

TEST BANK



PRINCIPLES OF
**OPERATIONS
MANAGEMENT**



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JAY
HEIZER

EIGHTH EDITION

BARRY
RENDER

CHAPTER 2: OPERATIONS STRATEGY IN A GLOBAL ENVIRONMENT

TRUE/FALSE

1. The Boeing 787 Dreamliner has content from over a dozen countries in addition to the U.S.
True (Global company profile, easy)
2. Boeing used international partners in building the Boeing 787 Dreamliner partly to attract demand from its competitor.
True (Global company profile, easy)
3. Production processes are being dispersed to take advantage of national differences in labor costs.
True (A global view of operations, moderate)
4. NAFTA seeks to phase out all trade and tariff barriers between the United States and Asia.
False (A global view of operations, moderate)
5. One reason for global operations is to gain improvements in the supply chain.
True (A global view of operations, moderate)
6. One reason to globalize is to learn to improve operations.
True (A global view of operations, easy)
7. To attract and retain global talent, and to expand a product's life cycle, are both reasons to globalize.
True (A global view of operations, moderate)
8. A product will always be in the same stage of its product life cycle regardless of the country.
False (A global view of operations, moderate)
9. The World Trade Organization helps provide governments and industries around the world with protection from firms that engage in unethical conduct.
True (A global view of operations, moderate)
10. The World Trade Organization has eliminated unequal protection of intellectual property among nations.
False (Global view of operations, moderate)
11. An organization's strategy is its purpose or rationale for an organization's existence.
False (Developing missions and strategies, easy)
12. Operations strategies are implemented in the same way in all types of organizations.
False (Developing missions and strategies, moderate)

13. An organization's behavior will be optimized if each of its departments optimizes their behaviors independently.
False (Developing missions and strategies, easy)
14. Experience differentiation is an extension of product differentiation, accomplished by using people's five senses to create an experience rather than simply providing a service.
True (Achieving competitive advantage through operations, moderate)
15. An organization's ability to generate unique advantages over competitors is central to a successful strategy implementation.
True (Achieving competitive advantage through operations, moderate)
16. Low-cost leadership is the ability to distinguish the offerings of the organization in any way that the customer perceives as adding value.
False (Ten strategic decision of OM, moderate)
17. Most services are tangible; this factor determines how the ten decisions of operations management are handled differently for goods than for services.
False (Ten strategic decisions of OM, moderate)
18. The relative importance of each of the ten operations decisions depends on the ratio of goods and services in an organization.
True (Ten strategic decisions of OM, moderate)
19. Decisions that involve what is to be made and what is to be purchased fall under the heading of supply-chain management.
True (Ten strategic decision of OM, moderate)
20. Manufacturing organizations have ten strategic OM decisions, while service organizations have only eight.
False (Ten strategic decisions of OM, easy)
21. Errors made within the location decision area may overwhelm efficiencies in other areas.
True (Ten strategic decisions of OM, moderate)
22. The PIMS study indicated that high ROI firms tend to have high product quality.
True (Issues in operations strategy, easy)
23. Among the categories of strategic options, marketing and distribution offer an easier route to sustainable competitive advantage than operations management.
False (Issues in operations strategy, moderate)
24. Strategies change because an organization's internal strengths and weaknesses may change.
True (Strategy development and implementation, moderate)
25. SWOT analysis identifies those activities that make a difference between having and not having a competitive advantage.
False (Strategy development and implementation, moderate)

26. For the greatest chance of success, an organization's operations management strategy must support the company's strategy.
True (Strategy development and implementation, moderate)
27. Critical Success Factors are those relatively few activities that make a difference between having and not having a competitive advantage.
True (Strategy development and implementation, moderate)
28. A multinational corporation has extensive international business involvements.
True (Global operations strategy options, easy)
29. The multidomestic OM strategy maximizes local responsiveness while achieving a significant cost advantage.
False (Global operations strategy options, moderate)
30. Firms using the global strategy can be thought of as "world companies."
False (Global operations strategy options, moderate)

