

***Introduction to Materials Management, 9e (Chapman)***  
**Chapter 1 Introduction to Materials Management**

1) Select the best answer to the following:

- A) traditionally the supply-production-distribution functions have reported to different departments
- B) the supply, production and distribution functions are part of a total system
- C) materials flow into an organization, are processed in some way and distributed to the consumer
- D) all the above are correct
- E) none of the above is correct

Answer: D

2) Manufacturing is important to the economy because:

- A) it generates wealth
- B) it supports service industries
- C) it adds value to products
- D) all of the above
- E) none of the above

Answer: D

3) Which of the following is the best statement about the operating environment in which operations management functions?

- A) Most organizations do not need to worry about competition
- B) Customers are more demanding
- C) Government regulation is not important for companies
- D) Price is more important than quality
- E) None of the above is true

Answer: B

4) Which of the following statements is best regarding order winners?

- A) They persuade a company's customers to choose its product
- B) They are the same in every market
- C) They are the same as order qualifiers, only better
- D) They are present in every product
- E) All the above are true

Answer: A

5) Which of the following strategies has the shortest delivery lead time and the least customer input?

- A) Engineer-to-order
- B) Make-to-order
- C) Assemble-to-order
- D) Make-to-stock

Answer: D

6) Which of the following statements is best?

- A) The supply chain includes all activities and processes to provide a product or service to a customer
- B) Material in the supply chain usually flows from producer to customer
- C) The supply chain contains only one supplier
- D) All of the above are true
- E) A and B only are true

Answer: E

7) Companies A and B supply company C, which supplies customers D and E. Which of the following statements is best?

- A) The supply chain for company A includes B, C, D, and E
- B) The supply chain for company B includes A, C, D and E
- C) The supply chain for company C includes A, B, D, and E
- D) All the above are true

Answer: C

8) Which of the following statements is best?

- A) The basic elements of a supply chain are supply, production, and distribution
- B) The elements of a supply chain are interdependent
- C) Design information generally flows from customer to supplier
- D) All the above are true

Answer: D

9) Which of the following is the best statement about the environment in which operations management functions?

- A) Most organizations do not need to worry about competition
- B) World-wide competition is not significant for most companies
- C) Government regulation is not important for companies
- D) Customers are more demanding
- E) None of the above is true

Answer: E

10) If a firm wishes to maximize profit, which of the following objectives are in conflict?

- I. Maximize customer service
  - II. Minimize production costs
  - III. Minimize inventory costs
  - IV. Minimize distribution costs
- A) All the above
  - B) None of the above
  - C) I and II only
  - D) I and III only
  - E) II and III only

Answer: A

11) Which of the following statements is best?

I. The conflict between marketing, finance and production centers on customer service, disruption to production, and inventory levels

II. Marketing's objectives can be met with higher inventories

III. Finance's objectives can be met with higher inventories

IV. Production's objectives can be met with higher inventories

A) All of the above are true

B) I and II only

C) I, II, and III only

D) I, II, and IV only

E) II, III, and IV only

Answer: D

12) Which of the following is normally a major activity of materials management?

I. Manufacturing planning and control

II. Physical supply/distribution

A) Both I and II

B) Neither I nor II

C) I only

D) II only

Answer: A

13) The objective of materials management is to:

I. Provide the required level of customer service

II. Maximize the use of the firm's resources

A) I only

B) II only

C) I and II

D) neither I nor II

Answer: C

14) Which of the following is/are primary activities of manufacturing planning and control?

I. Production planning

II. Implementation and control

III. Inventory management

A) I and II only

B) II and III only

C) I and III only

D) All the above are primary activities

Answer: D

15) Which of the following is (are) input(s) to manufacturing planning and control?

- A) Product description
- B) Process description
- C) Available facilities
- D) Quantities to be produced
- E) All the above are inputs

Answer: E

16) Which of the following is NOT an activity of physical supply/distribution?

- A) Transportation
- B) Factory inventory
- C) Warehousing
- D) Packaging
- E) Materials handling

Answer: B

17) Materials management can be considered a balancing act because:

- I. there are trade-offs between customer service and the cost of providing the service
- II. priority and capacity must be balanced

- A) neither I nor II
- B) I only
- C) II only
- D) I and II

Answer: D

18) If the cost of manufacturing (direct labor and materials) is 50% of sales and profit is 15% of sales, what would the profit percentage be if the direct costs of manufacturing was reduced from 50% to 47%?

- A) 3%
- B) 6%
- C) 12%
- D) 15%
- E) 18%

Answer: E

19) Which of the following are generally considered overall objectives of an organization?

- I. Providing good customer service
- II. Maintaining low levels of inventory investment
- III. Optimizing use of resources
- IV. Providing sufficient return on investment

- A) I and II only
- B) I, II, and III only
- C) I, III, and IV only
- D) All the above

Answer: D

20) The purpose of the materials management concept is:

- I. to manage materials in a production operation
- II. to have purchasing support the needs of production
- III. to have production support the needs of purchasing

- A) II and III only
- B) I and II only
- C) I, II, and III
- D) I and III only

Answer: B

21) Making a pizza at a fast-food restaurant would be considered a form of:

- A) engineer-to-order
- B) assemble-to-order
- C) make-to-stock
- D) make-to-order
- E) none of the above

Answer: B

22) Metrics in a supply chain are:

- A) governed by the International Metric Commission
- B) measurements of performance
- C) a charge passed on to customers
- D) not used on transportation
- E) do not apply to the supply chain

Answer: B

23) Performance measures in a supply:

- A) should be objective
- B) are viewed mostly by finance
- C) must be measurements of one parameter only
- D) concentrate on cost only
- E) are not used once a process is automated

Answer: A

24) Which statement is best?

- A) Performance standards are set by the supplier
- B) Performance standards set the goal
- C) Performance measurements show how well you did
- D) Both B and C are correct
- E) None of the above applies to the supply chain

Answer: D

25) Savings in the supply chain mostly are the result of:

- A) members in the chain sharing information
- B) being able to ship in larger quantities
- C) members having clout with suppliers
- D) sticking with local competition
- E) cutting cost after the design phase

Answer: A

26) Postponement is best described as:

- A) delaying payment to a supplier until the goods have been sold
- B) delaying the removal of inventory until the last possible moment
- C) reducing inventory from RM when the parent item is produced
- D) changing the BOM after the old components have been used up

Answer: C

27) Postponement is best used with items that:

- A) have a long lead time and many product configurations
- B) are standardized and have short lead times
- C) experience a yield that you won't know until the product is complete
- D) suppliers with poor delivery performance

Answer: B

28) A channel master in a supply chain:

- A) initiates integration of a supply chain
- B) is the final customer in a supply chain
- C) is the largest member of a supply chain
- D) controls the raw material supplies in a supply chain

Answer: A

29) The term that describes eliminating waste throughout a company is:

- A) Kaizen
- B) lean production
- C) theory of constraints
- D) process control

Answer: B

30) If the manufacturing lead time of an item is reduced by 50% the work in process inventory:

- A) does not change
- B) is reduced by approximately 70%
- C) is reduced by approximately 50%
- D) more information is needed for this problem

Answer: C