Chapter-1: Introduction to Supply Chain Management

Self Assessment Questions

1. An organization’s supply chain can be viewed from a system's perspective that starts with the acquisition of resources which are then transformed into products or services. Simply, put the sequence is represented:
   
   a. Sourcing - input - process - outputs
   b. Inputs - outputs - process
   c. Process - inputs - outputs
   d. Inputs - process - outputs

2. Logistics is an integral part of supply chain management. Which explanation best represents outbound logistics?
   
   a. The management of material resources entering an organization from its suppliers and other partners
   b. A supply chain that emphasizes distribution of a product to passive customers
   c. An emphasis on using the supply chain to deliver value to customers who are actively involved in product and service specification
   d. The management of resources supplied from an organization to its customers and intermediaries

3. What does the following definition refer to: an organization which uses communications technology to allow it to operate without clearly define physical boundaries between different functions?
   
   a. E-organization
   b. Virtual organization
   c. Base-free organization
   d. Cloud organization

4. The typical benefits of e-supply chain management gained by a B2B company are quite comprehensive. Which of the following is false though?

   a. Increased efficiency of individual processes
b. Improved data integration between elements of the supply chain
c. Increased costs through outsourcing
d. Reduced complexity of the supply chain

5. What does a company’s information system need to deliver to different parties who need to access the supply chain information of an organization, whether they be employees, suppliers, and logistics service providers or customers?

   a. Supply chain visibility
   b. Radio-frequency identification of products
   c. Password and user name reminders
   d. None of these

6. As guidance to managing a global distribution, seven action points have been suggested. Do these include ………………

   a. Treat local distributors as short-term partners
   b. Let distributors pick you
   c. Do not waste money, time and energy initially
   d. None of these

7. Which of these is an output to a single organization’s transformation process?

   a. Information
   b. Intangible needs
   c. Fulfilled needs
   d. Materials

8. Which of these statements about the transformation process is best?

   a. Inputs to operations usually come from only one place and take one form.
   b. Operations activities are usually independent of other business activities such as engineering and marketing.
   c. The availability of inputs usually has little impact on the operations function.
   d. Operations are highly dependent on the quality of inputs.
9. Which of these is NOT a flow that moves up and down the supply chain?
   a. Physical
   b. Information
   c. Monetary
   d. Procedural

10. Which area of the SCOR model includes the activities that are necessary to handle warranty repairs and exchanges or shipments in excess of what is needed at a retail location?
   a. Delivery
   b. Source
   c. Return
   d. Planning

11. The use of information technology to automate business transactions is known as .......... 
   a. Management information systems
   b. Computer integrated manufacturing
   c. POS
   d. E-commerce

12. Which of these operations and supply chain management career paths works closely with manufacturing, marketing, and purchasing to create timely, cost-effective import/export supply chains?
   a. Analyst
   b. Logistics and Material Planner
   c. International logistics manager
   d. Sourcing manager

13. Which of these is NOT a key element of the operations function?
   a. People
   b. Technology
   c. Regulations
   d. Systems
14. Which of these statements about the operations function is best?

a. A manufacturing company provides only tangible goods as outputs.
b. Inputs to the operations function can come from many different places.
c. The quality and availability of inputs to the operations function do not matter if the operation is well-managed.
d. Operations is the most isolated of all business functions, rarely needing to interface with marketing, finance, or engineering.

15. Which of these professional organizations has the broadest scope in the operations and supply chain management discipline?

a. APICS  
b. ASQ  
c. CSCMP  
d. ISM

16. The capacity planning function is closely linked with which two key interorganizational supply chain participants?

a. Finance and Accounting  
b. Suppliers and Customers  
c. Marketing and Human Resources  
d. Government and APICS

17. The logistics function interfaces with which two key interfunctional supply chain participants?

a. Human Resources and IT  
b. Suppliers and Customers  
c. Accounting and Engineering  
d. Marketing and Engineering

18. Supply Chain Management is a reverse of prior practices where manufacturers supplied product to customers.
19. A supply chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers.
   
   a. True  
   b. False  

20. Supply chain with multiple sites, each site will often have its fairly autonomous management team.

   a. True  
   b. False

Answers for Self Assessment Questions

1. (c)  2.(c)  3.(a)  4.(c)  5.(a)  
6. (c)  7.(b)  8.(d)  9.(d)  10.(b)  
11. (c)  12.(c)  13.(d)  14.(d)  15.(d)  
16. (a)  17. (a)  18. (c)  19. (a)  20. (b)
Chapter-2: Logistics Management

Self Assessment Questions

1. Which of the following is not a typical supply chain member?
   a. customer
   b. retailer's creditor
   c. producer
   d. reseller

2. When suppliers, distributors, and customers partner with each other to improve the performance of the entire system, they are participating in a ………………...
   a. supply and demand chain
   b. demand chain
   c. value delivery network
   d. channel of distribution

3. A company’s channel decisions directly affect every …………………..
   a. marketing decision
   b. customer’s choices
   c. employee in the channel
   d. channel member

4. From the economic system’s point of view, the role of marketing intermediaries is to transform the assortment of products made by producers into the assortment of products wanted by ……………....
   a. distributors
   b. manufacturers
   c. consumers
   d. marketers

5. Intermediaries play an important role in matching ………………….
   a. supply and demand
b. manufacturer to product  
c. information and promotion  
d. dealer with customer