MULTIPLE CHOICE

31. Which of the following statements regarding the Dreamliner 787 is true?
a. Boeing has found partners in over a dozen countries.
b. The new aircraft incorporates a wide range of aerospace technologies.
c. The new aircraft uses engines from not one, but two manufacturers.
d. Boeing will add only 20 to 30 percent of the aircraft's value.
e. All of the above are true.
e (Global company profile, moderate)
32. Boeing's new 787 Dreamliner
a. is assembled in Washington, D.C.
b. uses engines from Japan
c. has its fuselage sections built in Australia
d. has increased efficiency from new engine technology
e. results from a partnership of about a dozen companies
d (Global company profile, moderate)
33. Examples of response to the global environment include
a. Boeing's worldwide sales and production
b. Benneton's flexibility in design, production, and distribution
c. A Chinese manufacturer, Haier, opening plants in the United States
d. Ford's partnerships with Volvo and Mazda
e. All of the above are examples.
e (Introduction, easy)

34. Which of the following is an example of globalization of operations strategy?
- a. Boeing's Dreamliner has engines with higher fuel/payload efficiency.
 - b. Ford's new auto models have dent-resistant panels.
 - c. A Chinese manufacturer, Haier, now operates plants in the United States.
 - d. Hard Rock Café provides an "experience differentiation" at its restaurants.
 - e. All of the above are examples.
- c (Introduction, moderate)**
35. Cost cutting in international operations can take place because of
- a. lower taxes and tariffs
 - b. lower wage scales
 - c. lower indirect labor costs
 - d. less stringent regulations
 - e. all of the above
- e (A global view of operations, moderate)**
36. Which of the following did the authors **not** suggest as a reason for globalizing operations?
- a. reduce costs
 - b. improve the supply chain
 - c. stockholder approval ratings
 - d. attract new markets
 - e. All of the above were suggested.
- c (A global view of operations, moderate)**
37. Multinational organizations can shop from country to country and cut costs through
- a. lower wage scales
 - b. lower indirect labor costs
 - c. less stringent regulations
 - d. lower taxes and tariffs
 - e. all of the above
- e (A global view of operations, moderate)**
38. The term **maquiladora** is most synonymous with
- a. free trade zones
 - b. Chinese forced labor camps
 - c. home-based or cottage industry
 - d. areas that do not meet U.S. standards for workplace safety and pollution
 - e. none of the above
- a (A global view of operations, moderate)**
39. Which of the following represent reasons for globalizing operations?
- a. to gain improvements in the supply chain
 - b. to improve operations
 - c. to expand a product's life cycle
 - d. to attract and retain global talent
 - e. All of the above are valid.
- e (A global view of operations, moderate)**

40. Which of the following does **not** represent reasons for globalizing operations?
- reduce costs
 - improve supply chain
 - reduce responsiveness
 - attract and retain global talent
 - All of the above are valid reasons for globalizing operations.
- c (A global view of operations, moderate)**
41. NAFTA seeks to
- substitute cheap labor in Mexico for expensive labor in the United States
 - curb illegal immigration from Mexico to the United States
 - phase out all trade and tariff barriers between the United States and Mexico
 - phase out all trade and tariff barriers between the United States, Canada, and Mexico
 - All of the above are NAFTA goals.
- d (A global view of operations, moderate)**
42. With reference to cultural and ethical issues, the World Trade Organization has
- succeeded in providing equal protection of intellectual property among nations
 - made progress in providing equal protection of intellectual property among nations
 - phased out all trade and tariff barriers between the United States and Mexico
 - eliminated slave labor and child labor
 - played little role in addressing cultural and ethical issues among nations
- b (A global view of operations, difficult)**
43. Which of the following is **true** about business strategies?
- An organization should stick with its strategy for the life of the business.
 - All firms within an industry will adopt the same strategy.
 - Well defined missions make strategy development much easier.
 - Strategies are formulated independently of SWOT analysis.
 - Organizational strategies depend on operations strategies.
- c (Developing missions and strategies, moderate)**
44. Which of the following activities takes place once the mission has been developed?
- The firm develops alternative or back-up missions in case the original mission fails.
 - The functional areas develop their functional area strategies.
 - The functional areas develop their supporting missions.
 - The ten OM decision areas are prioritized.
 - Operational tactics are developed.
- c (Developing missions and strategies, moderate)**
45. Which of the following statements about organizational missions is **false**?
- They reflect a company's purpose.
 - They indicate what a company intends to contribute to society.
 - They are formulated after strategies are known.
 - They define a company's reason for existence.
 - They provide guidance for functional area missions.
- c (Developing missions and strategies, moderate)**

