

**Management, 10e (Robbins)**  
**Chapter 18 Managing Operations**

1) One of the reasons why operations management is so important to organizations and managers is that it plays a strategic role in an organization's competitive success.

Answer: TRUE

Diff: 2 Page Ref: 427

Topic: The Role of Operations Management

2) In a manufacturing process, an organization creates value by turning inputs such as people, capital and equipment into outputs such as goods or services.

Answer: FALSE

Diff: 1 Page Ref: 427

Topic: The Role of Operations Management

3) The transformation process is as evident in service organizations as it is in manufacturing organizations.

Answer: FALSE

Diff: 2 Page Ref: 427

Topic: The Role of Operations Management

4) The U.S. economy, and to a large extent the global economy, is dominated by the creation and sale of physical goods.

Answer: FALSE

Diff: 2 Page Ref: 427

Topic: The Role of Operations Management

5) For individual organizations, increased productivity gives them a more competitive cost structure and the ability to offer more competitive prices.

Answer: TRUE

Diff: 2 Page Ref: 428

Topic: The Role of Operations Management

6) High productivity can come solely from good people management.

Answer: FALSE

Diff: 2 Page Ref: 428

Topic: The Role of Operations Management

7) Before the late 1970s, U.S. manufacturers were able to make better quality goods less expensively than foreign companies.

Answer: FALSE

Diff: 2 Page Ref: 429

Topic: The Role of Operations Management

8) Value is provided to customers through transforming raw materials and other resources into some product or service that end users need or desire when, where, and how they want it.

Answer: TRUE

Diff: 1 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

9) Value chain management is internally oriented and focuses on efficient flow of incoming materials to organizations.

Answer: FALSE

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

10) Managing an organization from a value chain perspective is easy.

Answer: FALSE

Diff: 1 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

11) The goal of value chain management is to create a value chain strategy that meets and exceeds customers' needs and desires and allows for full and seamless integration among all members of the chain.

Answer: TRUE

Diff: 2 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

12) Better demand forecasting is necessary and possible because of closer ties with customers and suppliers.

Answer: TRUE

Diff: 2 Page Ref: 433

Topic: What Is Value Chain Management, and Why Is It Important

13) Selected functions may need to be done collaboratively with other partners in the value chain.

Answer: TRUE

Diff: 1 Page Ref: 432

Topic: What Is Value Chain Management, and Why Is It Important

14) Old measures are adequate for evaluating performance of various activities along the value chain.

Answer: FALSE

Diff: 2 Page Ref: 433

Topic: Managing Operations by Using Value Chain Management

15) It's important that managers outline expectations for what's involved in the organization's pursuit of value chain management.

Answer: TRUE

Diff: 2 Page Ref: 434

Topic: Managing Operations by Using Value Chain Management

16) The organization's hiring process must be designed to identify those employees who have the ability to learn and adapt.

Answer: TRUE

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

17) When there's too much trust, partners in a value chain will be reluctant to share information, capabilities, and processes.

Answer: FALSE

Diff: 1 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

18) Managers must motivate high levels of effort from employees.

Answer: TRUE

Diff: 1 Page Ref: 436

Topic: Managing Operations by Using Value Chain Management

19) New generations of Internet-compatible equipment contain embedded Web servers that can communicate proactively.

Answer: TRUE

Diff: 3 Page Ref: 437

Topic: Current Issues in Managing Operations

20) Quality improvement initiatives aren't possible without having some way to monitor and evaluate their progress.

Answer: TRUE

Diff: 2 Page Ref: 439

Topic: Managing Operations by Using Value Chain Management

21) \_\_\_\_\_ management oversees the transformation process that converts resources such as labor and raw materials into finished goods and services.

A) Control

B) Operations

C) Systems

D) Planning

Answer: B

Diff: 2 Page Ref: 426

Topic: Managing Operations by Using Value Chain Management

22) Which of the following is an example of an input as described by an organization's operations system?

