

Enterprise Systems for Management, 2e (Motiwalla/Thompson)
Chapter 11 Supply Chain Management

1) A complete SCM solution includes customers, service providers and partners.

Answer: TRUE

Diff: 2 Page Ref: 304

2) SCM focuses on a few key parties and processes.

Answer: FALSE

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3) SCM stands for Supply Change Management.

Answer: FALSE

Diff: 1 Page Ref: 305

4) SCM integrates supply and demand management within and across companies.

Answer: TRUE

Diff: 1 Page Ref: 305

5) SCM is an outgrowth of Porter's concept of the "value chain."

Answer: TRUE

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6) Supply chain processes can be divided into primary and tertiary activities.

Answer: FALSE

Diff: 2 Page Ref: 305

7) A company's supply chain strategy and its competitive strategy must be aligned in order for the company to be successful.

Answer: TRUE

Diff: 2 Page Ref: 305

8) The supply chain has minimal impact on the firm's value chain.

Answer: FALSE

Diff: 2 Page Ref: 305

9) As companies work to focus on core competencies and become more flexible, they have reduced their ownership of raw material sources and distribution channels.

Answer: TRUE

Diff: 3 Page Ref: 306

10) Traditionally different departments such as marketing, purchasing, and manufacturing all shared the same objectives and worked together.

Answer: FALSE

Diff: 2 Page Ref: 306

- 11) There is basically only one general type of supply chain.
Answer: FALSE
Diff: 2 Page Ref: 306
- 12) The inventory system is one of the key drivers of supply chain performance.
Answer: TRUE
Diff: 2 Page Ref: 309
- 13) The two main types of facilities are functional sites and storage sites.
Answer: FALSE
Diff: 2 Page Ref: 309
- 14) In general, increasing the number of facilities increases the total transportation cost.
Answer: TRUE
Diff: 3 Page Ref: 309
- 15) Maintaining a large inventory generally increases the likelihood of a stock out for that product.
Answer: FALSE
Diff: 2 Page Ref: 40309
- 16) The service industry has no finished goods inventory.
Answer: TRUE
Diff: 1 Page Ref: 309
- 17) The type of transportation used by a company will help to determine the location of facilities in the supply chain.
Answer: TRUE
Diff: 2 Page Ref: 309
- 18) Information is not a major driver of supply chain effectiveness because it does not have a physical presence.
Answer: FALSE
Diff: 2 Page Ref: 309
- 19) Supply chains exist in both service and manufacturing organizations.
Answer: TRUE
Diff: 2 Page Ref: 310
- 20) Labor utilization is one of the three types of flows in a typical supply chain.
Answer: FALSE
Diff: 3 Page Ref: 310
- 21) Many companies are now using the Internet as part of their SCM solution.
Answer: TRUE
Diff: 1 Page Ref: 310

22) In SCM software, planning applications are used to track the physical status of goods.

Answer: FALSE

Diff: 2 Page Ref: 310

23) Procurement is the B2C purchase and sale of supplies and services.

Answer: FALSE

Diff: 2 Page Ref: 311

24) Warehousing and inventory control functions are being increasingly outsourced to logistics partners.

Answer: TRUE

Diff: 3 Page Ref: 311

25) The order fulfillment process produces and supplies products to the distribution channels based on past forecasts or POS data.

Answer: FALSE

Diff: 3 Page Ref: 312

26) In the retail industry, product returns are a big issue and must be included in the management of the supply chain.

Answer: TRUE

Diff: 2 Page Ref: 312

27) Failure to consolidate the forecasting information along the supply chain will result in the Marketing Effect for an organization.

Answer: FALSE

Diff: 3 Page Ref: 312

28) More brick-and-mortar manufacturers are adding e-commerce capabilities, and are facing new challenges such as the individual delivery of products.

Answer: TRUE

Diff: 3 Page Ref: 319

29) CRM uses e-business concepts and Web technologies to manage inventory and information beyond the organization, upstream and downstream.

Answer: FALSE

Diff: 2 Page Ref: 319

30) e-SCM unites all the steps in the business cycle, from initial product design until a finished product is delivered to the customer.

Answer: TRUE

Diff: 2 Page Ref: 319

31) Software that supports collaboration among groups of people over networks is called VPNs.

Answer: FALSE

Diff: 2 Page Ref: 312

32) The PMO system can send sales and inventory data directly from the retail store to the warehouse.

