Outsourcing

Ans: e
Section: Outsourcing & Reshoring
Level: Easy

29. _____ is hiring a third party to perform a set of tasks for a fee.

a) Sustainability
b) Divestiture
c) Offloading
d) Reshoring
e) Outsourcing

Ans: e
Section: Outsourcing & Reshoring
Level: Easy

30. Since the Covid-19 pandemic many companies have been rapidly shifting locations from where they source their products, often moving to domestic sources. This is called what?

a) Reverse sourcing
b) Divestiture
c) Offloading
d) Reshoring
e) Outsourcing

Ans: d
Section: Outsourcing & Reshoring
Level: Easy

31. This was a term used in the early 2000s and refers to large datasets whose size is so large that the quantity can no longer fit into the memory that computers use for processing.

a. Big data
b. Internet of Things
c. AI
d. Automation
e. None of these

Ans: a
Section: Analytics
Level: Easy

32. The connectivity of these physical objects with electronic devices is called what?

a. Big data
b. Internet of Things
c. AI
d. Automation
e. None of these

Ans: b
Section: Analytics
Level: Easy

33. Postponement is an effective strategy for some firms because it:

a) Is relatively simple and inexpensive to implement
b) Allows for local product customization
c) Increases supplier involvement
d) Decreases the need for relationship management
e) Requires little technology

Ans: b
Section: Postponement
Level: Difficult

34. Necessary efforts to improve supply chain security present new challenges to firms including:

a) Regulation/compliance requirements
b) Increased transport time and costs
c) Shorter lead times
d) Decreased need for relationship management
e) a and b

Ans: e
Section: Supply Chain Security
Level: Medium

35. Sustainable/green initiatives can be beneficial to firms in the following ways:

a) Enhance supplier relationships/supply availability
b) Increased regulation/compliance requirements
c) Create efficiencies and cost savings
d) Decreases need for relationship management
e) a and c

Ans: e
Section: Sustainability and the "Green" Supply Chain
Level: Medium

36. Key trends in SCM include:

a) Outsourcing
b) Advancements in IT
c) Use of big data analytics
d) Additive manufacturing
e) All of the above

Ans: e
Section: Trends in SCM
Level: Easy

True/False

1. Global supply chains are only used by very large firms.

Ans: False
Section: Introduction
Level: Medium

2. The Covid-19 pandemic revealed the criticality of supply chain management to everyone, from governments and business leaders to the average person.

Ans: True
Section: Introduction
Level: Medium

3. As memory of the Covid-19 pandemic has faded, the focus on supply chain management has waned.

Ans: False
Section: Introduction
Level: Medium

4. Supply chain management (SCM) is fairly simple and straight-forward.

Ans: False
Section: Introduction
Level: Medium

5. A supply chain is defined as all the activities that occur within a firm to produce a product or service.

Ans: False
Section: What Is Supply Chain Management (SCM)?
Level: Medium

6. A supply chain is the network of all entities involved in producing and delivering a finished product to the next producer in the network.

Ans: False
Section: What Is Supply Chain Management (SCM)?
Level: Medium

7. The flows of products, information, and funds, are all important in an effective supply chain.

Ans: True
Section: What Is Supply Chain Management (SCM)?
Level: Easy

8. In an effective supply chain, every activity should contribute to the total value of the firm's cost or service position.

Ans: True
Section: What Is Supply Chain Management (SCM)?
Level: Medium

9. A supply chain is often called a value chain.

Ans: True
Section: What Is Supply Chain Management (SCM)?
Level: Medium

10. The best way to think about supply chains is as a linear chain of players from suppliers to customers

Ans: False
Section: What Is Supply Chain Management (SCM)?
Level: Medium

11. An example of an "upstream" part of the supply chain is distribution of finished goods to the retailer.

Ans: False
Section: What Is Supply Chain Management (SCM)?
Level: Medium

12. An example of an “upstream” part of the supply chain is transportation of raw materials to the manufacturer.

Ans: True
Section: What Is Supply Chain Management (SCM)?
Level: Easy

13. First tier suppliers are always more important to a manufacturer than second tier suppliers.

Ans: False
Section: What Is Supply Chain Management (SCM)?
Level: Difficult

14. Coordination involves the effective movement of goods and services through the supply chain; collaboration involves the effective relationships between supply chain members.

