

Supply Chain Management, 5e (Chopra/Meindl)
Chapter 1 Understanding the Supply Chain

1.1 True/False Questions

1) A supply chain includes only the organizations directly involved in supplying components needed for manufacturing.

Answer: FALSE

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

2) A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request.

Answer: TRUE

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

3) A supply chain could be more accurately described as a supply network or supply web.

Answer: TRUE

Diff: 2

Topic: 1.1 What Is a Supply Chain?

4) The objective of every supply chain is to maximize the overall value generated.

Answer: TRUE

Diff: 1

Topic: 1.2 The Objective of a Supply Chain

5) The objective of every supply chain is to maximize the value generated for the manufacturing component of the supply chain.

Answer: FALSE

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

6) Every supply chain must include all 5 stages.

Answer: FALSE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

7) The cycle view of a supply chain holds that the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.

Answer: TRUE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

8) The cycle view of a supply chain holds that the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.

Answer: FALSE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

9) The push/pull view of a supply chain holds that the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.

Answer: TRUE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

10) The push/pull view of a supply chain holds that the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.

Answer: FALSE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

11) The objective of the customer arrival process is to maximize the conversion of customer arrivals to customer orders.

Answer: TRUE

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

12) The objective of the customer arrival process is to ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.

Answer: FALSE

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

AACSB: Analytic Skills

13) The objective of customer order entry is to ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.

Answer: TRUE

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

AACSB: Analytic Skills

14) The objective of customer order entry is to maintain a record of product receipt and complete payment.

Answer: FALSE

Diff: 3

Topic: 1.2 The Objective of a Supply Chain

AACSB: Analytic Skills

15) The replenishment cycle occurs at the retailer/distributor interface.

Answer: TRUE

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

16) The replenishment cycle occurs at the distributor/manufacturer interface.

Answer: FALSE

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

17) The replenishment cycle is initiated when a supermarket runs out of stock of a particular item.

Answer: TRUE

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

18) The replenishment cycle is initiated when customers load items intended for purchase into their carts.

Answer: FALSE

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

19) The manufacturing cycle occurs at the distributor/manufacturer interface.

Answer: TRUE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

20) The manufacturing cycle occurs at the manufacturer/supplier interface.

Answer: FALSE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

21) The production scheduling process in the manufacturing cycle is similar to the order entry process in the replenishment cycle.

Answer: TRUE

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

22) The production scheduling process in the manufacturing cycle is similar to the order fulfillment process in the replenishment cycle.

Answer: FALSE

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

23) The procurement cycle occurs at the manufacturer/supplier interface.

Answer: TRUE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

24) The cycle view of the supply chain is useful when considering operational decisions, because it specifies the roles and responsibilities of each member of the supply chain.

Answer: TRUE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

25) The cycle view of the supply chain is useful when considering operational decisions, because it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.

Answer: FALSE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

26) The push/pull view of the supply chain is useful when considering strategic decisions relating to supply chain design, because it specifies the roles and responsibilities of each member of the supply chain.

Answer: FALSE

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

27) Pull processes may also be referred to as speculative processes.

Answer: FALSE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

28) Push processes may also be referred to as speculative processes.

Answer: TRUE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

29) All supply chain activities within a firm belong to one of three macro processes — CRM, ISCM and SRM.

Answer: TRUE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

30) There is a close connection between the design and management of supply chain flows and the success of a supply chain.

Answer: TRUE

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

31) All stages of an enterprise are involved, either directly or indirectly, in fulfilling a customer request.

Answer: TRUE

Diff: 2

Topic: 1.1 What Is a Supply Chain?

32) A supply chain involves the constant flow of information, product, and funds between different stages and is typically static.

Answer: FALSE

Diff: 3

Topic: 1.1 What Is a Supply Chain?

33) The difference between the value of the product and its price remains with the customer as *consumer surplus*.

Answer: TRUE

Diff: 1

Topic: 1.2 The Objective of a Supply Chain

1.2 Multiple Choice Questions

1) Which of the following is **not** a stage within a typical supply chain?

- A) Customers
- B) Retailers
- C) Wholesalers/Distributors
- D) Manufacturers
- E) All of the above are stages within a typical supply chain.

Answer: E

Diff: 1

Topic: 1.1 What Is a Supply Chain?

2) Which of the following is **not** a stage within a typical supply chain?

- A) Customers
- B) Retailers
- C) Wholesalers/Distributors
- D) Merchandisers
- E) Component/Raw material suppliers

Answer: D

Diff: 1

Topic: 1.1 What Is a Supply Chain?