Answer: FALSE

Diff: 3 Page Ref: 312

33) e-SCM is the use of Web-based technology to support the key procurement processes.

Answer: FALSE

Diff: 1 Page Ref: 312

34) Ariba is a company that offers procurement solutions.

Answer: TRUE

Diff: 2 Page Ref: 314

35) Supply webs, also known as exchanges, are virtual locations where buyers and sellers can meet.

Answer: TRUE

Diff: 3 Page Ref: 315

36) In an auction, a company post requests for bids on supplying specific quantities of a particular product.

Answer: FALSE

Diff: 3 Page Ref: 315

37) In today's world, most companies in-source the handling of e-logistics.

Answer: FALSE

Diff: 3 Page Ref: 315

38) Because there is considerable overlap between SCM and e-SCM systems, there has been a recent surge in integrated solutions available on the market.

Answer: FALSE

Diff: 3 Page Ref: 316

39) Until the late 1990's the focus of organizations was on improving their external efficiency.

Answer: FALSE

Diff: 2 Page Ref: 316

40) As opposed to ERP systems, SCMs are oriented to supporting _____ business processes.

A) core

B) transactional

C) inter-organizational

D) adaptive

Answer: C

Diff: 3 Page Ref: 316

41) As SCMs matured, they were found to have significant overlap with _____ systems.

- A) CRM
- B) ERP
- C) data warehouse
- D) RFID

Answer: B

Diff: 2 Page Ref: 316

42) ERP applications help make SCMs more effective by making _____ easier and by providing real-time information.

- A) decision-making
- B) system design
- C) security planning
- D) data sharing

Answer: D

Diff: 2 Page Ref: 316

43) Because ERP systems provide _____ information, decisions such as ordering raw materials can be based on actual inventory data.

- A) real-time
- B) processed
- C) supplier
- D) reverse auction

Answer: A

Diff: 2 Page Ref: 316

44) ERP systems are being _____ to take advantage of the Internet revolution.

- A) expanded
- B) web-enabled
- C) reengineered
- D) reverse engineered

Answer: B

Diff: 1 Page Ref: 316

45) ERP vendors are adding more _____ functionality to their products and this is helping to blur the line between them.

- A) data mining
- B) system security
- C) SCM
- D) SFA

Answer: D

Diff: 2 Page Ref: 317

46) The joint design of products is an element associated with the _____ dimension of supply chain integration.

- A) synchronized planning
- B) information integration
- C) workflow coordination
- D) new business model

Answer: A

Diff: 3 Page Ref: 318

47) The coordination of production planning and operations is an element associated with the _____ dimension of supply chain integration.

- A) synchronized planning
- B) information integration
- C) workflow coordination
- D) new business model

Answer: C

Diff: 3 Page Ref: 318

48) The direct sharing of real-time information is an element associated with the _____ dimension of supply chain integration.

- A) synchronized planning
- B) information integration
- C) workflow coordination
- D) new business model

Answer: D

Diff: 2 Page Ref: 318

49) Logistics restructuring is an element associated with the _____ dimension of supply chain integration.

- A) synchronized planning
- B) information integration
- C) workflow coordination
- D) new business model

Answer: D

Diff: 3 Page Ref: 318

50) Planning _____ refers to the joint design and execution of plans for product introduction, forecasting, and replenishment.

- A) design
- B) synchronization
- C) approval
- D) collaboration

Answer: B

Diff: 2 Page Ref: 318

51) Smoothing out and automating the procurement activities between a manufacturer and a supplier is an example of:

- A) BPR.
- B) data mining analysis.
- C) information collaboration.
- D) workflow coordination.

Answer: D

Diff: 3 Page Ref: 319

52) Allowing a vendor to check on your company's product inventory and then automatically generating a purchase order is an example of a(n) _____ activity in the procurement process.

- A) data mining
- B) phishing
- C) workflow
- D) value chain

Answer: C

Diff: 3 Page Ref: 319

53) It would be much easier to integrate ERP and SCM applications if all the members of the supply chain adhered to:

- A) strict security protocols.
- B) standard data formats.
- C) best practices.
- D) open standards.

Answer: D

Diff: 3 Page Ref: 319

54) If two supply chain partners want to link up their ERP systems and they are using different ERP software, they must either purchase or develop the _____ needed to connect them.