Ans: True
Section: SCM Activities
Level: Easy

15. It could be argued that, of the three overriding SCM activities, *information sharing* is the enabler of the other two activities.

Ans: True
Section: SCM Activities
Level: Medium

16. SCM involves coordinating the movement of goods and services through the supply chain.

Ans: True
Section: SCM Activities
Level: Easy

17. SCM requires sharing relevant information among members of the supply chain.

Ans: True
Section: SCM Activities
Level: Easy

18. SCM requires collaboration between supply chain members.

Ans: True
Section: SCM Activities
Level: Easy

19. Returned goods flow backwards through the supply chain, from point-of-sale back to suppliers. This is called the reverse supply chain.

Ans: False
Section: Managing Flows Through the Supply Chain
Level: Easy

20. Funds can flow both ways in a supply chain.

Ans: True
Section: Managing Flows Through the Supply Chain
Level: Medium

21. A shorter order cycle time causes firms to be less profitable.

Ans: False
Section: Managing Flows Through the Supply Chain
Level: Medium

22. Firms rarely succeed or fail due to their management of SCM.

Ans: False
Section: Managing Flows Through the Supply Chain
Level: Medium

23. One of the most effective ways to combat the bullwhip effect is for firms to share point-of-sale data from retailers throughout the supply chain.

Ans: True
Section: The Bullwhip Effect
Level: Easy

24. The only objective of a supply chain is to deliver a product or service at the lowest cost possible.

Ans: False
Section: Customer Focus
Level: Medium

25. The final customer is the driving force of the supply chain.

Ans: True
Section: Customer Focus
Level: Easy

26. The end customer plays a greater role in the manufacturing supply chain than in a service supply chain.

Ans: False
Section: Customer Focus
Level: Medium

27. Service supply chains tend to be considerably longer than manufacturing supply chains; although, with fewer suppliers.

Ans: False
Section: The Service Supply Chain
Level: Easy

28. Public relations is the function responsible for linking the organization to its customers and identifying what customers want in products and services. It is the function that interfaces with the customer.

Ans: False
Section: Intraorganizational Integration
Level: Easy

29. Operations ensures that the exact products customers want are produced efficiently and in a cost-effective manner.

Ans: True
Section: Intraorganizational Integration
Level: Easy

30. Operations is exclusively concerned with producing what the customer wants and delivering it to where the customer wants it. Being cost-effective is a function of marketing.

Ans: False
Section: Intraorganizational Integration
Level: Easy

31. Sourcing is the function responsible for linking the organization to its suppliers and ensuring an efficient supply of materials.

Ans: True
Section: Intraorganizational Integration
Level: Easy

32. Distribution is responsible for moving and positioning inventory throughout the supply chain and ensuring that the right products are delivered to the right place at the right time.

Ans: False
Section: Intraorganizational Integration
Level: Medium

33. Sourcing is also known as purchasing.

Ans: True
Section: Intraorganizational Integration
Level: Easy

34. Logistics is an integrative function that has a systems-wide view of the organization.

Ans: True
Section: page 11
Level: Easy

35. Logistics is the part of SCM that is concerned with managing the flow of inventory.

Ans: True
Section: Intraorganizational Integration
Level: Easy

36. One of many disadvantages of working in silos in supply chain management is a lack of coordination between departments, which can lead to a lack of inventory.

Ans: False
Section: Intraorganizational Integration
Level: Easy

37. SCM has grown rapidly as a business focus since the 1990s primarily because of globalization.

Ans: True
Section: The Rise of SCM
Level: Medium

38. Interest in SCM has slowly but steadily grown over the years, as it has proven to be a necessary ingredient for successful global competition.