46. The impact of strategies on the general direction and basic character of a company is
- short range
 - medium range
 - long range
 - temporal
 - minimal
- c (Developing missions and strategies, moderate)**
47. The fundamental purpose of an organization's mission statement is to
- create a good human relations climate in the organization
 - define the organization's purpose in society
 - define the operational structure of the organization
 - generate good public relations for the organization
 - define the functional areas required by the organization
- b (Developing missions and strategies, moderate)**
48. Which of the following is **true**?
- Corporate mission is shaped by functional strategies.
 - Corporate strategy is shaped by functional strategies.
 - Functional strategies are shaped by corporate strategy.
 - External conditions are shaped by corporate mission.
 - Functional area missions are merged to become the organizational mission.
- c (Developing missions and strategies, difficult)**
49. According to the authors, which of the following strategic concepts allow firms to achieve their missions?
- productivity, efficiency, and quality leadership
 - differentiation, cost leadership, and quick response
 - differentiation, quality leadership, and quick response
 - distinctive competency, cost leadership, and experience
 - differentiation, distinctive competency, quality leadership, and capacity
- b (Achieving competitive advantage through operations, moderate)**
50. A firm can effectively use its operations function to yield competitive advantage via all of the following **except**
- customization of the product
 - setting equipment utilization goals below the industry average
 - speed of delivery
 - constant innovation of new products
 - maintain a variety of product options
- b (Achieving competitive advantage through operations, moderate)**
51. Which of the following is **not** an operations strategy?
- response
 - low-cost leadership
 - differentiation
 - experience
 - All of the above are operations strategies.
- d (Achieving competitive advantage through operations, moderate)**

52. The ability of an organization to produce goods or services that have some uniqueness in their characteristics is
- mass production
 - time-based competition
 - competing on productivity
 - competing on flexibility
 - competing on differentiation
- e (Achieving competitive advantage through operations, moderate)**
53. Which of the following is **not** a key way in which business organizations compete with one another?
- production cost
 - quality
 - product duplication
 - flexibility
 - time to perform certain activities
- c (Achieving competitive advantage through operations, moderate)**
54. A strategy is a(n)
- set of opportunities in the marketplace
 - broad statement of purpose
 - simulation used to test various product line options
 - plan for cost reduction
 - action plan to achieve the mission
- e (Achieving competitive advantage through operations, moderate)**
55. Which of the following statements best characterizes delivery **reliability**?
- a company that always delivers on the same day of the week
 - a company that always delivers at the promised time
 - a company that delivers more frequently than its competitors
 - a company that delivers faster than its competitors
 - a company that has a computerized delivery scheduling system
- b (Achieving competitive advantage through operations, difficult)**
56. Which of the following is an example of competing on the basis of differentiation?
- a firm manufactures its product with less raw material waste than its competitors
 - a firm's products are introduced into the market faster than its competitors
 - a firm's distribution network routinely delivers its product on time
 - a firm offers more reliable products than its competitors
 - a firm advertises more than its competitors
- d (Achieving competitive advantage through operations, moderate)**

57. The ability of an organization to produce services that, by utilizing the consumer's five senses, have some uniqueness in their characteristics is
- mass production
 - time-based competition
 - differentiation
 - flexible response
 - experience differentiation
- e (Achieving competitive advantage through operations, moderate)**
58. Which of the following best describes "experience differentiation"?
- immerses consumers in the delivery of a service
 - uses people's five senses to enhance the service
 - complements physical elements with visual and sound elements
 - consumers may become active participants in the product or service
 - All are elements of experience differentiation.
- e (Achieving competitive advantage through operations, easy)**
59. Experience Differentiation
- isolates the consumer from the delivery of a service
 - is an extension of product differentiation in the service sector
 - uses only the consumer's senses of vision and sound
 - keeps consumers from becoming active participants in the service
 - is the same as product differentiation, but applied in the service sector
- b (Achieving competitive advantage through operations, easy)**
60. Which of the following is the best example of competing on low-cost leadership?
- A firm produces its product with less raw material waste than its competitors.
 - A firm offers more reliable products than its competitors.
 - A firm's products are introduced into the market faster than its competitors.
 - A firm's research and development department generates many ideas for new products.
 - A firm advertises more than its competitors.
- a (Achieving competitive advantage through operations, difficult)**
61. Franz Colruyt has achieved low-cost leadership through
- Spartan headquarters
 - absence of voice mail
 - low-cost facilities
 - no background music
 - all of the above
- e (Achieving competitive advantage through operations, easy)**
62. Franz Colruyt has achieved low-cost leadership through
- effective use of voice mail
 - plastic, not paper, shopping bags
 - background music that subtly encourages shoppers to buy more
 - converting factories, garages, and theaters into retail outlets
 - use of the Euro, not the currency of each European country
- d (Achieving competitive advantage through operations, easy)**