- A) test data
- B) servers
- C) best practices
- D) middleware

Answer: D

Diff: 3 Page Ref: 319

55) With globalization and the increase in mergers and acquisitions, _____ has become an important approach for integrating the disparate systems and data.

- A) ERP
- B) EAI
- C) SCM
- D) CRM

Answer: B

Diff: 3 Page Ref: 320

56) With the introduction of _____ models such as EJB, DCOM, and CORBA, application integration has gotten easier.

- A) IT
- B) marketing
- C) component-based
- D) EAI

Answer: C

Diff: 3 Page Ref: 320

57) DCOM and CORBA make application integration easier by providing a standard set of:

- A) protocols.
- B) data conversion formats.
- C) user profiles.
- D) APIs.

Answer: D

Diff: 3 Page Ref: 321

58) CORBA/IIOP and _____ are the two main protocols for object communication across networks, including the Internet.

- A) DCOM
- B) EJB
- C) API
- D) COM

Answer: A

Diff: 3 Page Ref: 321

59) _____ is the technology at the heart of the SOAP communication protocol that helps define a new way for processes on different systems to communicate.

- A) Database
- B) XML
- C) DCOM
- D) SCM

Answer: B

Diff: 3 Page Ref: 321

60) _____ is the first phase of the Enterprise Application Integration process.

- A) Solution outline
- B) Architecture
- C) Design
- D) Implementation

Answer: A

Diff: 2 Page Ref: 321

61) _____ is not a benefit of Enterprise Application Integration.

- A) Increased efficiency
- B) Lower costs
- C) Expanding the diversity of data sets
- D) Improved customer service

Answer: C

Diff: 2 Page Ref: 322

62) The success of SCM integration often depends more on _____ and on arriving at an agreed policy between trading partners, rather than on sophisticated information technology.

- A) networks
- B) protocols
- C) communication
- D) standardization

Answer: D

Diff: 3 Page Ref: 324

63) In a supply chain, _____ are either production sites or warehouses.

- A) networks
- B) suppliers
- C) facilities
- D) components

Answer: C

Diff: 2 Page Ref: 308

64) Carrying a large inventory may improve customer service but will also increase the cost of _____ inventory.

- A) producing
- B) shipping
- C) auditing
- D) holding

Answer: D

Diff: 2 Page Ref: 308

65) The _____ process responds to customer demand by managing orders, and storing and delivering finished goods.

- A) manufacturing
- B) order completion
- C) order fulfillment
- D) marketing
- E) none of the above

Answer: C

Diff: 2 Page Ref: 311

66) The _____ process uses past forecasts to produce and supply products for the company's distribution channels.

- A) manufacturing
- B) order completion
- C) order fulfillment
- D) marketing
- E) none of the above

Answer: A

Diff: 2 Page Ref: 312

67) In a physical distribution, the _____ is the final destination of a marketing channel.

- A) vendor
- B) customer
- C) supplier
- D) marketeer
- E) none of the above

Answer: B

Diff: 3 Page Ref: 312

68) The most important ingredient in successful e-SCM is the _____ of partners, suppliers, and employees.

- A) dedication
- B) order completion
- C) order fulfillment
- D) marketing
- E) none of the above

Answer: A

Diff: 2 Page Ref: 319

69) The company's local area network, or _____, which is behind the company firewalls, is an important component of e-SCM.

- A) extranet
- B) intranet
- C) internet
- D) WAN
- E) none of the above

Answer: B

Diff: 2 Page Ref: 319

70) _____ are important components for connecting external supply chain partners and are usually secured via a VPN.

- A) Extranets
- B) Intranets
- C) Internets
- D) WANs
- E) none of the above

Answer: A

Diff: 2 Page Ref: 312

71) The corporate _____ serves as a gateway to a corporate website that enables collaboration and access to company information.

- A) extranet
- B) portal
- C) internet
- D) WAN
- E) none of the above

Answer: B

Diff: 2 Page Ref: 312

72) To shorten the time it takes to bring a new product to market, collaborative design and product development among the parties in the supply chain is _____.

- A) minimal
- B) never done
- C) unlimited
- D) crucial
- E) none of the above

Answer: D

Diff: 2 Page Ref: 314

73) On-line buyers want to purchase a product on-line and also be able to _____ that shipment until it arrives at their doorstep.

