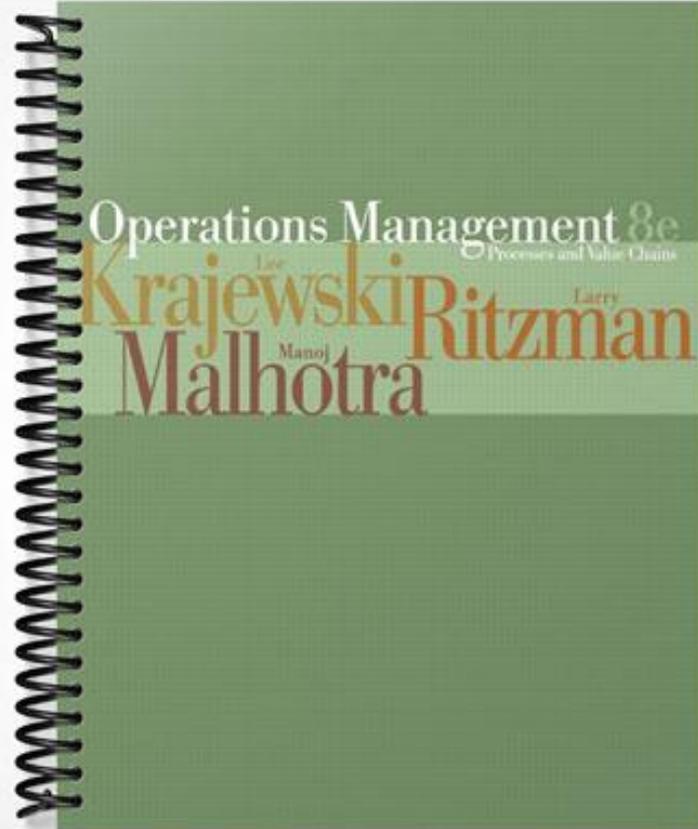


TEST BANK



2 Operations Strategy

TRUE/FALSE

1. Shortening the budget cycle can increase a company's flexibility.
Answer: True
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: flexibility, cycle
2. Environmental scanning refers to the unique resources and strengths that an organization's management considers when formulating a strategy.
Answer: False
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: scanning, environmental, strategy
3. A firm's core competencies should determine its core processes.
Answer: True
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Easy
Keywords: core, competency, process
4. Technology licensing is a form of strategic alliance.
Answer: True
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: technology, licensing, strategic, alliance
5. The first step of needs assessment is market analysis.
Answer: False
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: market, analysis, needs, assessment
6. Competitive priorities are the means by which operations implements the firm's corporate strategies.
Answer: False
Reference: Competitive Priorities and Capabilities
Difficulty: Easy
Keywords: competitive, priority, corporate, strategy

7. One way a company can respond to the need for flexibility is through scenario building.
Answer: True
Reference: Competitive Priorities and Capabilities
Difficulty: Moderate
Keywords: scenario, building, flexibility
8. Flexibility is a possible competitive priority.
Answer: True
Reference: Competitive Priorities and Capabilities
Difficulty: Easy
Keywords: flexibility, competitive, priority
9. Consistent quality is unimportant to today's consumers.
Answer: False
Reference: Competitive Priorities and Capabilities
Difficulty: Easy
Keywords: quality, consistent
10. Delivery speed is measured by the elapsed time between receipt of a customer's order and filling it.
Answer: True
Reference: Competitive Priorities and Capabilities
Difficulty: Moderate
Keywords: delivery, speed, order, fill
11. Volume flexibility is accelerating or decelerating the rate of production of services or products to handle large fluctuations in demand.
Answer: True
Reference: Competitive Priorities and Capabilities
Difficulty: Hard
Keywords: volume, flexibility
12. Appropriate competitive priorities that reflect the needs of its external customers must be assigned to the firm's core and supporting processes.
Answer: False
Reference: Competitive Priorities and Capabilities
Difficulty: Moderate
Keywords: competitive, priority, core, process