63. Which of the following is an example of competing on quick response?
- a. A firm produces its product with less raw material waste than its competitors.
 - b. A firm offers more reliable products than its competitors.
 - c. A firm's products are introduced into the market faster than its competitors.
 - d. A firm's research and development department generates many ideas for new products.
 - e. A firm advertises more than its competitors.
- c (Achieving competitive advantage through operations, difficult)**
64. Costs, quality, and human resource decisions interact strongly with the _____ decision.
- a. layout design
 - b. process and capacity design
 - c. supply-chain management
 - d. goods and service design
 - e. All of the above are correct.
- d (Ten strategic decisions of OM, moderate)**
65. Which of the following influences layout design?
- a. inventory requirements
 - b. capacity needs
 - c. personnel levels
 - d. purchasing decisions
 - e. All of the above influence layout decisions.
- e (Ten strategic decisions of OM, moderate)**
66. Response-based competitive advantage can be
- a. flexible response
 - b. reliable response
 - c. quick response
 - d. all of the above
 - e. none of the above
- d (Ten strategic decisions of OM, moderate)**
67. Which of the following is **not** an operations strategic decision?
- a. maintenance
 - b. price
 - c. layout design
 - d. quality
 - e. inventory
- b (Ten strategic decisions of OM, moderate)**
68. Which of the following OM strategic decisions pertains to sensible location of processes and materials in relation to each other?
- a. layout design
 - b. goods and service design
 - c. supply chain management
 - d. inventory
 - e. scheduling
- a (Ten strategic decisions of OM, moderate)**

69. Which of these companies is most apt to have quality standards that are relatively subjective?
- Chrysler
 - Dell Computer
 - Sanyo Electronics
 - Harvard University
 - Whirlpool
- d (Ten strategic decision of OM, moderate)**
70. Which of the following will more likely locate near their customers?
- an automobile manufacturer
 - an aluminum manufacturer
 - an insurance company headquarters
 - a medical clinic
 - All of the above will tend to locate near their customers.
- d (Ten strategic decisions of OM, moderate)**
71. Which of the following statements concerning the operations management decision is relevant to services?
- There are many objective quality standards.
 - The customer is not involved in most of the process.
 - The work force's technical skills are very important.
 - Labor standards vary depending on customer requirements.
 - Ability to inventory may allow the leveling of the output rates.
- d (Ten strategic decisions of OM, moderate)**
72. Which of these organizations is likely to have the most important inventory decisions?
- a marketing research firm
 - a lobbying agency
 - a management consulting firm
 - a restaurant
 - a law firm
- d (Ten strategic decisions of OM, moderate)**
73. The PIMS program has identified the
- operations decisions all organizations must make
 - distinctive competencies any company needs
 - characteristics of firms with high "ROI"
 - corporate decisions any company needs to make
 - all of the above
- c (Issues in operations strategy, moderate)**
74. Which of these is **not** one of the PIMS characteristics of high return on investment organizations?
- high product quality
 - high capacity utilization
 - low investment intensity
 - low direct cost per unit
 - All of the above are PIMS characteristics.
- e (Issues in operations strategy, moderate)**