6. Which of the following is not a key function that intermediaries play in completing transactions?

a. negotiation  
b. negotiation  
c. financing  
d. promotion

7. In marketing terms, we say that the number of intermediary levels indicates the ............. of a channel.

a. depth  
b. length  
c. complexity  
d. width

8. An advantage of a channel of distribution over selling direct to consumers is that each channel member plays a ................. in the channel.

a. informational role  
b. time-saving part  
c. decisional role  
d. specialized role

9. Historically, conventional channels have lacked the leadership to .................

a. assign channel member roles and attain efficiency  
b. set standard pricing and packaging  
c. set standard pricing and promotions  
d. assign member roles and manage conflict
10. A channel consisting of one or more independent producers, wholesalers or retailers that are seeking to maximize their own profits even at the expense of profits for the channel as a whole is a ............... 
   a. independent channel allocation  
   b. conventional distribution channel  
   c. vertical marketing system  
   d. vertical distribution structure

11. A corporate VMS has the advantage of controlling the entire distribution chain under ...................... 
   a. little control  
   b. a few intermediaries  
   c. single ownership  
   d. mass distribution

12. A distinguishing feature of a contractual VMS is that coordination and conflict management among the independent members of the channel are attained through.................... 
   a. natural competitive forces  
   b. oral agreements  
   c. contractual agreements  
   d. working partnerships

13. Leadership in which type of marketing system is assumed not through common ownership or contractual ties but through the size and power of one or a few dominant channel members? 
   a. dual distribution system  
   b. corporate VMS  
   c. horizontal marketing system  
   d. administered VMS

14. Hybrid marketing systems are also called .....................
a. contractual marketing systems
b. horizontal multichannel systems
c. administered franchises
d. multichannel distribution systems

15. The major disadvantage of a multichannel system is that it is harder to control and it can generate .................
   a. less net profit
   b. inefficiency
   c. declining employee morale
   d. greater conflict

16. International marketing is becoming more important to companies as the world shifts from distinct national markets to linked global markets.
   a. True
   b. False

17. A supply chain may be considered as a group of organizations, connected by a series of trading relationships.
   a. True
   b. False

18. The Supply Chain concept should be seen as a whole, that is, the entire system from the origin of procurement to the final consumption of.........
   a. goods or customer
   b. customer or services
   c. goods or services
   d. None of these

19. Historically we have moved from physical distribution to logistics management and then to supply chain management.
   a. True
   b. False
20. ........can be basically clubbed into physical distribution management, materials management and internal inventory transfer.
   a. Logistic Coordination:
   b. Logistic operation
   c. Both a and b
   d. None of these

Answers for Self Assessment Questions
1. (c)  2.(c)  3.(a)  4.(c)  5.(a)
6. (c)  7.(b)  8.(d)  9.(d)  10.(b)
11. (c) 12.(c) 13.(d) 14.(d) 15.(d)
16. (a) 17. (a) 18. (c) 19. (a) 20. (b)
Chapter-3: Purchasing and Vendor Management

Self Assessment Questions

1. encompasses suppliers in the market external to the organization and ..........to the organization.
   a. several external 
   b. several internal 
   c. several internal and external 
   d. None of these 

2. Purchase management is considered to be very important function of ..........in a company.
   a. selection management 
   b. materials management 
   c. Both a and b 
   d. None of these 

3. Vendor management is the discipline of establishing service, quality, cost, and satisfaction goals and selecting and managing third party companies to consistently meet these goals.
   a. True
   b. False 

4. Vendor managers are not empowered to perform all aspects of the .................
   a. insourced operation 
   b. outsourced operation 
   c. not outsourced operation 
   d. None of these 

5. Purchase management is regarded as a significant activity in many organizations because of the high cost involved in carrying out purchasing activities, increasing ............
   a. quality benchmarks
b. global competition
c. Both a and b
d. None of these

6. Collecting requisition from various departments and handed it to Purchase department / committee head.
   a. Purchase Requisition
   b. Decision of Purchase
   c. Study of Market Conditions
   d. None of these

7. Which of these sequences is correct for the systems development lifecycle?
   a. Design, initiation, analysis, build
   b. Analysis, design, initiation, build
   c. Initiation, analysis, design, build
   d. Analysis, initiation, design, build

8. Estimation includes ..................
   a. monitoring project progress.
   b. the work breakdown structure
   c. documentation
   d. all of these

9. Monitoring is ..............
   a. placing of tasks in order
   b. assessing progress on tasks
   c. allocating staff to tasks
   d. the identification of tasks and their duration
   e. none of these

10. Resourcing is .................
    a. assessing progress on tasks.
b. placing of tasks in order.
c. allocating staff to tasks.
d. none of these

11. Which of the following is the lowest risk, least extent of change?

b. Business process improvement.
c. Business process re-engineering.
d. None of these

12. Which of the following is a change lever?

a. Employee ownership.
b. Employee acquisition and retention.
c. The market and business models.
d. None of these

13. Which of the following is achieving management commitment?

a. Active involvement by senior staff.
c. Prototyping.
d. None of these

14. Which of these approaches reduces errors in a system?

a. Prototyping.
b. Active involvement by senior staff.
c. Education and training.
d. None of these

15. When the district is able to purchase a single item in mass, vendors are often willing to provide a discount.

a. Warehouse
b. Volume Purchasing
c. Save time in Researching Products

d. None of these

16. Developing a purchasing and supply strategy requires a thorough understanding of the company’s business policies.

   a. True
   b. False

17. Purchasing decisions cannot be made in isolation, and should not be aimed at optimization of ………………….

   a. sales performance only
   b. customer performance only
   c. purchasing performance only
   d. None of these