- A) avoid paying for
- B) ignore
- C) track
- D) forget about
- E) none of the above

Answer: C

Diff: 1 Page Ref: 315

74) Collaborative planning involves a shared _____ between business partners.

- A) contract
- B) forecast
- C) project
- D) attorney
- E) none of the above

Answer: B

Diff: 3 Page Ref: 316

75) Collaborative planning is difficult since it involves _____ from multiple parties across different companies.

- A) output
- B) input
- C) processes
- D) data
- E) all of the above

Answer: B

Diff: 3 Page Ref: 316

76) What is supply chain management (SCM)? How is it an outgrowth of Porter's value chain concept?

Answer: A formal definition of SCM is that it "encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities." Porter developed the idea of the "value chain" where all the activities that add value to an existing service or product to provide competitive advantage. The supply chain focuses on the primary activities of the value chain and how to improve it with better flow of information and material.

Diff: 2 Page Ref: 305

77) Describe some of the potential benefits of SCM.

Answer: A good supply chain helps the company be more agile and flexible in today's Web-enabled environment. The supply chain can improve trust and collaboration among supply chain partners while reducing inventory carrying costs. By integrating the supply chain processes the supply chain can be more responsive and efficient.

Diff: 2 Page Ref: 306

78) How did Wal-Mart integrate RFID technology into their SCM system?

Answer: Wal-Mart tried to force its suppliers to all use RFID technology, but because of the high cost, only a small percentage had adopted it by 2003. It has moved away from using the tags in distribution centers and now is using them more in stores to reduce out of stock situations and to drive sales promotions. It recently expanded the use of RFID tags from 100 to 1000 stores. Data is collected when any product moves in the store, including at the cash register. Suppliers can use the Web to check exactly where their products are. Some employees have been given handheld RFID readers to help them find products.

Diff: 3 Page Ref: 307

79) What are the four main drivers of SCM performance?

Answer: There are four main drivers of SCM performance. These include the actual facilities, the inventory, transportation, and how well the information is used to tie it all together. Looking at these four drivers in detail can help improve the responsiveness and efficiency of the supply chain as a whole.

Diff: 2 Page Ref: 307

80) How are the different facilities integrated into the supply chain network?

Answer: A facility is a place in the supply chain where product is manufactured, stored or transshipped. The two major types of facilities are production sites and storage sites or warehouses. Decisions have to be made about the location of the facilities, their capacity, and how they will be linked up to distribution centers and suppliers. This will impact the transportation costs and the overall responsiveness of the supply chain to customers.

Diff: 3 Page Ref: 307

81) Describe the different "flows" in a supply chain network.

Answer: One view of the supply chain is that it supports different "flows" to meet customer demand. The most obvious flow is the movement of materials from suppliers to customers. Less obvious is that there are financial flows and information flows that go along with each movement of material in the chain. Coordinating the flow of all three between the various supply chain partners adds considerable complexity to it but also provides more opportunities for making the supply chain more effective and efficient.

Diff: 2 Page Ref: 309

82) How have the Internet and Web-based applications changed SCM?

Answer: More and more companies are using the Internet and Web-based applications as part of their SCM solution. There are special procurement marketplaces on the Web for different industries where manufacturers can trade and even make auction bids with suppliers. Procurement activities are also done more and more over the Internet with e-procurement solutions. Creating an integrated e-supply chain will continue to be a major competitive advantage as it speeds time to market, improves order fulfillment and customer satisfaction.

Diff: 2 Page Ref: 312

83) What are some of the processes supported by SCM?

Answer: The main SCM processes include procurement, which is the purchase and sale of supplies and services between businesses. Outsourcing processes are also supported by SCM where one company provides goods or services for another company that may have been provided in-house. Examples of some of these outsourced services include transport, warehousing, and inventory control. SCM should also support the process of order fulfillment. This involves taking the order, picking the order, packaging the order and finally, the physical distribution of the order to the customer. Another crucial process in SCM is the forecasting process. Forecasting is involved in predicting the weekly or monthly product activity for a specific period of time. SCM can provide more accurate and timely data to the forecasting process which will in turn, generate a better forecast.

Diff: 3 Page Ref: 311

84) What are the components of E-SCM?

Answer: There are basically six different components of the e-supply chain. These include replenishment, e-procurement, collaborative planning, collaborative product development, e-logistics, and supply webs. These components are built with a technology infrastructure and a set of IT development tools.

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