A) sales

B) innovative products

C) capital

D) accounting reports

Answer: C

Diff: 2 Page Ref: 427

Topic: The Role of Operations Management

23) All organizations produce goods or services through the \_\_\_\_\_ process.

- A) transformation
- B) engineering
- C) manufacturing
- D) operations

Answer: A

Diff: 2 Page Ref: 427`

Topic: The Role of Operations Management

24) It is easy to see the operations management process at work in \_\_\_\_\_.

- A) service organizations
- B) financial organizations
- C) consulting organizations
- D) manufacturing organizations

Answer: D

Diff: 1 Page Ref: 427

Topic: Services and Manufacturing

25) Service organizations produce \_\_\_\_\_ in the form of services.

- A) physical inputs
- B) physical outputs
- C) nonphysical inputs
- D) nonphysical outputs

Answer: D

Diff: 1 Page Ref: 427

Topic: Services and Manufacturing

26) Which of the following is not an example of a service organization?

- A) military forces
- B) a university
- C) a manufacturing plant
- D) a hospital

Answer: C

Diff: 1 Page Ref: 427

Topic: Services and Manufacturing

27) It is estimated that in the United States, nearly \_\_\_\_\_ of all economic activity is services.

- A) 15 percent
- B) 35 percent
- C) 70 percent
- D) 75 percent

Answer: D

Diff: 3 Page Ref: 427

Topic: Retaining Competent, High-Performing Employees

28) For organizations to improve productivity, they should focus on which of the following?

- A) operations variables only
- B) people only
- C) people or operations variables, depending on the industry
- D) people and operations variables

Answer: D

Diff: 2 Page Ref: 428

Topic: Managing Operations by Using Value Chain Management

29) Deming believed which of the following?

- A) High productivity comes from good people management.
- B) Managers are the primary source of increased productivity.
- C) Employees should learn movement efficiency, not statistical methods.
- D) Training is generally wasted time.

Answer: B

Diff: 2 Page Ref: 428

Topic: Managing Operations by Using Value Chain Management

30) Where did the modern era of manufacturing primarily begin?

- A) the coal industry
- B) Detroit automobile factories
- C) southern cotton mills
- D) northeastern textile mills

Answer: B

Diff: 2 Page Ref: 429

Topic: Managing Operations by Using Value Chain Management

31) After World War II, as U.S. executives neglected production, managers in other countries took the opportunity to develop modern, computer-based, and technologically advanced facilities that fully integrated manufacturing operations into \_\_\_\_\_.

- A) strategic planning decisions
- B) productivity decisions
- C) Deming's 14 points
- D) value chain management

Answer: A

Diff: 2 Page Ref: 429

Topic: Managing Operations by Using Value Chain Management

32) By the late 1970s, U.S. executives responded to their manufacturing crisis by \_\_\_\_\_.

- A) focusing on improving finance and marketing
- B) minimizing corporate authority and visibility of manufacturing executives
- C) investing heavily in improving manufacturing technology
- D) incorporating former production requirements into the organization's overall strategic plan

Answer: C

Diff: 2 Page Ref: 429

Topic: Managing Operations by Using Value Chain Management

33) \_\_\_\_\_ is the performance characteristics, features and attributes, and any other aspects of goods and services for which customers are willing to give up resources.

- A) Value
- B) Cost
- C) Convenience
- D) Performance

Answer: A

Diff: 1 Page Ref: 430

Topic: Managing Operations by Using Value Chain Management

34) The \_\_\_\_\_ is the entire series of organizational work activities that add value at each step beginning with the processing of raw materials and ending with finished product in the hands of end users.

- A) supply chain
- B) value chain
- C) ethical chain
- D) financial chain

Answer: B

Diff: 2 Page Ref: 430-431

Topic: What Is Value Chain Management, and Why Is It Important

35) In its entirety, the \_\_\_\_\_ can encompass the supplier's suppliers to the customer's customers.