18. The purchasing should provide a healthy commercial opposition vis-à-vis its internal customers.

   a. True
   b. False

19. Vendor Management is not the management and control, by an entity, of those third parties that supply goods and/or services to that entity.

   a. True
   b. False

20. Stores organization may be defined as a systematic coordination and combination of efforts in manner, which would result in optimum efficiency with a minimum of expenditure.

   a. True
   b. False
## Answers for Self Assessment Questions

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Chapter-4: Inventory management

Self Assessment Questions

1. Which of the following is a function of inventory?
   a. to decouple or separate parts of the production process
   b. to provide a stock of goods that will provide a selection for customers
   c. to take advantage of quantity discounts
   d. all of the above are functions of inventory

2. Which of the following would not generally be a motive for a firm to hold inventories?
   a. to decouple or separate parts of the production process
   b. to provide a stock of goods that will provide a selection for customers
   c. to take advantage of quantity discounts
   d. to minimize holding costs

3. All of the following statements about ABC analysis are true except
   a. inventory may be categorized by measures other than dollar volume
   b. it categorizes on-hand inventory into three groups based on annual dollar volume
   c. it is an application of the Pareto principle
   d. it states that all items require the same degree of control

4. ABC analysis is based upon the principle that
   a. all items in inventory must be monitored very closely
   b. there are usually a few critical items, and many items which are less critical
   c. an item is critical if its usage is high
   d. the safety stock in terms of volume should be higher for A items than for C items

5. ABC analysis divides on-hand inventory into three classes, generally based upon
   a. item quality
   b. unit price
   c. annual demand
   d. annual dollar volume

6. Cycle counting
   a. is a process by which inventory records are verified once a year
   b. provides a measure of inventory accuracy
   c. provides a measure of inventory turnover
   d. assumes that all inventory records must be verified with the same frequency
7. Inventory management is not limited to documenting the delivery of raw materials and the movement of those materials into operational process.
   a. True
   b. False

8. Among the advantages of cycle counting is that it
   a. does not need to be performed for less expensive items
   b. does not require the detailed inventory records necessary when annual physical inventory is used
   c. does not require highly trained people
   d. allows more rapid identification of errors and consequent remedial action than is possible with annual physical inventory

9. The two most basic inventory questions answered by the typical inventory model are
   a. timing and cost of orders
   b. quantity and cost of orders
   c. timing and quantity of orders
   d. order quantity and service level

10. Inventory Management is important for most businesses even for those, which do not sell any physical products.
    a. True
    b. False

11. Most inventory models attempt to minimize
    a. the likelihood of a stockout
    b. the number of items ordered
    c. total inventory based costs
    d. the number of orders placed

12. In the basic EOQ model, if the cost of placing an order doubles, and all other values remain constant, the EOQ will
    a. increase by about 41%
    b. increase by 100%
    c. increase by 200%
    d. either increase or decrease

13. Inventory carrying involves Inventory storage and management either using in house facilities or external warehouses owned and managed by third party vendors.
14. Which of the following statements about the basic EOQ model is true?
   a. If the ordering cost were to double, the EOQ would rise.
   b. If annual demand were to double, the EOQ would increase.
   c. If the carrying cost were to increase, the EOQ would fall.
   d. All of these

15. Which of the following statements about the basic EOQ model is false?
   a. If the setup cost were to decrease, the EOQ would fall.
   b. If annual demand were to increase, the EOQ would increase.
   c. If the ordering cost were to increase, the EOQ would rise.
   d. If annual demand were to double, the EOQ would also double.

16. Includes the costs of investments, interest on working capital, taxes on inventory paid, insurance costs and other costs associate with legal liabilities.
   a. True
   b. False

17. A product whose EOQ is 400 experiences a 50% increase in demand. The new EOQ is
   a. unchanged
   b. increased by less than 50%
   c. increased by 50%
   a. increased by more than 50%

18. The Economic Order Quantity (EOQ) is not the number of units that a company should add to inventory with each order to minimize the total costs of inventory such as holding costs, order costs, and shortage costs.
   a. True
   b. False

19. The EOQ model with quantity discounts attempts to determine
   a. what is the lowest amount of inventory necessary to satisfy a certain service level
   b. what is the lowest purchasing price
   c. whether to use fixed-quantity or fixed period order policy
   d. how many units should be ordered
20. Buffer stock schemes seek to stabilize the market price of agricultural products by buying up supplies of the product when harvests are plentiful and selling stocks of the product onto the market when supplies are low.
   a. True
   b. False

Answers for Self Assessment Questions
1. (d)  2.(d)  3.(d)  4.(b)  5.(d)
6. (b)  7.(a)  8.(d)  9.(c)  10.(a)
11. (c)  12.(a)  13.(a)  14.(d)  15.(d)
16. (a)  17. (b)  18. (b)  19. (d)  20. (a)
Chapter-5: Recent Issues in SCM

Self Assessment Questions

1. Strictly speaking, the supply chain is not a chain of businesses with……….., business-to-business relationships, but a network of multiple businesses and relationships.
   a. one-to-one
   b. one-to-two
   c. one-to-more
   d. None of these

2. SCM offers the opportunity to capture the synergy of intra- and intercompany integration and management.
   a. True
   b. False

3. A supply chain is the stream of processes of moving goods from the customer order through the raw materials stage ………………
   a. Supply
   b. Production
   c. distribution of products to the customer
   d. All of these

4. Supply chain management software can not dramatically accelerate the execution of the entire order-to-delivery cycle by helping companies to more productively generate and track sales orders.
   a. True
   b. False

