

True/False Questions

1) The value chain emphasizes the close relationship between all the functional strategies within a company.

Answer: TRUE

Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

2) A company's product development strategy defines the set of customer needs that it seeks to satisfy through its products and services.

Answer: FALSE

Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

3) Supply chain strategy specifies what the operations, distribution, and service functions, whether performed in-house or outsourced, should do particularly well.

Answer: TRUE

Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

4) A company's supply chain strategy determines the nature of procurement and transportation of materials as well as the manufacture and distribution of the product.

Answer: TRUE

Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

5) To retain strategic fit, supply chain strategy must be adjusted over the life cycle of a product and as the competitive landscape changes.

Answer: TRUE

Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

6) The intercompany scope of strategic fit is no longer relevant today because the competitive playing field has shifted from company versus company to supply chain versus supply chain.

Answer: FALSE

Objective: LO 2.2: Describe how a company achieves strategic fit between its supply chain strategy and its competitive strategy.

7) Operating with low levels of inventory helps a supply chain facing uncertainty because there is that much less product to flush out of the system before filling today's order.

Answer: FALSE

Objective: LO 2.3: Identify the main levers to deal with uncertainty in a supply chain.

8) The interoperation scope has each stage of the supply chain devising its strategy independently.

Answer: FALSE

Objective: LO 2.4: Discuss the importance of expanding the scope of strategic fit across the supply chain.

9) An example of intrafunctional scope is that outsourcing a key component is reasonable if the savings in staying current in technology results in improved performance in other areas of R&D that permit improved overall performance.

Answer: TRUE

Objective: LO 2.4: Discuss the importance of expanding the scope of strategic fit across the supply chain.

10) If all functional strategies are deliberately aligned with each other and with the overall competitive strategy, then the company profit will be maximized.

Answer: TRUE

Diff: 3

Topic: 2.4: Expanding Strategic Scope

AACSB: Application of knowledge

Objective: LO 2.4: Discuss the importance of expanding the scope of strategic fit across the supply chain.

11) Monolithic Lumber has purchased timber from Bunyan Axe, the same wholly-owned subsidiary, for the last two centuries and plans to do so for another two centuries. It is crucial that Monolithic continue to demonstrate an agile company scope.

Answer: FALSE

Objective: LO 2.4: Discuss the importance of expanding the scope of strategic fit across the supply chain.

Multiple Choice Questions

1) A company's competitive strategy

A) defines the set of customer needs that it seeks to satisfy through its products and services.

B) specifies the portfolio of new products that it will try to develop.

C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.

D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.

Answer: A

2) Which element in the value chain is responsible for transforming inputs into outputs?

A) Operations

B) Marketing

C) Distribution

D) All elements of the value chain do this.

Answer: A

3) Which of these services facilitates the function of the value chain but is not considered a core element of the supply chain?

A) Marketing

B) Information Technology

C) Distribution

D) Service

Answer: B

4) A company's marketing and sales strategy

A) defines the set of customer needs that it seeks to satisfy through its products and services.

B) specifies the portfolio of new products that it will try to develop.

C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.

D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.

Answer: C

5) A company's supply chain strategy

A) defines the set of customer needs that it seeks to satisfy through its products and services.

B) specifies the portfolio of new products that it will try to develop.

C) specifies how the market will be segmented and how the product will be positioned, priced, and promoted.

D) determines the nature of procurement and transportation of materials as well as manufacture and distribution of the product.

Answer: D

6) The value chain consists of direct and indirect activities. Which of the following is an indirect activity for an enterprise?

A) Marketing

B) Distribution

C) Human Resources

D) Service

Answer: C

7) A _____ strategy specifies the portfolio of new products that a company will try to develop.

- A) Product Development
- B) Marketing and Sales
- C) Supply Chain
- D) Finance

Answer: A

Diff: 2

Topic: 2.1: Competitive and Supply Chain Strategies

AACSB: Application of knowledge

Objective: LO 2.1: Explain why achieving strategic fit is critical to a company's overall success.

8) A _____ strategy specifies how the market will be segmented and how the product will be positioned, priced, and promoted.

- A) Product Development
- B) Marketing and Sales
- C) Supply Chain
- D) Finance

Answer: B

9) A supply chain strategy involves decisions regarding all of the following except

- A) inventory.
- B) transportation.
- C) new product development.
- D) operating facilities.