- A) supply chain
- B) ethical chain
- C) financial chain
- D) value chain

Answer: D

Diff: 2 Page Ref: 430-431

Topic: What Is Value Chain Management, and Why Is It Important

36) \_\_\_\_\_ is the process of managing the entire sequence of integrated activities and information about product flows along the entire value chain.

- A) Supply chain management
- B) Value chain management
- C) Ethical chain management
- D) Financial chain management

Answer: B

Diff: 1 Page Ref: 430-431

Topic: What Is Value Chain Management, and Why Is It Important

37) \_\_\_\_\_ is the process of managing the facilities, functions, and activities involved in producing and delivering a product or service from suppliers to customers.

- A) Supply chain management
- B) Value chain management
- C) Ethical chain management
- D) Financial chain management

Answer: A

Diff: 2 Page Ref: 430-431

Topic: What Is Value Chain Management, and Why Is It Important

38) \_\_\_\_\_ is externally oriented and focuses on both incoming materials and outgoing products and services.

- A) Supply chain management
- B) Value chain management
- C) Ethical chain management
- D) Financial chain management

Answer: B

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

39) All of the following are characteristics of value chain management except \_\_\_\_\_.

- A) it is externally oriented
- B) it focuses on both incoming materials and outgoing products and services
- C) it is efficiency oriented
- D) it is effectiveness oriented

Answer: C

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

40) In value chain management, ultimately the \_\_\_\_\_ are the ones with the power.

- A) suppliers
- B) customers
- C) employees
- D) buyers

Answer: B

Diff: 2 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

41) The better the \_\_\_\_\_ the various chain participants, the better the \_\_\_\_\_.

- A) cooperation among; productivity
- B) collaboration among; customer solutions
- C) attitudes of; customer relations
- D) commitment of; employee relations

Answer: B

Diff: 3 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

42) A \_\_\_\_\_ is a strategic design for how a company plans to profit from its strategies, processes, and activities.

- A) value chain
- B) supply chain
- C) business model
- D) just-in-time inventory model

Answer: C

Diff: 2 Page Ref: 431-432

Topic: What Is Value Chain Management, and Why Is It Important

43) Which of the following is a main requirement for successful value chain management?

- A) coordination
- B) competition
- C) R&D
- D) organizational structure

Answer: A

Diff: 3 Page Ref: 432

Topic: What Is Value Chain Management, and Why Is It Important

44) For the value chain to achieve its goal of exceeding customer needs, \_\_\_\_\_ must be developed.

- A) collaborative relationships
- B) new products and services
- C) technology
- D) standards

Answer: A

Diff: 3 Page Ref: 430-431

Topic: What Is Value Chain Management, and Why Is It Important

45) The payoff from \_\_\_\_\_ is that it can be used to restructure the value chain to better serve end users.

- A) coordination and collaboration
- B) an investment in information technology
- C) an organizational process
- D) leadership

Answer: B

Diff: 2 Page Ref: 432

Topic: Managing Operations by Using Value Chain Management

46) Value chain management radically changes \_\_\_\_\_.

- A) ethical issues
- B) corporate goals and objectives
- C) mission statements
- D) organizational processes

Answer: D

Diff: 2 Page Ref: 432-433

Topic: Managing Operations by Using Value Chain Management



47) The ways in which organizational work is done are described as \_\_\_\_\_.

- A) organizational processes
- B) goals and objectives
- C) policies and procedures
- D) corporate visions

Answer: A

Diff: 2 Page Ref: 432-433

Topic: Managing Operations by Using Value Chain Management

48) Which of the following is a question that should be asked for each and every organizational process?

- A) "Where can external knowledge be leveraged to improve the flow of material and information?"
- B) "How can we better configure our product to satisfy manufacturers?"
- C) "How can the cash flow be improved?"
- D) "How can we improve customer service?"

Answer: D

Diff: 3 Page Ref: 432-433

Topic: Managing Operations by Using Value Chain Management

49) Wal-Mart and Pfizer collaborated on improving \_\_\_\_\_.