5. Which of the following is not a typical supply chain member?
   a. producer
   b. reseller
   c. customer
   d. wholesaler

6. When suppliers, distributors, and customers partner with each other to improve the performance of the entire system, they are participating in a …………………
   a. supply chain
   b. supply and demand chain
c. demand chain
d. value delivery network

7. A company’s channel decisions directly affect every ..................
a. marketing decision
b. customer’s choices
c. employee in the channel
d. channel member

8. From the economic system’s point of view, the role of marketing intermediaries is to transform the assortment of products made by producers into the assortment of products wanted by ..................
a. consumers
b. distributors
c. manufacturers
d. marketers

9. Intermediaries play an important role in matching ..................
a. information and promotion
b. product to region
c. supply and demand
d. manufacturer to product

10. Which of the following is not a key function that intermediaries play in completing transactions?
a. financing
b. negotiation
c. promotion
d. negotiation

11. In marketing terms, we say that the number of intermediary levels indicates the .............. of a channel.
a. length
b. width
c. complexity
d. involvement

12. Historically, conventional channels have lacked the leadership to ..............
a. attain efficiency and assign member roles
b. set standard pricing and promotions
c. set standard pricing and packaging
d. assign member roles and manage conflict

13. A channel consisting of one or more independent producers, wholesalers or retailers that are seeking to maximize their own profits even at the expense of profits for the channel as a whole is a  
   a. independent channel allocation
   b. administered vertical marketing system
   c. vertical distribution structure
   d. conventional distribution channel

14. A corporate VMS has the advantage of controlling the entire distribution chain under  
   a. a profit-maximizing strategic plan
   b. little control
   c. mass distribution
   d. single ownership

15. A distinguishing feature of a contractual VMS is that coordination and conflict management among the independent members of the channel are attained through  
   a. limited liability corporations
   b. contractual agreements
   c. working partnerships
   d. oral agreements

16. Leadership in which type of marketing system is assumed not through common ownership or contractual ties but through the size and power of one or a few dominant channel members?
   a. conventional marketing channel
   b. corporate VMS
   c. horizontal marketing system
   d. administered VMS

17. The major disadvantage of a multichannel system is that it is harder to control and it can generate  
   a. inefficiency
   b. fewer domestic sales
c. greater conflict
d. less net profit

18. In services such as retail stores or a delivery service like UPS or Federal Express, the supply chain reduces to a problem if distribution logistics, where the starting point is the finished product has to be delivered to the client in a timely manner.
   a. True
   b. False

19. Supply chain management emphasizes the ........ benefit of all parties on the chain through cooperation and information sharing.
   a. short-term
   b. long-term
   c. Both a and b
   d. None of these

20. Customer relationship management (CRM) is a broad term that covers concepts used by companies to manage their relationships with customers, including the capture, storage and analysis of customer, vendor, partner, and internal process information.
   a. True
   b. False

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Answers for Self Assessment Questions

1. (a)  2. (a)  3. (d)  4. (b)  5. (a)  
6. (d)  7. (a)  8. (a)  9. (c)  10. (a)  
11. (a) 12. (d)  13. (d)  14. (d)  15. (b)  
16. (d) 17. (c)  18. (a)  19. (b)  20. (a)  

Chapter-6: Designing the Supply Chain Network

Self Assessment Questions

1. Decisions made during the supply chain design phase regarding significant investments in the supply chain, such as the number and size of plants to build, the number of trucks to purchase or lease, and whether to build or lease warehouse space,  
   a. can be altered in the short term. 
   b. cannot be altered in the short term.  
   c. cannot be altered in the long term.
2. Decisions made during the supply chain design phase regarding significant investments in the supply chain, such as the number and size of plants to build, the number of trucks to purchase or lease, and whether to build or lease warehouse space,
   a. are realigned every few weeks.
   b. only remain in place for several years.
   c. only remain in place for a few weeks.
   d. often remain in place for several years.

3. Decisions made during the supply chain design phase regarding significant investments in the supply chain, such as the number and size of plants to build, the number of trucks to purchase or lease, and whether to build or lease warehouse space,
   a. define the boundaries within which the supply chain must compete.
   b. have little impact on how the supply chain must compete.
   c. are irrelevant regarding how the supply chain will compete.
   d. are the only consideration regarding how the supply chain will compete.

4. Long-term contracts for both warehousing and transportation requirements will be more effective if
   a. the demand and price of warehousing do not change in the future.
   b. the price of warehousing goes up in the future.
   c. Both a and b
   d. None of these

5. Short-term contracts for both warehousing and transportation requirements will be more effective if
   a. if the demand and price of warehousing do not change in the future.
   b. if the price of warehousing goes up in the future.
   c. if either demand or the price of warehousing drops in the future.
   d. only if demand drops in the future.

6. The degree of demand and price uncertainty has
   a. no effect on the appropriate portfolio of long- and short-term warehousing space that a firm should carry.
   b. a limited influence on the appropriate portfolio of long- and short-term
warehousing space that a firm should carry.

c. a minor influence on the appropriate portfolio of long- and short-term warehousing space that a firm should carry.

d. a significant influence on the appropriate portfolio of long- and short-term warehousing space that a firm should carry.

7. Uncertainty of demand and price
   a. drives the value of building flexible production capacity at a plant.
   b. eliminates the value of building flexible production capacity at a plant.
   c. facilitates the value of building flexible production capacity at a plant.
   d. has no effect on the value of building flexible production capacity at a plant.