75. Standardization is an appropriate strategy in which stage of the product life cycle?
- a. introduction
 - b. growth
 - c. maturity
 - d. decline
 - e. retirement
- c (Issues in operations strategy, moderate)**
76. Cost minimization is an appropriate strategy in which stage of the product life cycle?
- a. introduction
 - b. growth
 - c. maturity
 - d. decline
 - e. retirement
- d (Issues in operations strategy, moderate)**
77. Which of the following preconditions does **not** affect the formulation of an OM strategy?
- a. knowledge of each product's life cycle
 - b. external economic and technological conditions
 - c. the company's employment benefits
 - d. competitors' strengths and weaknesses
 - e. knowledge of the company's strategy
- c (Issues in operations strategy, moderate)**
78. The stage in the product life cycle at which it is a poor time to change quality is
- a. introduction
 - b. growth
 - c. maturity
 - d. decline
 - e. incubation
- c (Issues in operations strategy, moderate)**
79. Which of the following changes does **not** result in strategy changes?
- a. change in the company's financial situation
 - b. a company's adoption of new technology
 - c. change in the product life cycle
 - d. change in the competitive environment
 - e. change in job scheduling techniques
- e (Issues in operations strategy, moderate)**
80. All of these preconditions affect an operations management strategy **except**
- a. external economic and technological conditions
 - b. competitors' strengths and weaknesses
 - c. maintenance policies
 - d. knowledge of the company's strategy
 - e. knowledge of each product's life cycle
- c (Issues in operations strategy, moderate)**

81. Understanding competitors' strengths and weaknesses, understanding current and prospective technological issues, and understanding product life cycle are examples of
- what is important to the transnational strategy but not the multidomestic strategy
 - SWOT analysis
 - elements in the formulation of an organization's mission
 - preconditions to establishing and implementing a strategy
 - the critical decision area of supply-chain analysis
- d (Issues in operations strategy, moderate)**
82. Which of the following statements is **true** about operations strategy?
- It should support the corporate strategy.
 - It should help achieve the operation's mission.
 - It should be integrated with the other functional areas' strategies.
 - It should promote competitive advantage.
 - All of the above are true.
- e (Strategy development and implementation, moderate)**
83. One of the most important questions to ask when implementing a particular strategy is
- What will this strategy cost?
 - Will the strategy improve firm responsiveness?
 - Which elements of this strategy affect the quality of the product?
 - What activities must be done particularly well for this strategy to succeed?
 - Which elements of this strategy enhance flexibility?
- d (Strategy development and implementation, moderate)**
84. Which of these organizations is likely to have the most complex inventory decisions?
- a marketing research firm
 - a stock brokerage firm
 - a management consulting firm
 - a computer manufacturing company
 - a high school
- d (Strategy development and implementation, moderate)**
85. The three steps of the operations manager's job, in order, are
- develop the strategy, establish the organizational structure, find the right staff
 - develop the strategy, find the right staff, establish the organizational structure
 - find the right staff, establish the organizational structure, develop the strategy
 - find the right staff, develop the strategy, establish the organizational structure
 - establish the organizational structure, find the right staff, develop the strategy
- a (Strategy development and implementation, moderate)**
86. When developing the operations strategy for a new manufacturing organization, one of the most important considerations is that it
- requires minimal capital investment
 - utilizes as much automation as possible
 - utilizes an equal balance of labor and automation
 - supports the overall competitive strategy of the company
 - none of the above
- d (Strategy development and implementation, moderate)**

87. Which of the international operations strategies involves high cost reductions and high local responsiveness?
- a. international strategy
 - b. global strategy
 - c. transnational strategy
 - d. multidomestic strategy
 - e. none of the above
- c (Global operations strategy options, moderate)**
88. Which of the international operations strategies involves low cost reductions and low local responsiveness?
- a. international strategy
 - b. global strategy
 - c. transnational strategy
 - d. multidomestic strategy
 - e. none of the above
- a (Global operations strategy options, moderate)**
89. Which of the international operations strategies uses import/export or licensing of existing products?
- a. international strategy
 - b. global strategy
 - c. transnational strategy
 - d. multidomestic strategy
 - e. none of the above
- a (Global operations strategy options, moderate)**
90. Which of the international operations strategies uses the existing domestic model globally?
- a. international strategy
 - b. global strategy
 - c. transnational strategy
 - d. multidomestic strategy
 - e. none of the above
- d (Global operations strategy options, moderate)**
91. The acronym **MNC** stands for
- a. Mexican National Committee (for international trade)
 - b. Maquiladora Negates Competition
 - c. Maytag- Nestlé Corporation
 - d. Multinational Corporation
 - e. none of the above
- d (Global operations strategy options, easy)**