13. The entrepreneur once made purchasing decisions based on which supplier was the lowest cost but once cash flow was healthy, purchasing decisions were made depending on which company could provide the goods and services the fastest. In this case, time is clearly the order qualifier.
Answer: False
Reference: Competitive Priorities and Capabilities
Difficulty: Moderate
Keywords: competitive, priority, order, qualifier
14. A service package is a collection of services provided by a service process to its internal or external customers.
Answer: False
Reference: New Service or Product Development
Difficulty: Moderate
Keywords: service, package, internal, external, customer
15. Quality function deployment is a tool for bringing the voice of the customer into the service or product development process.
Answer: True
Reference: New Service or Product Development
Difficulty: Easy
Keywords: quality, function, deployment, QFD, voice
16. Concurrent engineering helps firms avoid the costly mismatch between the design of a new offering and the capability of the processes required to produce it.
Answer: True
Reference: New Service or Product Development
Difficulty: Moderate
Keywords: concurrent, engineering, product, development
17. The ramp-up stage of the development process precedes the full launch stage.
Answer: False
Reference: New Service or Product Development
Difficulty: Moderate
Keywords: development, stage, launch, ramp-up

MULTIPLE CHOICE

18. A close connection among all interconnected parts in an organization is achieved by:
a. operations strategy.
b. corporate culture.
c. management information systems.
d. policies and procedures.
Answer: c
Reference: Operations Strategy Across the Organization
Difficulty: Moderate
Keywords: management, information, system

Chapter 2 • Operations Strategy

19. The framework for carrying out all of an organization's functions is:
- the competitive priority.
 - the corporate strategy.
 - the market analysis.
 - the organizational design.
- Answer:** b
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: corporate, strategy
20. In response to social and political moves to discourage cigarette smoking, major cigarette manufacturers have had to diversify into other products. Identifying the pressures against smoking is an example of:
- environmental scanning.
 - market segmentation.
 - flow strategy.
 - mission statement development.
- Answer:** a
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: environmental, scanning, strategy
21. Monitoring trends in the industry, the marketplace, and society for potential opportunities or threats is known as:
- environmental scanning.
 - market segmentation.
 - flow strategy.
 - mission statement development.
- Answer:** a
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: environmental, scanning, monitoring
22. A company realizes that layoffs at its primary customers reflect falling demands for its customers' products, and hence for its own products. The company has engaged in:
- flow strategy.
 - market segmentation.
 - mission statement redefinition.
 - environmental scanning.
- Answer:** d
Reference: Developing a Customer-Driven Operations Strategy
Difficulty: Moderate
Keywords: environmental, scanning

23. Core competencies are:
- a. product or service attributes that represent the needs of a particular market segment.
 - b. another name for competitive priorities.
 - c. various flow strategies.
 - d. the unique resources and strengths that management considers when formulating strategy.

Answer: d

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: core, competency, strategy

24. Which of the following is *not* a core competency?
- a. Workforce
 - b. Competitive priorities
 - c. Facilities
 - d. Market and financial know-how

Answer: b

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: core, competency

25. Which one of the following is *not* a core competency?
- a. Facilities
 - b. Market and financial know-how
 - c. Systems and technology
 - d. Competitive priorities

Answer: d

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: core, competency

26. A successful take-out restaurant probably considers order fulfillment as:
- a. a necessary evil.
 - b. a global strategy.
 - c. a strategic alliance.
 - d. a core process.

Answer: d

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: core, process

27. Which of the following is an example of a core competency?
- a. Facilities
 - b. Flow strategies
 - c. Product or service attributes that represent the needs of a particular market segment
 - d. Competitive priorities

Answer: a

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: core, competency

28. Kodak entered into an agreement with Businessland, IBM, and DEC to handle all its information systems, thereby relieving Kodak of the need for an information systems department. Such an agreement is known as a:
- a. collaborative effort.
 - b. joint venture.
 - c. licensing of technology.
 - d. market segmentation.

Answer: a

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: collaborative, effort

29. A company from the United States that supplies the technology and much of the expertise associated with producing a product or service has an agreement with a company in Korea, which supplies the resources for the operation. Such an agreement is known as a:
- a. collaborative effort.
 - b. joint venture.
 - c. licensing of technology.
 - d. flow strategy.

Answer: b

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: joint, venture

30. An agreement by which one company licenses its production or service methods to another company is known as a(n):
- a. collaborative effort.
 - b. joint venture.
 - c. technology licensing.
 - d. entrance strategy.