8. If price and demand do vary over time in a global network,
   a. flexible production capacity should not be used in the new environment.
   b. flexible production capacity will be ineffective in the new environment.
   c. flexible production capacity can be reconfigured to minimize profits in the new environment.
   d. flexible production capacity can be reconfigured to maximize profits in the new environment.

9. A firm may choose to build a flexible global supply chain even in the presence of little demand or supply uncertainty if
   a. certainty exists in both exchange rates and prices.
   b. certainty exists in exchange rates or prices.
   c. uncertainty exists in both exchange rates and prices.
   d. uncertainty exists in exchange rates or prices.

10. The present value of a future stream of cash flows is what that stream
    a. was worth in yesterday’s dollars.
    b. is worth in today’s dollars.
    c. will be worth in future dollars.
    d. might be worth in future dollars.

11. The process of evaluating the present value of any stream of future cash flows so that management can compare two streams of cash flows in terms of their financial value is
    a. annual cash flow (ACF) analysis.
    b. discretionary cash flow (DCF) analysis.
    c. discounted cash flow (DCF) analysis.
    d. future cash flow (FCF) analysis.
12. The present value of future cash flow is found by
   a. locating the correct factor on a z-table.
   b. using a discount factor.
   c. plotting the function on a graph.
   d. adding the total of all future cash flows.

13. The discount factor used to obtain the present value of money in the next period where k represents the rate of return is
   a. k.
   b. 1+k.
   c. 1/(1+k).
   d. k/(1+k).

14. The rate of return k is also referred to as the
   a. discount rate.
   b. hurdle rate.
   c. opportunity cost of capital.
   d. all of these

15. A negative NPV (net present value) for an option indicates that the option will
   a. gain money for the supply chain.
   b. lose money for the supply chain.
   c. maximize profit for the supply chain.
   d. minimize profit for the supply chain.

16. The decision with the highest NPV (net present value) will provide a supply chain with
   a. the highest financial return.
   b. the lowest financial return.
   c. a reasonable financial return.
   d. the least desirable financial return.

17. The multiplicative binomial can be used for factors like demand, price, and exchange rates that cannot become negative because it
   a. can take on negative values.
   b. cannot take on negative values.
   c. can take on positive values.
   d. cannot take on positive values.
18. A logical objection to both the multiplicative and additive binomial is the fact that the underlying factor
   a. takes on only one of two possible values at the end of each period.
   b. takes on two values at the end of each period.
   c. takes on one of many possible values at the end of each period.
   d. takes on several of many possible values at the end of each period.

19. Distribution systems have been used in e-business to improve customer service in terms of access, customization, and convenience and to lower costs in supply chains.
   a. True
   b. False

20. The supply chain management model should also perform the task of managing and coordinating activities upstream and downstream in the supply chain.
    a. True
    b. False

Answers for Self Assessment Questions
1. (b) 2.(d) 3.(a) 4.(c) 5.(c)
6. (d) 7.(a) 8.(d) 9.(d) 10.(b)
11. (c) 12.(b) 13.(c) 14.(d) 15.(b)
16. (a) 17. (b) 18. (a) 19. (a) 20. (a)
Self Assessment Questions

1. Transportation is one of the most visible elements of ............... 
   a. non logistics operations  
   b. logistics operations  
   c. Both a and b  
   d. None of these

2. In production, transportation function is looked after by executives of .............. department or general administration department or general department. 
   a. Cost management 
   b. Price management 
   c. materials management 
   d. None of these

3. The .............. per mile for motor carriers is high because a separate power unit and driver are required for each trailer or combination of tandem trailers. 
   a. fixed cost 
   b. variable cost 
   c. Both a and b 
   d. None of these

4. The characteristics of motor carriers favor manufacturing and distributive trades, short distances, and high-value products. 
   a. True 
   b. False

5. Water transport ranks between rail and motor carrier in respect to fixed cost. 
   a. True 
   b. False

6. The capability of water to carry large tonnage at ............... places this mode of transport in demand when low freight rates are desired and speed of transit is a secondary consideration. 
   a. high variable cost 
   b. low variable cost 
   c. Both a and b 
   d. None of these
7. ............... result from the right-of-way, construction and requirements for control stations, and pumping capacity.
   a. Low fixed costs
   b. Variable fixed costs
   c. High fixed costs
   d. None of these

8. The variable operating cost is extremely low once the pipeline has been constructed.
   a. True
   b. False

9. Vertical integration is:
   a. Increasing the number of customers
   b. The extent to which an organization owns the network of which it is part
   c. The purchase of competitor businesses
   d. Reducing the number of direct suppliers

10. Second-tier suppliers in Company A network are:
    a. Stand by suppliers of goods to Company A
    b. Suppliers of goods/services to companies that, in turn, supply Company A
    c. Suppliers of “non-core” goods directly to Company A
    d. Suppliers of goods directly to Company A

11. According to Lord Sieff of Marks and Spencer what are the three most important things in retailing?
    a. Quality suppliers, quality shops and quality staff
    b. Quality goods, keen prices and helpful staff
    c. Customers, Staff and Quality Goods
    d. Location, location, location

12. The centre-of-gravity method to find a location for a factory works by:
    a. Locating near to a cluster of suppliers
    b. Locating in a place which minimizes total transport costs to and from the location
    c. Locating near to the main customer
    d. Locating near to the main supplier

13. An advantage of a capacity lagging strategy is that:
    a. No ability to exploit short-term increases in demand
    b. Always sufficient capacity to meet demand
c. Utilization of the plants is always relatively low
d. Over-capacity problems are minimized if forecasts are optimistic