92. Caterpillar and Texas Instruments are two firms that have benefited from the use of
- the multidomestic strategy option
 - the multinational corporation strategy
 - the transnational strategy option
 - the maquiladora system in Europe
 - the global strategy option
- e (Global operations strategy options, moderate)**
93. Which of the following are examples of transnational firms?
- Nestlé
 - Asa Brown Boveri
 - Reuters
 - Citicorp
 - All of the above are transnationals.
- e (Global operations strategy options, moderate)**

FILL-IN-THE-BLANK

94. Boeing found its Dreamliner 787 partners in _____ countries.
over a dozen (Global company profile, easy)
95. _____ are Mexican factories located along the U.S.-Mexico border that receive preferential tariff treatment.
Maquiladoras (A global view of operations, moderate)
96. _____ is a free trade agreement among Canada, Mexico, and the United States.
NAFTA--North American Free Trade Agreement (A global view of operations, moderate)
97. _____ and _____ are two issues where significant cultural differences are large and progress toward global uniformity has been slow.
Bribery, protection of intellectual property (Global company profile, easy)
98. An organization that has worked to achieve global uniformity in cultural and ethical issues such as bribery, child labor, and environmental regulations is _____.
the World Trade Organization (Global company profile, easy)
99. In goods producing organizations, _____, _____, and _____ may be inventoried.
raw materials, work-in-process, and finished goods (Ten strategic decisions of OM, moderate)
100. Strategy is not static, but dynamic because of changes in the _____ and _____.
organization, environment (Issues in operations strategy, moderate)
101. _____ is the stage in product life cycle at which it is a poor time to change quality.
Maturity (Issues in operations strategy, moderate)
102. The _____ is how an organization expects to achieve its missions and goals.
strategy (Developing missions and strategies, moderate)

103. The creation of a unique advantage over competitors is called a _____.
competitive advantage (Achieving competitive advantage through operations, moderate)
104. Service organizations can immerse the consumer in the service, or have the consumer become a participant in the service, as they practice _____.
experience differentiation (Achieving competitive advantage through operations, moderate)
105. Competitive advantage in operations can be achieved by _____, _____, and/or _____.
differentiation, low cost, response (Achieving competitive advantage through operations, moderate)
106. A(n) _____ is a firm that has extensive involvement in international business, owning or controlling facilities in more than one country.
MNC--multinational corporation (Global operations strategy options, moderate)
107. The _____ strategy utilizes a standardized product across countries.
global (Global operations strategy options, moderate)
108. The _____ strategy uses exports and licenses to penetrate globally.
international (Global operations strategy options, moderate)
109. The _____ strategy uses subsidiaries, franchises, or joint ventures with substantial independence.
multidomestic (Global operations strategy options, moderate)
110. The _____ strategy describes a condition in which material, people, and ideas cross or transgress national boundaries.
transnational (Global operations strategy options, moderate)

SHORT ANSWER

111. List five countries from which Boeing's 787 Dreamliner will get suppliers.
France, Germany, UK, Italy, Japan, China, U.S. (Global company profile, easy)
112. List five parts which Boeing's 787 Dreamliner will get from global suppliers; match each part with the country that will supply it.
France—landing gear, Germany—interior lighting, UK—fuel pumps or electronics, Italy—part of fuselage or horizontal stabilizer, Japan—wing box or hydraulic actuators, China—rudder or general parts, U.S.—GE engines (Global company profile, moderate)
113. How can global operations improve the supply chain?
The supply chain can often be improved by locating facilities in countries where unique resources exist. (A global view of operations, moderate)
114. How do global operations attract new markets?
Since international operations require local interaction with customers, suppliers, and other competitive businesses, international firms inevitably learn about unique opportunities for new products and services. (A global view of operations, moderate)