Ans: False
Section: The Rise of SCM
Level: Medium

39. One factor driving the growth of SCM has been the Internet.

Ans: True
Section: The Rise of SCM
Level: Medium

40. There are three key characteristics of a competitive supply chain: responsiveness, reliability, and low cost (high value).

Ans: False
Section: Characteristics of a Competitive Supply Chain
Level: Medium

41. Becoming a demand-driven supply chain means that the company is focused on responsiveness.

Ans: True
Section: Responsiveness
Level: Medium

42. An important characteristic of competitive supply chains is their focus on arm's-length adversarial relationships to relentlessly reduce costs.

Ans: False
Section: Relationship Management
Level: Medium

43. Uncertainty is a fact of life for most businesses.

Ans: True
Section: Reliability
Level: Easy

44. Without visibility. supply chain disruptions occur.

Ans: True
Section: Reliability
Level: Easy

45. Outsourcing is hiring a third party in another country to perform a set of tasks for a fee.

Ans: False
Section: Outsourcing & Reshoring
Level: Medium

46. China is now the leading country in offshore business services.

Ans: False
Section: Outsourcing & Reshoring
Level: Medium

47. Reshoring is bringing outsourced production to domestic sources.

Ans: True
Section: Outsourcing & Reshoring
Level: Medium

48. Outsourcing is a required strategy and is a characteristic of all competitive supply chains.

Ans: False
Section: Outsourcing & Reshoring
Level: Medium

49. Outsourcing is a trend that is only suitable for manufacturing businesses.

Ans: False
Section: Outsourcing & Reshoring
Level: Medium

50. A core competency is an activity within a firm that provides value or competitive advantage.

Ans: True
Section: Outsourcing & Reshoring
Level: Easy

51. Enterprise resource planning (ERP) software are large software programs used for logistics and distribution planning.

Ans: False
Section: Digital Transformation
Level: Easy

52. It could be argued that information technology has been the most impactful trend in the advancement of SCM.

Ans: True
Section: Digital Transformation
Level: Medium

53. Analytics has had some impact on SCM but not a major impact.

Ans: False
Section: Digital Transformation
Level: Easy

54. Analytics is applying math and statistics to large datasets.

Ans: True
Section: Digital Transformation
Level: Easy

55. Few areas of business have been transformed by analytics.

Ans: False
Section: Digital Transformation
Level: Easy

56. There is no effective strategy developed yet for global companies to control costs while catering to local market tastes.

Ans: False
Section: Digital Transformation
Level: Medium

57. Digital transformation has enabled organizations to create new or modify existing products, services and operations by the means of translating business processes into a digital format.

Ans: True
Section: Digital Transformation
Level: Medium

58. Enterprise resource planning (ERP) is technology that enables storage, processing, and communication within and between firms.

Ans: False
Section: Digital Transformation
Level: Medium

59. RFID is based on satellite transmissions.

Ans: False
Section: Digital Transformation
Level: Medium

60. The Covid-19 pandemic pushed companies over a 'technology tipping point' where adoption of AI and analytics technology went from incremental, cautious exploration to must-have organizational resource.

Ans: True
Section: Analytics
Level: Medium

61. AI is too new to have much of an impact on SCM.

Ans: False
Section: Analytics
Level: Medium

62. Big data is a fairly new term.

Ans: False
Section: Analytics
Level: Medium

63. Predictive analytics and machine learning identify issues and optimize routes, while supplier collaboration and cost reduction are achieved.

Ans: True
Section: Analytics
Level: Medium

64. AI has made forecasting much more difficult.

Ans: False
Section: Analytics
Level: Medium

65. The current trends in supply chain management in 2024 and beyond focus on increasing offshoring and outsourcing.

Ans: False
Section: Analytics
Level: Medium

66. 3-D printing and additive manufacturing are the same thing.