- A) inventory management
- B) joint marketing programs
- C) joint product development
- D) product demand forecast information

Answer: D

Diff: 3 Page Ref: 433

Topic: Managing Operations by Using Value Chain Management

50) Ideally, when managers outline expectations for what's involved in the organization's pursuit of value chain management, they should start with \_\_\_\_\_.

- A) a vision or mission statement
- B) a plan
- C) a goal
- D) the requirements

Answer: A

Diff: 2 Page Ref: 434

Topic: Managing Operations by Using Value Chain Management

51) The main human resource requirements for value chain management include \_\_\_\_\_.

- A) flexible approaches to job design
- B) an effective firing process
- C) one-time training
- D) diversity

Answer: A

Diff: 3 Page Ref: 434

Topic: Managing Operations by Using Value Chain Management

52) \_\_\_\_\_ is the key description of job design in a value chain organization.

- A) Structure
- B) Strategy
- C) Flexibility
- D) Innovation

Answer: C

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

53) Which of the following is a cultural attitude that supports the successful implementation of value chain management?

- A) competition
- B) collaborating
- C) benchmarking
- D) business intelligence

Answer: B

Diff: 1 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

54) According to a survey of manufacturers who have embarked on value chain management initiatives, \_\_\_\_\_ was a benefit that companies reported.

- A) increased sales
- B) cost savings
- C) increased market share
- D) improved logistics

Answer: D

Diff: 2 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

55) Which of the following is an obstacle in managing the value chain?

- A) individual barriers
- B) managerial attitudes
- C) required capabilities
- D) systems

Answer: C

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

56) Which of the following obstacles to value chain management is among the most difficult for managers to handle?

- A) organizational barriers
- B) cultural attitudes
- C) required capabilities
- D) people

Answer: A

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

57) Organizational barriers that are difficult for managers to handle include \_\_\_\_\_.

- A) refusal to share information
- B) incompetent employees
- C) reluctance to conform to the status quo
- D) privacy issues

Answer: A

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

58) Since value chain management relies heavily on substantial information technology infrastructure, \_\_\_\_\_ should always be addressed.

- A) standardized information exchange protocols
- B) software compatibility
- C) system security
- D) personal identity theft

Answer: C

Diff: 3 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

59) Unsupportive cultural attitudes—especially trust and \_\_\_\_\_—can be obstacles to value chain management.

- A) commitment
- B) respect
- C) communication
- D) control

Answer: D

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

60) \_\_\_\_\_ can cause a problem because your organization's valuable assets can be compromised.

- A) Too much control
- B) Too little control
- C) Too much trust
- D) Too little trust

Answer: C

Diff: 2 Page Ref: 435-436

Topic: Managing Operations by Using Value Chain Management

61) Proprietary company information that's critical to a company's efficient and effective functioning and competitiveness is called \_\_\_\_\_.

- A) real property
- B) intellectual property
- C) tangible property
- D) management property

Answer: B

Diff: 2 Page Ref: 435-436

Topic: Managing Operations by Using Value Chain Management

62) \_\_\_\_\_ is allowing organizations to control costs particularly in the areas of predictive maintenance, remote diagnostics, and utility cost savings.

- A) Continuous quality
- B) Just-in-time inventory practice
- C) Quality control
- D) Technology

Answer: D

Diff: 2 Page Ref: 437

Topic: Current Issues in Managing Operations

63) The \_\_\_\_\_ is the entire series of organizational work activities that add value at each step beginning with the processing of raw materials and ending with finished product in the hands of end users.

- A) supply chain
- B) value chain
- C) ethical chain
- D) financial chain

Answer: B

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

64) In its entirety, the \_\_\_\_\_ can encompass the supplier's suppliers to the customer's customers.

- A) supply chain
- B) ethical chain
- C) financial chain
- D) value chain

Answer: D

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

65) \_\_\_\_\_ is the process of managing the entire sequence of integrated activities and information about product flows along the entire value chain.