14. Factors affecting the location decision include:
   a. Sales forecasts / capacity planning / road access
   b. Labor costs / land availability / capacity planning
   c. Sales forecasts / road access / land cost
   d. Labor costs / land availability / environmental restrictions

15. Which of the following statements would be considered as incorrect?
The decision to locate a business in a particular place may depend on:
   a. The most efficient arrangement of equipment within existing facilities
   b. The centre of gravity in relation to customers and suppliers
   c. The potential for effective capacity management strategies
   d. The availability and cost of labor

16. A demand forecast predicts:
   a. A company’s material funding requirements
   b. A company’s output
   c. A company’s capacity requirements
   d. A company’s sales

17. Long term capacity management strategies to overcome a forecast increase in demand might involve which of the following?
   a. Building a new factory / leasing property / working additional hours
   b. Using temporary staffing / building a factory extension / establishing a joint venture with a similar company
   c. Renting property / subcontracting work / hiring temporary labor
   d. Acquiring a similar business / recruiting new permanent staff / building a new factory

18. The motive power utilized for the internal handling of vehicles and transportation to destinations is another important component of the total movement system.
   a. True
   b. False

19. The relative locations of a plant and the customers or suppliers determine largely the transit time of raw materials, spare parts and finished goods.
   a. True
   b. False
20. The technologies like GSM really provide enormous information that allows the service providers to identify the distance covered by any shipment as well as its not current location.
   a. True
   b. False

Answers for Self Assessment Questions
1. (b)  2.(c)  3.(b)  4.(a)  5.(a)  
6. (b)  7.(c)  8.(a)  9.(b)  10.(b) 
11. (d) 12.(b) 13.(d) 14.(d) 15.(a)  
16. (d) 17. (d) 18. (a) 19. (a) 20. (b)
Chapter-8: Sourcing and Pricing

Self Assessment Questions

1. The term sourcing refers to a number of procurement practices, aimed at finding, evaluating and engaging suppliers of ....................
   a. goods and services
   b. sales and services
   c. customer and services
   d. None of these

2. Finding skilled resources is one of the biggest challenges faced by companies today, not to mention the investment required to train employees and the attendant infrastructure required, which can rapidly drain funds.
   a. True
   b. False

3. Outsourcing not only brings ................ but can also improve the efficiency of business operations.
   a. price advantages
   b. sales advantages
   c. cost advantages
   d. None of these

4. ................ is a business practice in which work that would otherwise have been contracted out is performed in house.
   a. Insourcing
   b. Outsourcing
   c. External sourcing
   d. None of these

5. Outsourcing is the process of turning over one or more critical business functions to third-party companies such as call centers or transportation.
   a. True
   b. False

6. A primary advantage of in-sourcing is ......................
   a. decreased control
   b. increased control
   c. increased and decreased control
   d. None of these
7. Companies can develop and execute their own plans in a specialized area with................., as opposed to turning these elements of work over to an external provider.

   a. Insourcing
   b. outsourcing
   c. insourcing and outsourcing
   d. None of these

8. A primary disadvantage of in-sourcing and a common reason many commons outsource is the............

   a. lowest-cost factor
   b. cost factor
   c. highest-cost factor
   d. None of these

9. A Supplier rating (or vendor rating as it sometimes referred) is a business term used to describe the process of measuring an organization’s supplier capabilities and performance.

   a. True
   b. False

10. Supplier rating often forms part of an organization’s supplier relationship..................

    a. customer program
    b. consumer program
    c. management program
    d. None of these

11. Trend analysis is often applied to supplier rating which allows organizations to monitor changes in supplier..................

    a. performance in time
    b. performance time
    c. performance over time
    d. None of these

12. The Assessments Module allows you to perform supplier assessments virtually, using a..................

    a. broad range of inputs
b. broad range of out
  c. Both a and b
  d. None of these

13. Economic theory advocates an arms-length relationship between ..........for both to get the best out of the relationship.
   a. the user and the customer
   b. the price and the customer
   c. the vendor and the customer
   d. None of these

14. Vendor evaluation, selection and management have been assigned an eminent position in both...........
   a. theory and practice
   b. method and practice
   c. theory and method
   d. None of these

15. The rationale for this approach stems from the fact that the supply chain as a whole has to efficient and..................
   a. price effective
   b. sales effective
   c. cost effective
   d. None of these

16. Procurement function is not considered to be a strategic initiative and seen to be adding value to entire business process.
   a. True
   b. False

17. Procurement function works closely with procurement logistics or inbound ..................
   a. SC
   b. TQM
   c. Both a and b
   d. None of these
18. Procurement Process as described above, deals with operational zing business process of procurement function and ensuring performance.
   
   a. True
   b. False

19. Pricing is an important lever to increase supply chain profits by better matching ............
   
   a. supply and product
   b. supply and cost
   c. supply and demand
   d. None of these

20. Common perishable goods include foods, medication, plants and agricultural products.
   
   a. True
   b. False

Answers for Self Assessment Questions
1. (a)  2.(a)  3.(c)  4.(a)  5.(a)  
6. (b)  7.(a)  8.(a)  9.(a)  10.(c)  
11. (c)  12.(a)  13.(c)  14.(a)  15.(c)  
16. (b)  17. (a)  18. (a)  19. (c)  20. (a)
Chapter-9: Information Technology in the Supply Chain

Self Assessment Questions

1. In order to better serve its customers, a retail store will need to have information on the:
   - a. store inventory level.
   - b. past data on customer demand.
   - c. supply lead time.
   - d. store inventory level, customer demand data & supply lead time

2. Which functional role does IT not play in SCM?
   - a. Collaboration and coordination
   - b. Decision support for supply chain planning
   - c. Supply chain restructuring
   - d. Transaction execution
   - e. Performance measurement and reporting

3. IT in supply chain transaction execution is concerned with:
   - a. cooperation and collaboration with suppliers, partners, etc. via the internet.
   - b. measurement of the supply chain performance through data analysis tools.
   - c. enabling managers to process and evaluate SCM-related decisions using different optimization techniques.
   - d. collection, generation, and storage of vast data and tracking of the same through automated means.