Answer: c

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: technology, licensing

31. An arrangement by which a buyer and supplier agree to work together to the mutual benefit of both companies is known as a:
- a. collaborative effort.
 - b. joint venture.
 - c. technology licensing.
 - d. flow strategy.

Answer: a

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: collaborative, effort

32. Which of the following is *not* an example of a strategic alliance?
- a. Collaborative effort
 - b. Joint positioning strategy
 - c. Joint venture
 - d. Technology licensing

Answer: b

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: strategic, alliance

33. The Gap, Inc. has targeted teenagers and young adults needing casual clothes and, for its GapKids stores, the parents or guardians of infants through 12-year-olds. This is an example of:
- a. market segmentation.
 - b. a collaborative effort between the company and its customers.
 - c. a needs assessment.
 - d. a mission statement.

Answer: a

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: market, segmentation, segment

34. A steel company has categorized its customers as standard steel customers, special bar-quality steel customers, and mixed-steel customers. This is an example of:
- a. a needs assessment.
 - b. a mission statement.
 - c. market segmentation.
 - d. a joint venture with its customers.

Answer: c

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: market, segmentation, segment

35. Identifying a group of customers that seeks pleasures from short, but intense, vacations is an example of a market segmentation using:
- a. demographic characteristics.
 - b. psychological characteristics.
 - c. industry characteristics.
 - d. age characteristics.

Answer: b

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: market, segment, segmentation, psychological

36. Identifying a group of customers that has achieved the rank of full professor at major universities is an example of market segmentation using:
- a. demographic characteristics.
 - b. psychological characteristics.
 - c. industry characteristic.
 - d. income characteristics.

Answer: a

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: demographic, characteristic, market, segmentation

37. People with a fear of radon have prompted products and services for protection. This is an example of market segmentation using:
- a. demographic characteristics.
 - b. psychological characteristics.
 - c. industry characteristics.
 - d. income characteristics.

Answer: b

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: market, segmentation, psychological, characteristic

38. Identifying a group of banks that has automatic teller machines is an example of market segmentation using:
- a. demographic characteristics.
 - b. psychological characteristics.
 - c. industry characteristics.
 - d. income characteristics.

Answer: c

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: market, segmentation, industry, characteristic

39. A needs assessment includes:
- a. tangible product attributes.
 - b. intangible service attributes.
 - c. tangible service attributes.
 - d. all of the above.

Answer: d

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: needs, assessment

40. Examples of demographic characteristics are:
- a. electronics.
 - b. pleasure.
 - c. innovativeness.
 - d. age.

Answer: d

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Easy

Keywords: demographic, characteristic

41. Customers interested in the low price of computer chips are an example of needs assessment on the basis of:
- a. product/service needs.
 - b. delivery system needs.
 - c. volume needs.
 - d. industry factors.

Answer: a

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: product, service, needs, assessment

42. Customers desiring conveniently located food stores are an example of needs assessment on the basis of:
- a. product/service needs.
 - b. delivery system needs.
 - c. volume needs.
 - d. psychological factors.

Answer: b

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: needs, assessment, delivery, system

43. A lawn fertilizer company has identified a group of customers, such as Wal-Mart and Kmart, that has a high degree of variability in its demands for fertilizer. This is an example of needs assessment on the basis of:
- product/service needs.
 - delivery system needs.
 - volume needs.
 - industry factors.

Answer: c

Reference: Developing a Customer-Driven Operations Strategy

Difficulty: Moderate

Keywords: volume, needs, assessment

44. Which one of the following statements concerning competitive priorities is TRUE?
- By providing customized semiconductor chips to companies, National Semiconductor Corporation is competing mainly on the basis of delivery speed.
 - All eight dimensions of competitive priorities should be given equal emphasis in order to survive in the increasingly competitive market.
 - A firm competing along the dimension of volume flexibility will generally be expected to do well with a product or service with a seasonal or cyclical demand pattern.
 - Federal Express has registered impressive increases in sales and profits by emphasizing development speed.