- A) Supply chain management
- B) Value chain management
- C) Ethical chain management
- D) Financial chain management

Answer: B

Diff: 1 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

66) \_\_\_\_\_ is the process of managing the facilities, functions, and activities involved in producing and delivering a product or service from suppliers to customers.

- A) Supply chain management
- B) Value chain management
- C) Ethical chain management
- D) Financial chain management

Answer: A

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

67) \_\_\_\_\_ is externally oriented and focuses on both incoming materials and outgoing products and services.

- A) Supply chain management
- B) Value chain management
- C) Ethical chain management
- D) Financial chain management

Answer: B

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

### A Lesson in Operations Management (Scenario)

Celeste had been asked to attend training in operations management. Her background and training had previously been in accounting, but with the reorganization looming, it was either learn a new skill or be downsized. She was actually looking forward to the training. She felt her background with numbers should prove valuable in operations management, but she admitted that she knew little about the field. Until now, she had been in a support staff function and had little feel for how the organization's product went from raw materials to finished product. Celeste's first class would be tonight at Central University, and she was excited about the opportunity.

68) On the first night of class, Celeste learned that the central focus of operations management was \_\_\_\_\_.

- A) people
- B) capital
- C) the transformation process
- D) goods

Answer: C

Diff: 2 Page Ref: 426

Topic: The Role of Operations Management

69) Celeste realized that inputs include which of the following?

- A) motivated employees
- B) capital
- C) accounting reports
- D) sales

Answer: B

Diff: 1 Page Ref: 426

Topic: The Role of Operations Management

70) Celeste had to keep straight what factors were considered inputs versus those considered outputs. Outputs included which of the following?

- A) materials
- B) information
- C) technology
- D) goods

Answer: D

Diff: 3 Page Ref: 426-427

Topic: The Role of Operations Management

71) Celeste must remember that productivity is a composite of \_\_\_\_\_ variables.

- A) people and operations
- B) task and relationship
- C) structural and procedural
- D) unpredictable

Answer: A

Diff: 2 Page Ref: 428

Topic: The Role of Operations Management

### Solutions (Scenario)

Randy is the new strategic manager for Solutions Tech, Inc., a management consulting firm dedicated to assisting small businesses in the pursuit of success. He is currently in a meeting with Rob, who is the owner of a successful small business that creates computer displays for *Fortune* 500 companies. Randy is reviewing the business strategy at Rob's business and has some recommendations.

72) Before making any recommendations, Randy informed Rob that a \_\_\_\_\_ is the entire series of organizational work activities that add value at each step, beginning with the processing of raw materials and ending with finished product in the hands of end users.

- A) supply chain
- B) value chain
- C) ethical chain
- D) financial chain

Answer: B

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

73) Noticing that Rob seemed a bit confused, Randy informed Rob that \_\_\_\_\_ is the process of managing the entire sequence of integrated activities and information about product flows along the entire value chain.

- A) supply chain management
- B) value chain management
- C) ethical chain management
- D) financial chain management

Answer: B

Diff: 2 Page Ref: 430

Topic: What Is Value Chain Management, and Why Is It Important

74) Randy told Rob that the value chain management approach radically changes organizational processes. Rob asked Randy if he could elaborate on this point a bit more. Randy said, "When managers decide to manage operations using value chain management, old processes are no longer appropriate. Managers must critically evaluate all organizational processes to determine \_\_\_\_\_."

- A) the organization's core competencies
- B) where value is being added
- C) where there are gaps in the value chain
- D) the needed critical skills

Answer: B

Diff: 3 Page Ref: 432

Topic: Managing Operations by Using Value Chain Management

75) Rob seemed to understand the theory behind value chain management, but was curious about the requirements for a successful value chain. Randy informed Rob that the main requirements for successful value chain management include all of the following except \_\_\_\_\_.

- A) collaboration
- B) leadership
- C) employees
- D) competition

Answer: D

Diff: 2 Page Ref: 432

Topic: Managing Operations by Using Value Chain Management

76) Rob asked Randy about the role of human resources in the value chain management process. Randy replied, "Employees are the most important resource of any organization, so not surprisingly, employees play a vital role in value chain management. The three main human resource requirements for value chain management are flexible job design, an effective hiring process, and \_\_\_\_\_."