Ans: True
Section: 3-D Printing, Additive Manufacturing, and Robotics
Level: Medium

67. Open-source hardware is hardware than anyone can rent.

Ans: False
Section: 3-D Printing, Additive Manufacturing, and Robotics
Level: Medium

68. Postponement is where completion of the final product is postponed until after the product is sold to the consumer.

Ans: False
Section: Postponement
Level: Medium

69. Global supply chains have reduced most companies" exposure to risk.

Ans: False
Section: Supply Chain Resilience
Level: Medium

70. Pursuing a lean supply chain strategy reduces a firm's supply chain risk.

Ans: False
Section: Supply Chain Resilience
Level: Difficult

71. "Green" supply chain strategies need to be embraced across firms in the supply chain in order to be most effective.

Ans: True
Section: Sustainability and the "Green" Supply Chain
Level: Easy

72. The only benefit to firms of “green” supply chain initiatives is lower costs.

Ans: False
Section: Sustainability and the “Green” Supply Chain
Level: Medium

73. Suppliers are not overly important in a firm’s innovation initiatives.

Ans: False
Section: Innovation
Level: Medium

Essay

1. Provide an example of the end-to-end supply chain flow of a product of your choice.

Ans: Student should describe a sequential flow that includes the core stages of a supply chain: suppliers, producers, distributors, retailers, and customers.

Section: What Is Supply Chain Management (SCM)?
Level: Medium

2. Explain the concept of a *value chain* and why the concept is important to SCM.

Ans: A firm's competitive advantage is derived from each activity that a firm performs, and these activities must provide value to the end customer and/or to the firm, typically through greater service or lower costs. Activities performed along the supply chain that do not meet these criteria should be eliminated or improved.

Section: What Is Supply Chain Management (SCM)?
Level: Difficult

3. How can an accelerated flow of funds throughout the supply chain improve firm profitability?

Ans: As customers' orders are fulfilled more quickly; firms are able to invoice customers and receive payment sooner than the firm is required to pay its suppliers. The resulting positive cash flow provides significant financial opportunity/benefit for firms.

Section: Managing Flows Through the Supply Chain
Level: Difficult

4. Briefly describe the major activities included in SCM.

Ans: Coordination: SCM involves coordinating the movement of goods and services through the supply chain, from suppliers to manufacturers to distributors to final customers; it also includes movement of goods back up the supply chain, as products may be returned.

Information Sharing: SCM requires sharing relevant information among members of the supply chain.

Collaboration: SCM requires collaboration between supply chain members so that they jointly plan, operate, and execute business decisions as one entity.

Section: The Bullwhip Effect
Level: Medium

5. Briefly describe the bullwhip effect.

Ans: It has been observed that fluctuation and distortion of information increases as it moves up the supply chain, from retailers, to manufacturers, and to suppliers. This is called the bullwhip effect, as inaccurate and distorted information travels up the chain like a bullwhip uncoiling.

Section: The Bullwhip Effect
Level: Medium

6. Why is the role of the customer even greater in driving the service supply chain than it is in a manufacturing supply chain?

Ans: In a service industry such as healthcare or banking, the customer interacts directly with the provider. Individual customer behavior can be highly variable and thus impact the resulting "delivery" of the service in aspects such as quality, timeliness, accuracy, etc.

Section: The Service Supply Chain
Level: Difficult

7. Marketing, operations, sourcing, and logistics are important components of SCM. Briefly describe each of these.

Ans: Marketing is the function responsible for linking the organization to its customers and identifying what customers want in products and services. Operations ensures that the exact products customers want are produced efficiently and in a cost-effective manner. Sourcing is the function responsible for linking the organization to its suppliers and ensuring an efficient supply of materials. Logistics is responsible for moving and positioning inventory throughout the supply chain and ensuring that the right products are delivered to the right place at the right time.

Section: Intraorganizational Integration
Level: Easy

8. Describe the difference between SCM and logistics.

Ans: SCM is strategic and managerial, focusing on relationships and processes across firms; logistics is tactical and specifically involves moving and positioning inventory throughout the supply chain. Logistics is vital to SCM as it is a key supporting function.

Section: SCM versus Logistics
Level: Easy