4. IT in supply chain decision support is concerned with:
   - a. measurement of the supply chain performance through data analysis tools.
   - b. cooperation and collaboration with suppliers, partners, etc. via the internet.
   - c. collection, generation, and storage of vast data and tracking of the same
through automated means.

d. enabling managers to process and evaluate SCM-related decisions using different optimization techniques.

5. IT in supply chain measurement and reporting is concerned with:

    a. measurement of the supply chain performance through data analysis tools.
    b. cooperation and collaboration with suppliers, partners, etc. via the internet.
    c. enabling managers to process and evaluate SCM-related decisions using different optimization techniques.
    d. collection, generation, and storage of vast data and tracking of the same through automated means.

6. Which of the following cannot be categorized under supply chain transaction execution?

    a. Manufacturing execution system
    b. Warehouse management system
    c. Customer relationship management
    d. Inventory management system
    e. Point of sale tracking system

7. An ERP system falls under:

    a. Supply chain transaction execution
    b. Supply chain decision support
    c. Supply chain performance measurement and reporting
    d. Supply chain collaboration and coordination

8. Which of the following does CPFR fall under?

    a. Supply chain transaction execution
    b. Supply chain collaboration and coordination
    c. Supply chain decision support
    d. Supply chain performance measurement and reporting
9. A supply chain fulfills its customer’s demand by a network of companies, mainly including suppliers, manufactures, and distributors.
   a. True
   b. False

10. DSS in a supply chain helps managers in taking decisions of:
    a. strategic level.
    b. tactical level.
    c. operational level
    d. both strategic, tactical and operational level

11. Supply chain decision support pertaining to specific products produced at specific plants in a specific quantity falls under:
    a. supply chain decision support at strategic level.
    b. supply chain decision support at tactical level.
    c. supply chain decision support at operational level.
    d. either at strategic level or at tactical level

12. Which of the following does not fall under supply chain measurement metrics?
    a. Supply chain planning metrics
    b. ERP metrics
    c. SRM metrics
    d. CRM metrics

13. Dwell time through supply chain’ is categorized under:
    a. transport planning metrics
    b. supply chain planning metrics.
    c. SRM metrics.
    d. ERP metrics.
14. Allowing the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service.
   a. True
   b. False

15. Which of the following is not a dashboard?
   a. Ad hoc query capability
   b. Data warehouse
   c. Process/activity monitoring dashboard
   d. Divisional dashboard

16. When the management decides to implement a new system and totally remove the old one, which of the following approach should be adopted?
   a. Phased approach
   b. Pilot approach
   c. Parallel approach
   d. Big bang or cold turkey approach

17. This relationship between the number of suppliers and the use of IT for transaction processing is in line with the identified drivers.
   a. True
   b. False

18. The CRM (Customer relationship management) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way.
   a. True
   b. False
19. Operational CRM is not the aspect of CRM dealing with the automation of customer-facing, or “front office,” processes.
   a. True
   b. False

20. Collaborative CRM is an approach to customer relationship management (CRM) in which the various departments of a company, such as sales, technical support, and marketing, share any information they collect from interactions with customers.
   a. True
   b. False

**Answers for Self Assessment Questions**
1. (d) 2.(c) 3.(d) 4.(d) 5.(a)
6. (c) 7.(a) 8.(b) 9.(a) 10.(d)
11. (c) 12.(a) 13.(c) 14.(a) 15.(b)
16. (d) 17. (a) 18. (a) 19. (b) 20. (a)
Chapter-10: Coordination in a Supply Chain Management

Self Assessment Questions

1. Coordinating the rate of order fulfillment to match actual consumption is successful from the customer’s point of view, if it results in satisfying a customer’s delivery date and………………
   a. lowers logistics costs
   b. higher logistics costs
   c. logistics costs
   d. None of these

2. A process of planning, executing and controlling the interdependencies of activities carried out by different ……………… members or business units in order to create value for the end customer is known as supply chain management.
   a. TQM
   b. supply chain
   c. supply chain management
   d. None of these

3. Numerous supply chain models are discussed, roughly presented in order Of………………
   a. decreasing complexity
   b. increasing complexity
   c. complexity
   d. None of these

4. The range of decision-making situations extends from detailed repetitive problems that can be solved with pre-established programs to non-programmed situations that concern non-repetitive strategic situations.
   a. True
   b. False

5. Coordination is defined as an explicit understanding about key drivers of coordination modes that affect………………..
6. The bullwhip effect is evident in a supply chain when demand .............................
   a. increases
   b. decreases
   c. Both a and b
   d. None of these

7. The essence of the bullwhip effect is that orders to suppliers tend to have larger variance than..........................
   a. sales to the customer
   b. sales to the buyer
   c. sales to the user
   d. None of these

8. Disorganization between each supply chain link; with ordering larger or smaller amounts of a product than is not needed due to an over or under reaction to the supply chain beforehand.
   a. True
   b. False

