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Question 1

Question Type: MultipleChoice

Why might a company avoid using demand-based options such as inventory and backorders over a long period of time?

Options:

A- It is more risky.
B- It is time consuming.
C- It negatively affects subcontracting.
D- It negatively affects hiring and firing.

Answer:

A

Explanation:

Comprehensive and Detailed Explanation (250 words):

Demand-based options such as inventory accumulation and backorders are avoided long term because they are more risky.

Maintaining high inventory levels increases:

Holding costs

Obsolescence risk

Damage and theft

Cash flow constraints

Backorders, while avoiding inventory buildup, risk:

Customer dissatisfaction

Lost sales

Damage to brand reputation

Operations Management categorizes these options as short-term demand smoothing tools, not sustainable strategies. Over time, uncertainty in demand magnifies the risks associated with inventory imbalances or unmet demand.

The other options are incorrect:

These methods are not inherently time consuming

They do not directly affect subcontracting or labor policies

Thus, firms avoid long-term reliance on demand-based options to maintain stability and customer trust.

Question 2

Question Type: MultipleChoice

Why is it beneficial for an organization to designate employees to communicate alternative ways to complete a job in a methods analysis?

Options:

A- They may have suggestions for improving the operation.
B- They know how an operation has always been done with no need to change.
C- They are experts in their field.
D- They may resist training on new machines.

Answer:

A

Explanation:

Comprehensive and Detailed Explanation (250 words):

Employees are designated in methods analysis because they may have valuable suggestions for improving the operation.

Frontline employees:

Perform tasks daily

Understand practical constraints

Observe inefficiencies and waste

Identify improvement opportunities

Operations Management recognizes that sustainable improvement requires employee involvement. Workers often know better ways to reduce motion, time, or effort that are invisible to managers.

The other options are incorrect:

Tradition alone does not justify current methods

Expertise alone does not guarantee improvement ideas

Resistance to training is a risk, not a benefit

Methods analysis seeks to simplify, standardize, and improve work. Employee input enhances acceptance of change and improves implementation success.

Question 3

Question Type: MultipleChoice

Why is capacity requirements planning (CRP) important?

Options:

A- It provides the ability to compare available production capabilities to the planned workload.
B- It enables an assessment of employee production efficiency.
C- It creates a transparent view of lead time and overtime usage in work centers.
D- It coordinates availability of materials for production processes.

Answer:

A

Explanation:

Capacity Requirements Planning (CRP) is important because it compares available production capacity to planned workloads, ensuring feasibility.

Once demand has been translated into production and material plans, CRP validates whether:

Machines are available

Labor hours are sufficient

Work centers are not overloaded

Without CRP, organizations risk releasing production plans that cannot be executed, resulting in:

Bottlenecks

Overtime

Missed delivery dates

Poor resource utilization

The incorrect options describe other functions:

Employee efficiency is evaluated through performance metrics

Lead time transparency is a scheduling outcome, not CRP's core purpose

Material coordination is handled by MRP

CRP ensures alignment between what is planned and what is possible, making it a critical link between planning and execution in Operations Management.

Question 4

Question Type: MultipleChoice

How do just-in-time (JIT) and lean systems add value?

Options:

A- By improving lighting
B- By increasing simplicity
C- By reducing waste
D- By enhancing responsibility

Answer:

C

Explanation:

Just-in-time (JIT) and lean systems add value by reducing waste across all operational processes.

Lean Operations define value strictly from the customer's perspective. Any activity that does not add value to the product or service is considered waste (muda). JIT and lean systems

systematically identify and eliminate this waste to improve efficiency, quality, and responsiveness.

Common types of waste targeted include:

Overproduction

Waiting time

Excess inventory

Unnecessary motion

Transportation

Defects and rework

Overprocessing

By reducing waste, organizations achieve:

Shorter lead times

Lower costs

Improved quality

Greater flexibility

Options such as improving lighting or enhancing responsibility may support efficiency indirectly but do not define the core value mechanism of JIT and lean systems. Increasing simplicity is a result of waste reduction, not the primary method.

Operations Management emphasizes waste elimination as the foundation of sustainable operational excellence, making option C the correct answer.

Question 5

Question Type: MultipleChoice

Which concept takes a total system approach to creating an efficient operation and combines concepts such as just-in-time (JIT), total quality management (TQM), and continuous improvement?

Options:

A- Lean systems
B- Customer relationship management (CRM)
C- Enterprise resource planning (ERP)
D- ISO 9001 standards

Answer:

A

Explanation:

Lean systems take a total system approach to operational efficiency by integrating just-in-time (JIT), total quality management (TQM), and continuous improvement (Kaizen).

Lean is not a single tool but a management philosophy focused on:

Eliminating waste

Improving flow

Engaging employees

Delivering customer-defined value

JIT ensures materials and work arrive only when needed, TQM ensures quality at every step, and continuous improvement drives ongoing enhancement. Lean systems coordinate these elements into a coherent operating model.

The other options are narrower in scope:

CRM focuses on customer data and relationships

ERP integrates information systems

ISO 9001 provides quality standards but not operational design

Operations Management views lean systems as the umbrella framework that aligns people, processes, and technology to achieve efficiency and competitiveness.

Question 6

Question Type: MultipleChoice

A company manufactures and distributes its own products.

When should the company consider outsourcing its distribution?

