File: ch01, Chapter 1: Introduction to Supply Chain Management

Multiple Choice

1. SCM involves the design and management of three primary flows:
2. Products, information, funds
3. Suppliers, customers, manufacturers
4. Distributors, retailers, customers
5. Logistics, operations, marketing
6. Responsiveness, reliability, relationship management

Ans: a

Response: page 3

Level: Easy

1. Stages of supply chain management include suppliers, producers, distributors, retailers, and:
2. Financial flows
3. Customers
4. Reverse logistics
5. Sustainability
6. None of the above

Ans: b

Response: page 4

Level: Medium

1. Three overriding SCM activities within and between firms include:
2. Marketing, sourcing, logistics
3. Suppliers, customers, manufacturers
4. Products, information, funds
5. Coordination, information sharing, collaboration
6. Responsiveness, reliability, relationship management

Ans: d

Response: page 6-7

Level: Medium

1. The growing number and acceptance of customer returns has created an area of SCM called:
2. Order fulfillment
3. Distribution management
4. Reverse logistics
5. Sustainability
6. None of the above

Ans: c

Response: page 7

Level: Easy

1. A result of effective information flow through the supply chain is:
2. Improved coordination and collaboration between supply chain partners
3. Reduction in the amount of inventory across the supply chain
4. Reduction of the bullwhip effect
5. Compression of the supply chain from a time standpoint
6. All of the above

Ans: e

Response: page 7

Level: Medium

1. Distortion and inaccurate information as it moves from the retailer back through the supply chain is known as:
2. Early supplier involvement
3. Bullwhip effect
4. Supply chain compression
5. Reverse logistics
6. None of the above

Ans: b

Response: page 8

Level: Easy

1. Factors driving the growth of SCM include:
2. Better intra-organizational coordination
3. Customer sophistication
4. Early supplier involvement
5. Reverse logistics capabilities
6. Improved relationship management between firms

Ans: b

Response: page 9

Level: Medium

1. An example of intra-organizational integration is:
2. Marketing sharing promotion plans with operations
3. Operations informing logistics of production plans
4. Independent retailer sharing point-of-sale data with manufacturer
5. Supplier informing manufacturer of a component defect
6. a and b

Ans: e

Response: page 12

Level: Easy

1. The primary role of marketing in an organization is to link the organization to its:
2. Suppliers
3. Operations
4. Customers
5. Finance
6. None of the above

Ans: c

Response: page 13

Level: Easy

1. Challenges to developing a systems thinking viewpoint in an organization include:
2. Competing goals and incentives
3. Segmented organizational structure
4. Lack of information sharing
5. ‘Siloed’ decision-making
6. All of the above

Ans: e

Response: page 13

Level: Medium

1. Why have partnerships and alliances across enterprises become so important to SCM?
2. Technology is expensive
3. Companies want external supply chain partners to hold more risk
4. “Early supplier involvement” is simple to implement
5. Collaboration enables long-term viability and success in a competitive global environment
6. a and c

Ans: d

Response: page 14

Level: Medium

1. How has greater customer affluence increased the importance of SCM?
2. Customers demand higher quality and better service
3. The internet empowered consumers with information
4. Customers wanted more standardized, mass-produced products
5. Customers wanted fewer product choices
6. a and b

Ans: d

Response: page 17

Level: Medium

1. Characteristics of a competitive supply chain include:
2. Outsourcing, reliability, technology
3. Globalization, innovation, reliability
4. Relationship management, finance, early supplier involvement
5. Affluent customers, technology, transportation
6. Reliability, relationship management, responsiveness

Ans: e

Response: page 18-19

Level: Medium

1. Supply chain visibility increases supply chain reliability through:
2. Shared understanding of real-time demand data by all supply chain partners
3. Increasing variability across the supply chain
4. Improved relationship management
5. Understanding customer needs more quickly
6. Putting more pressure on suppliers

Ans: a

Response: page 18

Level: Medium

1. The globalization trend presents numerous benefits to SCM including:
2. Removes distance barrier between markets/consumers
3. Consumers have greater product choices
4. More supplier choices
5. Cost savings
6. All of the above

Ans: e

Response: page 20

Level: Easy

1. Examples of ‘upstream’ players in a supply chain include:
2. Suppliers
3. Customers
4. Retailers
5. Distribution centers
6. Outbound transportation providers