- A) an effective firing process
- B) goal compatible compensation plans
- C) a commitment to management by objectives (MBO)
- D) ongoing training

Answer: D

Diff: 3 Page Ref: 434

Topic: Managing Operations by Using Value Chain Management

77) Randy told Rob that flexibility in job design means that jobs should be redesigned around work processes that \_\_\_\_\_.

- A) help organizations learn more about their customers
- B) link functions charged with creating value to customers
- C) solidify the commitment of members to the goals of their respective work unit
- D) reveal customers' flexibility

Answer: B

Diff: 3 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

78) Randy told Rob that an effective hiring process is important to value chain management because \_\_\_\_\_.

- A) value chain management requires highly experienced and knowledgeable employees
- B) flexible job designs require flexible people to fill them
- C) value chain management requires a diverse group of highly specialized employees
- D) employees need to have the knowledge and tools they need to do their jobs efficiently

Answer: B

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

79) Randy told Rob, "Organizational culture is also a very important component of value chain management. Those cultural attitudes include sharing, openness, respect, and trust, and these attitudes must encompass not only employees, but \_\_\_\_\_ as well."

- A) extend to management
- B) extend to customers
- C) extend to external partners
- D) their families

Answer: C

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management

80) Randy wanted to convince Rob that the value chain was very important and practical. Randy briefly reviewed the results of a survey of manufacturers that had embarked on value chain management. Sharing the results of the survey with Rob, Randy indicated that \_\_\_\_\_ was a benefit that companies reported on this survey.

- A) increased sales
- B) cost savings
- C) increased market share
- D) enhanced customer order management

Answer: D

Diff: 3 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

81) Rob asked Randy about the barriers commonly faced by organizations looking to implement value chain management. Randy replied that organizational barriers are among the most difficult for managers to reconcile. An example of such a barrier might include \_\_\_\_\_.

- A) reluctance to share information
- B) mutual trust
- C) the belief that when an organization collaborates, it no longer controls its own destiny
- D) employees' refusal to be flexible

Answer: A

Diff: 2 Page Ref: 435

Topic: Managing Operations by Using Value Chain Management



## Application of Operations Management (Scenario)

Leeann has been hired as an intern at BNR, a small custom embroidery and design business. She is amazed at the many uses her manager has found for technology. She is able to draft customer designs using software, and her manager has even told her about machines that can move and see like human beings. The embroidery machines are so sophisticated that in order to change from one product to another, Leeann only has to change the computer program. BNR sells many of its products over the Internet, so there is no intermediary.

82) BNR transforms its embroidery inputs into outputs using its human resources and \_\_\_\_\_.

- A) a just-in-time (JIT) system
- B) technology
- C) robotics
- D) quality control

Answer: B

Diff: 1 Page Ref: 437

Topic: Current Issues in Managing Operations

83) BNR uses a system of \_\_\_\_\_, the machines that can move and see like human beings and are able to perform complex operations.

- A) e-manufacturing
- B) technology investment
- C) robotics
- D) kanban

Answer: C

Diff: 2 Page Ref: 437

Topic: Current Issues in Managing Operations

84) BNR has used new Internet technology to ensure that what is produced meets its pre-established standards. BNR is concerned about \_\_\_\_\_.

- A) quality control
- B) just-in-time (JIT) inventory
- C) value chain management
- D) technology

Answer: A

Diff: 3 Page Ref: 437- 439

Topic: Current Issues in Managing Operations

85) In a short essay, define operations management and briefly discuss the importance of this management process.