Options:

A- When the company can no longer accurately forecast its transportation costs
B- When the company's distribution costs are the lowest in the industry
C- When the company determines that distribution is no longer a core function
D- When new federal regulations give the company a competitive advantage

Answer:

C

Explanation:

A company should consider outsourcing distribution when it determines that distribution is no longer a core function.

Operations Management defines core functions as activities that:

Create competitive advantage

Differentiate the firm

Require proprietary knowledge or capabilities

If distribution does not meet these criteria, outsourcing can:

Lower costs

Improve service reliability

Increase scalability

Allow management to focus on strategic priorities

The other options do not justify outsourcing:

Forecasting difficulty is a management issue

Lowest-cost operators should retain distribution

Regulations do not eliminate strategic relevance

Outsourcing decisions must align with long-term operations strategy, not short-term cost fluctuations.

Question 7

Question Type: MultipleChoice

A manufacturing company decides to open a new distribution center location in order to minimize distribution costs to warehouses or stores.

What tool should the manufacturing company use to determine where the new distribution center should be located?

Options:

A- By using the load-distance model
B- By using the transportation method
C- By using the center-of-gravity approach
D- By using the break-even analysis

Answer:

C

Explanation:

The center-of-gravity approach is the most appropriate tool for determining the optimal location of a distribution center when the goal is to minimize total transportation costs.

This method calculates a weighted average location based on:

Geographic coordinates of demand points

Volume shipped to each location

The result identifies a location that minimizes the overall distance-weighted transportation cost.

Other options serve different purposes:

Load-distance models compare alternative sites

Transportation methods optimize shipping routes, not facility location

Break-even analysis compares cost structures, not spatial efficiency

In Operations Management, the center-of-gravity approach is widely used for strategic distribution planning because it provides a quantitative, objective basis for location decisions.

Question 8

Question Type: MultipleChoice

Which formula would indicate that a fast-food restaurant was performing at, above, or below its benchmark?

Options:

A- Time a resource is used / time a resource is available
B- Actual output / standard output
C- Throughput time / value-added time
D- Output / input

Answer:

B

Explanation:

Comprehensive and Detailed Explanation (250 words):

The formula Actual output / standard output indicates whether a fast-food restaurant is performing at, above, or below its benchmark.

This ratio compares real performance against a predefined standard. A value:

Equal to 1 means performance meets the benchmark

Greater than 1 means performance exceeds expectations

Less than 1 indicates underperformance

Benchmarks are critical in Operations Management for:

Performance evaluation

Labor productivity measurement

Process control

The other formulas measure utilization, velocity, or productivity, but do not directly reference a benchmark.

By comparing actual output to standard output, managers can quickly assess operational effectiveness and identify areas requiring corrective action.

Question 9

Question Type: MultipleChoice

Which two areas should managers consider in order to adapt to the business dynamics affecting their company?

Choose 2 answers

Options:

A- Their control over internal operations
B- Their influence and leverage over suppliers
C- Their influence over future legislation and regulations
D- Their advertising costs

Answer:

A, B

Explanation:

Managers must consider control over internal operations and influence and leverage over suppliers to adapt effectively to changing business dynamics.

Internal operational control determines how quickly a firm can:

Adjust capacity

Improve quality

Reduce cost

Respond to demand changes

Supplier influence is equally critical in modern supply chains. Strong supplier relationships improve:

Reliability

Cost stability

Innovation

Responsiveness

Operations Management emphasizes that competitiveness increasingly depends on supply chain coordination, not isolated firm performance.

The other options are less relevant:

Firms rarely influence future legislation

Advertising costs relate to marketing strategy, not operational adaptability

Thus, effective supply chain management requires both internal excellence and external collaboration.

Question 10

Question Type: MultipleChoice

Which formula would compute process velocity?

Options:

A- Time a resource is used / time a resource is available
B- Actual output / standard output
C- Throughput time / value-added time
D- Output / input

Answer:

C

Explanation:

Process velocity is computed using the ratio:

Process Velocity = Throughput Time / Value-Added Time

This metric measures how efficiently time is used within a process. A high ratio indicates excessive non--value-added time, such as waiting, moving, or rework.

Operations Management focuses on reducing throughput time while maximizing value-added activities. Process velocity highlights inefficiencies that are often invisible in traditional productivity measures.

The other formulas measure different concepts:

Resource utilization (A)

Performance efficiency (B)

Productivity (D)

A low process velocity (closer to 1) indicates a lean, efficient process, while high values suggest opportunities for improvement.

Question 11

Question Type: MultipleChoice

Which function does marketing play in a just-in-time (JIT) organization?

Options:

A- JIT marketing focuses on producer-driven quality.
B- JIT marketing simplifies inventory flow.
C- JIT marketing focuses on customer-driven quality.
D- JIT marketing synchronizes product demand with assembly.

Answer:

C

Explanation:

In a just-in-time (JIT) organization, marketing focuses on customer-driven quality.

Marketing provides critical input on:

Customer expectations

Demand patterns

Product features

Service requirements

This information allows operations to design processes that meet actual customer needs rather than internal assumptions. JIT requires precise alignment between demand and production, and marketing ensures that quality is defined externally by customers.

The other options confuse marketing's role with operational execution:

Inventory flow is managed by operations

Assembly synchronization is a production function

Producer-driven quality contradicts TQM principles

Operations Management stresses that JIT succeeds only when marketing and operations are tightly integrated, with marketing acting as the voice of the customer.