Ans: a

Response: page 4-5

Level: Easy

1. Postponement is an effective strategy for some firms because it:
2. Is relatively simple and inexpensive to implement
3. Allows for local product customization
4. Increases supplier involvement
5. Decreases the need for relationship management
6. Requires little technology

Ans: b

Response: page 23

Level: Difficult

1. Necessary efforts to improve supply chain security present new challenges to firms including:
2. Regulation/compliance requirements
3. Increased transport time and costs
4. Shorter lead times
5. Decreased need for relationship management
6. a and b

Ans: e

Response: page 24

Level: Medium

1. Sustainable/green initiatives can be beneficial to firms in the following ways:
2. Enhance supplier relationships/supply availability
3. Increased regulation/compliance requirements
4. Create efficiencies and cost savings
5. Decreases need for relationship management
6. a and c

Ans: e

Response: page 25

Level: Medium

1. The primary difference between logistics and SCM is:
2. SCM is a more popular term
3. Logistics is more strategic in nature
4. There is no difference
5. SCM takes a more strategic and managerial focus
6. Logistics is more complex

Ans: d

Response: page 15

Level: Medium

1. An accelerated flow of funds through the supply chain can improve a firm’s profitability by:
2. Increasing interest rates
3. Customers cannot be invoiced more quickly
4. Creating a positive cash flow provides financial opportunity
5. Increasing working capital needs
6. None of the above

Ans: c

Response: page 7

Level: Medium

1. Examples of ‘downstream’ players in a supply chain include:
2. Suppliers
3. Manufacturers
4. Retailers
5. Inbound transportation providers
6. Accountants

Ans: c

Response: page 4-5

Level: Easy

1. A demand-driven supply chain is focused on which SCM characteristic:
2. Relationship management
3. Collaboration
4. Coordination
5. Responsiveness
6. Risk management

Ans: d

Response: page 18

Level: Difficult

1. When a firm is focusing on its core competencies, it is engaging in which trend:
2. Sustainability
3. Financial supply chain
4. Lean initiatives
5. Risk management
6. Outsourcing

Ans: e

Response: page 20

Level: Easy

1. Key trends in SCM include:
2. Sustainability
3. Risk management
4. Reverse logistics
5. Early supplier involvement
6. a and b

Ans: e

Response: page 20-27

Level: Easy

True/False

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

Ans: False

Response: page 3

Level: Medium

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

Ans: True

Response: page 3-4

Level: Easy

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

Ans: False

Response: page 5

Level: Medium

1. An example of an ‘upstream’ part of the supply chain is distribution of finished goods to the retailer.

Ans: False

Response: page 4

Level: Medium

1. An example of an ‘upstream’ part of the supply chain is transportation of raw materials to the manufacturer.

Ans: True

Response: page 4

Level: Easy

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

Ans: False

Response: page 5

Level: Difficult

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

Ans: True

Response: page 6-7

Level: Easy

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

Ans: True

Response: page 6

Level: Medium

1. 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

Response: page 8

Level: Easy

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

Ans: False

Response: page 9

Level: Medium

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

Ans: True

Response: page 15-16

Level: Medium

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

Ans: False

Response: page 20-21

Level: Medium

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

Ans: True

Response: 18

Level: Medium

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

Ans: False

Response: page 20-21

Level: Medium

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

Ans: True

Response: page 20-21

Level: Easy

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

Ans: True

Response: page 21-22

Level: Medium

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

Ans: False

Response: page 23

Level: Medium

1. Global supply chains have reduced most companies’ exposure to risk.

Ans: False

Response: page 24-25

Level: Medium

1. A requirement to achieving ever-leaner supply chains is collaboration with supply chain partners.

Ans: True

Response: page 23-24

Level: Easy

1. Pursuing a lean supply chain strategy reduces a firm’s supply chain risk.

Ans: False

Response: page 23-24

Level: Difficult

1. “Green” supply chain strategies need to be embraced across firms in the supply chain in order to be most effective.

Ans: True

Response: page 25

Level: Easy

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

Ans: False

Response: page 25-26

Level: Medium

1. The only benefit to firms of ‘green’ supply chain initiatives is lower costs.

Ans: False

Response: page 25

Level: Medium

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

Ans: True

Response: page 4

Level: Medium

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

Ans: False

Response: page 10-11

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.

Response: page 3-6

Level: Medium

1. 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.

Response: page 4

Level: Difficult

1. 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.

Response: page 7

Level: Difficult

1. 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.

Response: page 10-11

Level: Difficult

1. 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.

Response: page 15

Level: Easy