Answer: The term operations management refers to the design, operation, and control of the transformation process that converts such resources as labor and raw materials into goods and services that are sold to customers. The system takes in inputs—people, technology, capital, equipment, materials, and information—and transforms them through various processes, procedures, and work activities into finished goods and services. Marketing, finance, research and development, human resources, and accounting convert inputs into outputs such as sales, increased market share, high rates of return on capital, new and innovative products, motivated and committed employees, and accounting reports. Operations management is important because it encompasses both services and manufacturing, it's important in effectively and efficiently managing productivity, and it plays a strategic role in an organization's competitive success.

Diff: 1 Page Ref: 426-427

Topic: The Role of Operations Management

86) In a short essay, describe the goal of value chain management.

Answer: The goal of value chain management is to create a value chain strategy that meets and exceeds customers' needs and desires and allows for full and seamless integration among all members of the chain. A good value chain is one in which a sequence of participants work together as a team, each adding some component of value—such as faster assembly, more accurate information, better customer response and service, and so forth—to the overall process. The better the collaboration among the various chain participants, the better the customer solutions. When value is created for customers and their needs and desires are satisfied, everyone along the chain benefits. For example, at Iomega Corporation, a manufacturer of personal computer storage devices such as zip drives, managing the value chain started first with improved relationships with internal suppliers, and then expanded out to external suppliers and customers. As the company's experience with value chain management intensified and improved, so did its connection to customers, which ultimately pays off for all its value chain partners.

Diff: 1 Page Ref: 431

Topic: What Is Value Chain Management, and Why Is It Important

87) In a short essay, describe the coordination and collaboration that is necessary for successful value chain management. What are some ways to improve collaboration within an organization?

Answer: For the value chain to achieve its goal of meeting and exceeding customers' needs and desires, comprehensive and seamless integration among all members of the chain is absolutely necessary. All partners in the value chain must identify things that they may not value but that customers do. Sharing information and being flexible as far as who in the value chain does what are important steps in building coordination and collaboration. This sharing of information and analysis requires open communication among the various value chain partners, within and without the organization. Collaboration and coordination can be improved when partners look for common points of interest, listen actively, accept diversity, seek additional information, and avoid becoming defensive.

Diff: 2 Page Ref: 432

Topic: Managing Operations by Using Value Chain Management

88) In a short essay, identify and discuss the leadership requirements for successful value chain management.

Answer: Successful value chain management isn't possible without strong and committed leadership. At all levels, managers must support, facilitate, and promote the implementation and ongoing practice of value chain management. Managers must make a serious commitment to identifying what value is, how that value can best be provided, and how successful those efforts have been. Leaders should outline expectations for what's involved in the organization's pursuit of value chain management. Ideally, this should start with a vision or mission statement that expresses the organization's commitment to identifying, capturing, and providing the highest possible value to customers. Throughout the organization, managers should clarify expectations regarding each employee's role in the value chain. Being clear about expectations also extends to partners.

Diff: 2 Page Ref: 433-434

Topic: Managing Operations by Using Value Chain Management

89) In a short essay, identify and explain the three main human resource requirements for value chain management.

Answer: The three main human resource requirements for value chain management are flexible approaches to job design, an effective hiring process, and ongoing training. Flexibility is the key to job design in a value chain management organization. Traditional functional job roles—such as marketing, sales, accounts payable, customer service, and so forth—are inadequate in a value chain management environment. Instead, jobs must be designed around work processes that create and provide value to customers. But it takes more than flexible jobs; flexible employees are needed as well. In a value chain organization, employees may be assigned to work teams that tackle a given process and may be asked to do different things on different days depending on need. In such an environment where customer value is best delivered through collaborative relationships that may change as customer needs change and where there are no standardized processes or job descriptions, an employee's ability to be flexible is critical. Therefore, the organization's hiring process must be designed to identify those employees who have the ability to learn and adapt. Finally, the need for flexibility also requires that there be a significant investment in continual and ongoing employee training. Whether training involves learning how to use information technology software, how to improve the flow of materials throughout the chain, how to identify activities that add value, how to make better decisions faster, or how to improve any other number of potential work activities, managers must see to it that employees have the knowledge and tools they need to do their jobs efficiently and effectively.