Answer: c

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, volume, flexibility

45. Competitive priorities define the dimensions on which the firm should excel with its products or services. Which one of the following statements regarding this concept is TRUE?
- The strategy of emphasizing lower price is most appropriate when the product is highly differentiated.
 - McDonald's restaurants emphasize high-performance design quality rather than consistent quality.
 - All eight dimensions of competitive priorities should be equally emphasized in order to service the increasingly competitive market of the 1990s.
 - Often there are trade-offs among competitive priorities; thus, the best emphasis is situational.

Answer: d

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, situational

46. Competitive priorities state the dimensions on which a firm can excel. Which one of the following statements about each dimension is TRUE?
- a. Emphasizing low price is most appropriate for differentiated products in the growth stage of demand.
 - b. A firm that intends to excel at high-performance design quality can succeed only when its production volume is very high.
 - c. McDonald's is a typical example of an organization that excels at volume flexibility rather than quality consistency.
 - d. For a firm that gives top priority to customization, volumes for any individual product tend to be low.

Answer: d

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, dimensions, customization

47. An ethnic restaurant, in serving a lovely, four-hour, seven-course dinner for two for \$150, is giving particular emphasis to which dimension of competitive priorities?
- a. Price
 - b. Consistent quality
 - c. Delivery speed
 - d. Top quality

Answer: d

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: quality, competitive, priority

48. Which of the following statements about competitive priorities is TRUE?
- a. Firms emphasizing low price have slack capacity and hold large inventories in order to be efficient.
 - b. To survive, all firms in an industry must compete on the same dimensions of competitive priority.
 - c. Club Med competes on the dimension of high-performance design in part by offering excellent entertaining, dining, and recreational facilities.
 - d. A good delivery time is less than a few weeks, irrespective of the industry under consideration.

Answer: c

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities

49. Competitive priorities define the dimensions on which companies should excel in producing their products or services. Which one of the following statements is TRUE?
- a. A firm that competes on the dimension of volume flexibility is more likely to manufacture products that experience a seasonal demand variation.
 - b. It is impossible for a firm to improve cost and quality simultaneously.
 - c. A firm offering little customization cannot compete simultaneously on the dimension of consistent quality.
 - d. A firm that competes on the dimension of customization tends to have operating systems that are inflexible.

Answer: a

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, volume, flexibility

50. Quickly filling a customer's order is evidence of:
- a. delivery speed.
 - b. lead time.
 - c. development speed.
 - d. variety.

Answer: a

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: delivery, speed

51. A firm that competes based on development speed would not:
- a. have critical suppliers participate in the process.
 - b. have a high level of cross-functional coordination between marketing and sales.
 - c. practice concurrent engineering.
 - d. have critical competitors engage in the design process.

Answer: d

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: development, speed

52. Admission to the prestigious school had become so competitive that a high GPA was no longer enough to separate one fresh-faced high school student from another. Today's outstanding candidate must also demonstrate their involvement in a myriad of extracurricular activities in order to be admitted. It seems that good grades are now:
- a. the voice of the engineer.
 - b. order qualifiers.
 - c. order winners.
 - d. the voice of the customer.

Answer: b

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: order, qualifier

53. The first three cars I bought all fell apart around 50,000. It was called planned obsolescence and no one seemed to care until companies entered the market and promised 70,000, then 80,000, and finally 100,000 warranties. What sets a great car apart from a good one now is not the quality, which is assumed, but performance, safety and fuel economy. A car that can achieve all three is highly sought after. In the automotive market, performance, safety and fuel economy are sterling examples of:
- order winners.
 - the voice of the engineer.
 - order qualifiers.
 - the voice of the customer.

Answer: a

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: order, winner

54. A low-cost competitive priority may be broken down into:
- a requirement for high worker productivity.
 - high equipment utilization.
 - a need for low inventory levels.
 - All of these might be process-specific capabilities for a low-cost priority.

Answer: d

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: low, cost, priority, operations

55. Using an airline example for competitive priorities, the process capability of handling service needs of all market segments and promotional programs would be best described by:
- top quality.
 - variety.
 - consistent quality.
 - delivery speed.