Answer: C

10) The uncertainty that exists due to the portion of demand that the supply chain is required to meet is the

- A) rate of strategic uncertainty.
- B) demand uncertainty.
- C) implied demand uncertainty.
- D) average forecast error.

Answer: C

11) The first step in achieving strategic fit between competitive and supply chain strategies is to

- A) understand the supply chain and map it on the responsiveness spectrum.
- B) understand customers and supply chain uncertainty.
- C) match supply chain responsiveness with the implied uncertainty of demand.
- D) ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness.

Answer: B

12) The second step in achieving strategic fit between competitive and supply chain strategies is to

- A) understand the supply chain and map it on the responsiveness spectrum.
- B) understand customers and supply chain uncertainty.
- C) match supply chain responsiveness with the implied uncertainty of demand.
- D) ensure that all functional strategies within the supply chain support the supply chain's level of responsiveness.

Answer: A

13) The final step in achieving strategic fit between competitive and supply chain strategies is to

- A) understand the supply chain and map it on the responsiveness spectrum.
- B) understand customers and supply chain uncertainty.
- C) match supply chain responsiveness with the implied uncertainty of demand.
- D) combine customer and supply chain uncertainty and map it on the implied uncertainty spectrum.

Answer: C

15) Supply chain responsiveness includes the ability to do which of the following?

- A) Report financial results with a high degree of accuracy
- B) Meet a very high service level
- C) Ship product in larger quantities than your competitors
- D) Substitute similar products to fill orders when the desired products are unavailable

Answer: B

16) Supply chain responsiveness includes the ability to do which of the following?

- A) Ship product in larger quantities than your competitors
- B) Substitute similar products to fill orders when the desired products are unavailable
- C) Meet short lead times
- D) Ensure that due dates are met regardless of accuracy of the fulfillment process

Answer: C

17) Between 1993 and 2006, Dell's competitive strategy was to provide a large variety of customizable products at a reasonable price. Given the focus on customization, Dell's supply chain was designed to

- A) be responsive.
- B) provide a different product.
- C) operate on a low-cost basis.
- D) provide sustainable products.

Answer: A

18) Efficient supply chains

- A) respond quickly to demand.
- B) have higher margins because price is not a prime customer driver.
- C) maintain buffer inventory to deal with demand/supply uncertainty.
- D) maximize performance at a minimum cost.

Answer: D

19) A mechanic invests in a basic set of sockets and open ended wrenches and waits patiently under a shade tree for the next car to pull up. Under the watchful eye of his dog Spike, the

mechanic can service any make or model car. They never know what type of car and what problem they will face each day, but are prepared for this uncertainty thanks to

- A) excess capacity.
- B) flexible capacity.
- C) information.
- D) Spike.

Answer: B

20) Ron Popiel is so convinced that his next product, the Thong-O-Matic, will be a big hit, that he has contracted with the three largest outsource call centers in Bangalore India before his first infomercial airs. "Operators truly will be standing by," Ron confides in his twin Don, "as I extoll the virtues of this device that can help a person get dressed in the morning."

Forecasts for demand are all over the place, which is why Ron has elected to pull the

- A) excess capacity lever.
- B) flexible capacity lever.
- C) information lever.
- D) patient customer lever.

Answer: A

21) With the _____ view, firms attempt to align all operations within a function. In this view, all supply chain functions including sourcing, manufacturing, warehousing, and transportation must align their strategy to minimize total functional cost.

- A) intrafunctional scope
- B) intraoperation scope
- C) interfunctional scope
- D) intercompany scope

Answer: A

22) The authors cite IKEA as achieving an intercompany scope of strategic fit which serves to

- A) minimize IKEA's costs.
- B) align the strategic fit with the consumer surplus.
- C) minimize the costs of all supply chain elements.
- D) increase the supply chain surplus.

Answer: D

23) Company A and Company B of the same supply chain rely on market responsiveness to attract customers. Each company has access to the other company's designs, production schedules, and goals, and if Company A needs product overnight, Company B gladly ships it, knowing that in the long run it works to the benefit of both. Such an arrangement is an example of

- A) intrafunctional scope.
- B) intraoperation scope.
- C) interfunctional scope.
- D) intercompany scope.

Answer: D