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Topic: Managing Operations by Using Value Chain Management

90) In a short essay, list and discuss four obstacles that managers must deal with in managing the value chain.

Answer:

a. Organizational barriers—these are among the most difficult obstacles that managers handle. These barriers include refusal or reluctance to share information, reluctance to shake up the status quo, and security issues. Without shared information, close coordination and collaboration are impossible. And, the reluctance or refusal of employees to shake up the status quo can impede efforts toward value chain management and prevent its successful implementation. Finally, because value chain management relies heavily on a substantial information technology infrastructure, system security and Internet security breaches are issues that need to be addressed.

b. Cultural attitudes—unsupportive cultural attitudes also can be obstacles to value chain management. The trust issue is a critical one, both lack of trust and too much trust. To be effective, partners in a value chain must trust each other. There must be a mutual respect for, and honesty about, each partner's activities all along the chain. When that trust doesn't exist, the partners will be reluctant to share information, capabilities, and processes. But, too much trust also can be a problem. A study by the American Society for Industrial Security found that those cultivating a trusting relationship with a company pose the most serious threat for intellectual property loss.

c. Required capabilities—there are a number of capabilities that value chain partners must have. Several of these, including extreme coordination and collaboration, the ability to configure products to satisfy customers and suppliers, and the ability to educate internal and external partners, aren't easy to develop. But they're essential to capturing and exploiting the value chain.

d. People—the final obstacles to successful value chain management can be an organization's members. Without their unwavering commitment and willingness to do whatever it takes, value chain management isn't going to be successful. If employees refuse or are reluctant to be flexible, it's going to be difficult to make the necessary changes to meet changing situational demands. In addition, value chain management takes an incredible amount of time and energy by an organization's employees. Managers must motivate those high levels of effort from employees.

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Topic: Managing Operations by Using Value Chain Management

91) In a short essay, discuss technology's role in manufacturing.

Answer: Although an organization's production activities are being driven by the recognition that the customer is king, managers still need to be more responsive. For instance, operations managers need systems that can reveal available capacity, status of orders, and product quality while products are in the process of being manufactured, not just after the fact. To connect more closely with customers, production must be synchronized across the enterprise. To avoid bottlenecks and slowdowns, the production function must be a full partner in the entire business system. What's making this type of extensive collaboration possible is technology. Technology is also allowing organizations to control costs, particularly in the areas of predictive maintenance, remote diagnostics, and utility cost savings. For instance, how is technology affecting the equipment maintenance function—an important operations management activity? New generations of Internet-compatible equipment contain embedded Web servers that can communicate proactively—that is, if a piece of equipment breaks or reaches certain preset parameters indicating that it's about to break, it can ask for help. But technology can do more than sound an alarm or light up an indicator button. For instance, some devices have the ability to initiate e-mail or signal a pager at a supplier, the maintenance department, or contractor describing the specific problem and requesting parts and service. How much is such e-enabled maintenance control worth? It can be worth quite a lot if it prevents equipment breakdowns and subsequent production downtime.

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Topic: Current Issues in Managing Operations

92) In a short essay, explain continuous improvement and quality control.

Answer: Continuous improvement is a comprehensive, customer-focused program aimed at continuously improving the quality of the organization's processes, products, and services. Quality improvement initiatives, however, aren't possible without having some way to monitor and evaluate progress. Controlling for quality is important, and it's the responsibility of every member of the organization. Whereas continuous improvement programs emphasize actions to prevent mistakes, quality control emphasizes identifying mistakes that may have already occurred. Quality control refers to monitoring quality—weight, strength, consistency, color, taste, reliability, finish, or any one of many characteristics—to ensure that it meets some pre-established standard. Quality control will probably be needed at one or more points in the process, beginning with the receipt of inputs. It will continue with work in process and all steps up to the final product. Assessments at intermediate stages of the transformation process typically are part of quality control. Early detection of a defective part or process can save the cost of further work on the item.

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Topic: Current Issues in Managing Operations