Answer: b

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: variety, competitive, priorities

56. Which one of the following statements is TRUE?
- Increased market segmentation and technological advances mandate long development cycles.
 - Recent trends are for manufacturing firms not to involve operations until the final design stage has been reached.
 - The process of concurrent engineering requires design engineers, manufacturing specialists, and marketers to work jointly in designing a product and selecting a production process.
 - Firms such as Ford and Honda found that the concept of concurrent engineering is not cost effective.

Answer: c

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: concurrent, engineering

57. A firm with the marketing position of a leader can bring value to the customer using a(n):
- product variety development strategy.
 - design development strategy.
 - innovation development strategy.
 - service development strategy.

Answer: c

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: leader, innovation, development, strategy

58. Development strategies must go beyond specifying the variety, design, innovation, or service thrust. Firms must also:
- provide maintenance contracts for long-term use.
 - develop new technologies to deliver the service or product.
 - define the market position of the firm relative to competitors.
 - All of these are vital to new service or product development.

Answer: c

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: market, position, development, strategy

59. The water and detergent in a car wash are examples of:
- the supporting facility in the entire service package.
 - the facilitating goods in the entire service package.
 - the explicit services in the entire service package.
 - the implicit services in the entire service package.

Answer: b

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: service, package, facilitating, goods

60. A university campus is an examples of:
- the supporting facility in the entire service package.
 - the facilitating goods in the entire service package.
 - the explicit services in the entire service package.
 - the implicit services in the entire service package.

Answer: a

Reference: New Service or Product Development

Difficulty: Easy

Keywords: service, package, supporting, facility

61. A collection of goods and services provided by a service process to its internal or external customers is called a:
- service package.
 - consumption bundle.
 - delivery medium.
 - product.

Answer: a

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: service, package

62. Psychological benefits that the customer may sense only vaguely are:
- the supporting facilities.
 - implicit services.
 - explicit services.
 - facilitating goods.

Answer: b

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: implicit, service, psychological

63. The portion of a quality function deployment analysis that addresses the question “What do our customers need and want?” is called:
- competitive analysis.
 - technical comparison.
 - needs analysis.
 - voice of the customer.

Answer: d

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: voice, customer, QFD, quality, function, deployment

64. In QFD analysis, the voice of the engineer differs from the voice of the customer:
- because the engineering function does not need to address customer issues, only product issues.
 - in that the voice of the engineer enters the analysis near the end of the design process.
 - because the voice of the accountant must be heard after the customer (but before the engineer) in order to ensure cost competitiveness.
 - because the engineering function must translate the customer’s voice into technical measures.

Answer: d

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: voice, customer, QFD, quality, function, deployment, engineer

65. The stage of new product or service development that links the creation of new services or products to the corporate strategy of the firm is called:
- a. design.
 - b. analysis.
 - c. development.
 - d. full launch.

Answer: a

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: design, development, new

66. The product development team ensures compatibility of the proposed product with corporate strategy and regulatory standards in the:
- a. design stage.
 - b. analysis stage.
 - c. development stage.
 - d. full launch stage.

Answer: b

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: analysis, development

67. The stage of new service or product development at which personnel are trained and some pilot runs can be conducted to look for possible problems in production is called:
- a. design.
 - b. analysis.
 - c. development.
 - d. full launch.

Answer: c

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: development, stage, new, service, product

68. A new product development team that is composed of product and process engineers, marketers, quality specialists, and buyers that work together to make sure the new product can actually be built is engaging in:
- a. concurrent engineering.
 - b. joint application development.
 - c. quality function deployment.
 - d. core process design.

Answer: a

Reference: New Service or Product Development

Difficulty: Easy

Keywords: development, stage, new, service, product

FILL IN THE BLANK

69. A firm gains competitive advantage by outperforming competitors in terms of competitive priorities, which fall into four major groups: _____, _____, _____, and _____.

Answer: cost, quality, time, flexibility

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: cost, quality, time, flexibility, priorities

70. In a process called _____, design engineers, manufacturing specialists, marketers, buyers, and quality specialists work jointly to design a product or service and select the production process.

Answer: concurrent engineering

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: concurrent, engineering, design

71. _____ measures how quickly a new product or service is introduced, covering the elapsed time from idea generation through final design and production.

Answer: Development speed

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: Development speed, new, product, service

72. _____ is the elapsed time between receiving a customer's order and filling it.