9. Continuous Replenishment is a process by which a supplier is notified daily of actual sales or warehouse shipments and commits to replenishing these sales (by size, color, and so on) without stock outs and without receiving replenishment orders.
   a. True
   b. False

10. A customized continuous replenishment implementation enables these decision makers to consolidate information from various sources to develop rationalized plans that optimally balance available
    a. Resources
    b. Constraints
    c. Opportunities
    d. All of these

11. Situations of zero stock observed in the shop or the warehouse.
    a. Out of Stock
b. Stock Variations  
c. Speculative Stock  
d. None of these

12. Vendor Managed Inventory simply means the vendor (the Manufacturer) manages the inventory of the distributor.
   
a. True  
b. False

13. The system must report the same information to both the supplier and the customer so that the process is......................
   
a. low transparent  
b. highly transparent  
c. Both a and b  
d. None of these

14. Forecasting is not a process of predicting or estimating the future based on past and present data.
   
a. True  
b. False

15. ................provides information about the potential future events and their consequences for the organization.
   
a. Forecasting  
b. low transparent  
c. highly transparent  
d. None of these

16. Forecasting is also important when it comes to developing .............or new product lines.
   
a. old product  
b. new products  
c. Both a and b  
d. None of these

17. Stockholder expectations highlight another reason behind the importance of forecasting.
   
a. True
b. False
18. Forecasting provides relevant and reliable information about the past and present events and the likely future events.
   a. True
   b. False

19. Forecasting requires proper judgment and ..........on the part of managers.
   a. job
   b. skills
   c. knowledge
   d. None of these

20. Inventory replenishment is not defined as “relocation of material from a warehouse or bulk storage area to an order pick-up or shipment area.”
   a. True
   b. False

Answers for Self Assessment Questions
1. (a)          2.(b)          3.(b)          4.(a)          5.(a)
6. (c)          7.(b)          8.(b)          9.(a)          10.(d)
11. (a)         12.(a)         13.(b)         14.(b)         15.(a)
16. (b)         17. (a)        18. (a)        19. (b)        20. (b)
Chapter-11: Advance Planning and Scheduling

**Self Assessment Questions**

1. A relative price is
   a. the ratio of one price to another.
   b. the difference between one price and another.
   c. the slope of the supply curve.
   d. the slope of the demand curve

2. The ................. are involved in driving the organization’s logistical chain.
   a. customer
   b. suppliers
   c. customer and suppliers
   d. None of these

3. Logistical planning and sales are merging in order to be able to respond rapidly to.............
   a. market analysis
   b. market requirements
   c. market structure
   d. None of these.

4. The APS tool can be helpful in................., because it has the advantage of being really fast in recalculating the plans whenever necessary.
   a. static environments
   b. dynamic environments
   c. Both a and b
   d. None of these

5. Planner module which pays some attention to capacity constraints produces a “.................” plan.
   a. Planning
   b. Schedulable
   c. Both a and b
   d. None of these

6. The data regarding current and planned operations can also be used to provide realistic estimates of the ability to meet anew customer order request.
   a. True
7. The input to the planning process includes information on manufacturing

a. capacity and demand data.
b. performance and demand data.
c. capacity and not demand data.
d. None of these

8. The output from the planning process is not feasible plan, which provides release and
completion times for every demand.

a. True
b. False

e. False

9. This planning process is order-centric, focusing on the demand for end items and
determining how much demand can be met in a given time period.

a. True
b. False

e. True

10. Individual machines may be aggregated into a work center with no determination of
which will be used by a

a. specific dynamic
b. not specific order
c. specific order
d. None of these

e. None of these

11. The sequential approach decouples the plans from each other and cohesion can only
be preserved by constantly repeating the planning process.

a. True
b. False

e. True

12. The APS framework extends the supply chain by providing methods to collaborate with both

a. customers and supplier
b. supplier and vendors
c. customers and vendors
d. None of these
13. A significant advantage of APS tools over their predecessors in planning technology is the powerful mathematical solvers that allow APS tools to make intelligent decisions.
   a. supply chain planning
   b. TQM
   c. supply chain
   d. None of these

14. Network Optimization modules use the forecast developed by a Demand Planning and a model of supply chain capacities and costs to make supply chain design or other decisions.
   a. short-term decisions
   b. long-term decisions.
   c. long decisions
   d. None of these

15. Supply planning tools develop daily or weekly supply plans that satisfy customer demand based on the supply chain model developed in the network design and a combination of the forecast from demand planning and true customer demand.
   a. True
   b. False

16. Factory scheduling software is used to take plant-level requirements from Supply Planning and develop a detailed schedule for.
   a. Row resources
   b. Pricing resources
   c. manufacturing resources
   d. None of these

17. The potential savings from the use Network Design software is enormous – in some cases the payback period for a Network Design project can be a matter of months.
   a. True
   b. False

18. Network Optimization tools typically model the entire supply chain and include
   a. forecast information
   b. product and facility information
   c. manufacturing
   d. All of these
19. Planning implementation requires organizational and physical coordination across the different entities that manage the..................

   a. supply chain
   b. supply chain management
   c. supply process
   d. None of these

20. Supply Planning is not a quantum leap forward in that the serial planning and capacity checking process of DRP, MPS, and MRP tools is replace by a single solve.

   a. True
   b. False

**Answers for Self Assessment Questions**

1. (a)  2. (c)  3. (b)  4. (b)  5. (b)
6. (a)  7. (a)  8. (b)  9. (a)  10. (c)
11. (a) 12. (c) 13. (a) 14. (b) 15. (a)
16. (c) 17. (a) 18. (d) 19. (a) 20. (b)