115. State two examples of cultural and ethical issues that face operations managers in a global environment.
Student responses will vary, but there are several issues on which there are wide differences from country to country, culture to culture. Among those listed in the text are bribery, child labor, slave labor, and intellectual property rights. Students may bring forward from an earlier chapter issues such as environmental regulation or safe work environment, and may raise issues such as product safety. (A global view of operations, moderate)
116. What is the difference between a firm's mission and its strategy?
A firm's mission is its purpose or rationale for an organization's existence, whereas a firm's strategy is how it expects to achieve its mission and goals. (Developing missions and strategies, moderate)
117. Provide an example of an organization that achieves competitive advantage through cost. Explain.
Answers will vary, but competing on cost involves obtaining maximum value as perceived by the customer. (Achieving competitive advantage through operations, moderate)
118. Provide an example of an organization that achieves competitive advantage through experience differentiation. Explain.
Answers will vary, but Disney and Hard Rock Café are illustrated in the text. Competing on experience differentiation implies providing uniqueness to your service offering through immersion of the consumer into the service, with visual or sound elements to turn the service into an experience. (Achieving competitive advantage through operations, moderate)
119. With regard to the scheduling decision, how are goods-producing organizations different from service companies? Discuss.
Goods-producing companies: the ability to inventory may allow leveling the output rates; service companies: primarily concerned with meeting the customer's immediate schedule. (Ten strategic OM decisions, difficult)
120. How do goods and services differ with regard to handling the quality decision?
There are many objective quality standards for goods, whereas there are many subjective quality standards for services. (Ten strategic OM decisions, moderate)
121. What is the difference between goods and services in terms of their location selection?
Manufacturers of goods may need to be located close to raw materials, or labor force. Services, on the other hand, typically are located close to the customer. (Ten Strategic OM decisions, moderate)
122. How has Franz Colruyt achieved low-cost leadership? List three specific examples and describe each briefly.
Several methods are listed in the text. Among these are no shopping bags, dim lighting, no voice mail, conversion of older buildings, Spartan offices. (Achieving competitive advantage through operations, moderate)

123. Would Franz Colruyt's low-cost leadership techniques work in U.S. markets? Support your decision with examples and/or comparisons.
Colruyt's methods seem to focus on cutting out amenities. These include no shopping bags, dim lighting, no voice mail, conversion of older buildings, Spartan offices. Students can argue for or against, and can cite examples either way. For: there are numerous somewhat Spartan retail atmospheres, including Tuesday Morning, Costco, and even Wal-Mart. Against: students may cite anecdotes of consumers who demand better amenities than the industrial look of Colruyt. (Achieving competitive advantage through operations, moderate)
124. For what type of organization might the location decision area be the least important of its ten decision areas? For what type of organization might the location decision be the most important of the ten decision areas? Discuss, augment your response with examples.
The relationship between the organization and its suppliers or its customers is key. If that relationship is very weak (as in no transportation costs, or customers can reach firm from any location), location diminishes in importance. If that relationship is strong (uniqueness of site, high transportation costs, customers will not travel far) location increases in importance. "Least" examples: Telemarketing firm, tax help-line, Internet sales. "Most" examples: gold mine, oil well, ski resort. (Ten strategic OM decisions, difficult)
125. What is SWOT analysis? List its four elements and describe its purpose.
The four elements of SWOT are strengths, weaknesses, opportunities, and threats. Its purpose is to maximize opportunities and minimize threats in the environment, while maximizing the advantages of the organization's strengths and minimizing the weaknesses. (Strategy development and implementation, moderate)
126. Are strategies static or dynamic? What are the forces that lead to this result?
Strategies should be dynamic because of changes within the organization; and changes in the environment. (Strategy development and implementation, moderate)
127. List and explain the four basic global operations strategies. Give an example of each strategy.
The multidomestic strategy decentralizes operating decisions to each country to enhance local responsiveness. The primary example from the textbook is McDonald's. The global strategy centralizes operating decisions, with headquarters coordinating the standardization and learning between facilities. The textbook names Texas Instruments and Caterpillar. The international strategy uses exports and licenses to penetrate the global markets. Students may cite Pier One, World Market, or any wine store. The transnational strategy exploits the economies of scale and learning, as well as pressure for responsiveness, by recognizing that core competence does not reside in just the "home" country, but can exist anywhere in the organization. Examples from the textbook include Bertelsmann, Reuters and Nestlé. (Global operations strategy options, difficult)