Answer: Delivery speed, Lead time

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: time, fast, delivery

73. _____ is how industrial buyers often refer to delivery speed.

Answer: Lead time

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: lead time, delivery

74. _____ measures the frequency with which delivery-time promises are met.

Answer: On-time delivery

Reference: Competitive Priorities and Capabilities

Difficulty: Easy

Keywords: delivery, on-time

75. _____ is the ability to accelerate or decelerate the rate of production quickly to handle large fluctuations in demand.
Answer: Volume flexibility
Reference: Competitive Priorities and Capabilities
Difficulty: Easy
Keywords: volume, flexibility, demand
76. A strategy that focuses on the competitive priorities of delivery speed and development speed is _____.
Answer: time-based competition
Reference: Competitive Priorities and Capabilities
Difficulty: Moderate
Keywords: time-based, competition, competitive, priority
77. Every sub-contractor knew that their quality had to be excellent to be considered for the project; it was their ability to deliver on time that would secure the lucrative contract. Quality was recognized as being an _____ but time was the _____.
Answer: order qualifier; order winner
Reference: Competitive Priorities and Capabilities
Difficulty: Moderate
Keywords: order, winner, qualifier
78. _____ is a means of translating customer requirements into the appropriate technical requirements for each stage of product or service development and production.
Answer: Quality function deployment
Reference: New Service or Product Development
Difficulty: Easy
Keywords: quality, function, deployment, QFD
79. The entire collection of goods and services delivered by your future alma mater, from the plush classroom facilities to the outstanding instruction, myriad opportunities for self-expression and nifty diploma, comprise the university's _____.
Answer: service package
Reference: New Service or Product Development
Difficulty: Moderate
Keywords: service, package, product, definition
80. _____ brings product engineers, process engineers, marketers, buyers, information specialists, quality specialists and suppliers together to work jointly to design a product and all its processes.
Answer: Concurrent engineering
Reference: New Service or Product Development
Difficulty: Easy
Keywords: concurrent, engineering, design, new

SHORT ANSWERS

81. Explain what an operations strategy is and the importance of competitive priorities. Give an example from an organization (public or private, manufacturing or service).

Answer: An operations strategy is the means by which operations implements the firm's corporate strategy. Competitive priorities are the key capabilities that operations must develop to compete successfully in a market segment. Possible competitive priorities include low-cost operation, high-performance design, consistent quality, delivery speed, on-time delivery, development speed, customization, and volume flexibility. Examples will vary.

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, strategy

82. Name the two competitive priorities for quality and give an example of each.

Answer: The two competitive priorities are top quality, which is the determination of the level of operations performance required in making a product or performing a service, and consistent quality, which measures the frequency with which the product or service meets design specifications. Examples will vary.

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, quality

83. Name the three competitive priorities for time, and give an example of each.

Answer: The three competitive priorities for time are delivery speed, on-time delivery, and development speed. Delivery speed refers to the elapsed time between receiving a customer's order and filling it. On-time delivery measures the frequency with which delivery-time promises are met. Development speed measures how quickly a new product or service is introduced. Examples will vary.

Reference: Competitive Priorities and Capabilities

Difficulty: Moderate

Keywords: competitive, priorities, time

84. What is a service package and what features comprise it?

Answer: A service package is a collection of goods and services provided by a service process to its external or internal customers. This collection consists of four features called supporting facility, facilitating goods, explicit services, and implicit services. The supporting facility feature includes the physical resources that must be in place before a service can be offered. Facilitating goods include the material purchased or consumed by the customer, or items provided by the customer to receive a service. Explicit services are the benefits that are readily observable by the customer's senses and consist of the essential features of the service. Implicit services include the psychological benefits that the customer may sense only vaguely or nonessential features of the service.

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: service, package

85. Your university president has decided to integrate vertically and offer education from preschool through Ph.D. The justification for this program is that a fully integrated value chain will be able to compete more effectively than the current piecemeal system. Analyze this initiative in terms of competitive priorities, the new service development process, and the pattern of decisions that will be required to ensure successful deployment of this bold venture

Answer: Answers will vary dramatically.

Reference: New Service or Product Development

Difficulty: Moderate

Keywords: service, package, definition, development, process