3) Supply chain profitability is

- A) not correlated to the value generated by the various stages of the supply chain.
- B) the total profit to be shared across all supply chain stages.
- C) the difference between the revenue generated from the customer and the overall cost across the supply chain.
- D) the total revenue generated by the distributor stage of the supply chain.
- E) B and C only

Answer: E

Diff: 3

Topic: 1.2 The Objective of a Supply Chain

AACSB: Analytic Skills

4) Successful supply chain management requires which of the following decision phases?

- A) Supply chain strategy/design
- B) Supply chain planning
- C) Supply chain operation
- D) all of the above
- E) A and B only

Answer: D

Diff: 2

Topic: 1.2 The Objective of a Supply Chain

5) The decision phases in a supply chain include

- A) production scheduling.
- B) customer relationship management.
- C) supply chain operation.
- D) supply chain orientation.
- E) all of the above

Answer: C

Diff: 2

Topic: 1.4 Decision Phases in a Supply Chain

6) The cycle view of a supply chain holds that

- A) the processes in a supply chain are divided into 2 categories.
- B) the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.
- C) all processes in a supply chain are initiated in response to a customer order.
- D) all processes in a supply chain are performed in anticipation of customer orders.
- E) None of the above are true.

Answer: B

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

7) The push/pull view of a supply chain holds that

- A) the processes in a supply chain are divided into a series of activities performed at the interface between successive stages.
- B) all processes in a supply chain are initiated in response to a customer order.
- C) all responses in a supply chain are performed in anticipation of customer orders.
- D) the processes in a supply chain are divided into 2 categories depending on whether they are initiated in response to or in anticipation of customer orders.
- E) None of the above are true.

Answer: D

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

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8) Which of the following is **not** a cycle in the supply chain cycle view?

- A) Analysis cycle
- B) Customer order cycle
- C) Replenishment cycle
- D) Manufacturing cycle
- E) Procurement cycle

Answer: A

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

9) Which of the following is **not** a cycle in the supply chain cycle view?

- A) Customer order cycle
- B) Replenishment cycle
- C) Manufacturing cycle
- D) Procurement cycle
- E) All of the above are part of the supply chain cycle view.

Answer: E

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

10) The customer order cycle occurs at the

- A) customer/retailer interface.
- B) retailer/distributor interface.
- C) distributor/manufacturer interface.
- D) manufacturer/supplier interface.
- E) none of the above

Answer: A

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

11) Which of the following is **not** a process in the customer order cycle?

- A) Customer arrival
- B) Customer order entry
- C) Customer order fulfillment
- D) Customer order receiving
- E) All are processes in the customer order cycle.

Answer: E

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

12) Customer arrival refers to

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.
- E) none of the above

Answer: A

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

13) The objective of the customer arrival process is to

- A) get the correct orders to customers by the promised due date at the lowest possible cost.
- B) maintain a record of product receipt and complete payment.
- C) maximize the conversion of customer arrivals to customer orders.
- D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
- E) none of the above

Answer: C

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

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14) Customer order entry is

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.
- E) none of the above

Answer: B

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

15) The objective of customer order entry is to

- A) get the correct orders to customers by the promised due date at the lowest possible cost.
- B) maintain a record of product receipt and complete payment.
- C) maximize the conversion of customer arrivals to customer orders.
- D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
- E) none of the above

Answer: D

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

16) Customer order fulfillment refers to

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocating product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.
- E) none of the above

Answer: C

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

17) The objective of customer order fulfillment is to

- A) get the correct orders to customers by the promised due date at the lowest possible cost.
- B) maintain a record of product receipt and complete payment.
- C) maximize the conversion of customer arrivals to customer orders.
- D) ensure that orders are quickly and accurately entered and communicated to other affected supply chain processes.
- E) none of the above

Answer: A

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

18) Customer order receiving is

- A) the point in time when the customer has access to choices and makes a decision regarding a purchase.
- B) the customer informing the retailer of what they want to purchase and the retailer allocates product to the customer.
- C) the process where product is prepared and sent to the customer.
- D) the process where the customer receives the product and takes ownership.
- E) none of the above

Answer: D

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

19) The replenishment cycle occurs at the

- A) customer/retailer interface.
- B) retailer/distributor interface.
- C) distributor/manufacturer interface.
- D) manufacturer/supplier interface.
- E) none of the above

Answer: B

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

20) The processes involved in the replenishment cycle include

- A) retail order receiving.
- B) retail order entry.
- C) retail order trigger.
- D) retail order fulfillment.
- E) all of the above

Answer: E

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

21) The processes included in the replenishment cycle include all of the following except

- A) retail order receiving.
- B) retail order entry.
- C) retail order trigger.
- D) retail order fulfillment.
- E) none of the above

Answer: E

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

22) The processes included in the replenishment cycle include

- A) order arrival.
- B) production scheduling.
- C) retail trigger.
- D) manufacturing.
- E) receiving.

Answer: C

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

23) The replenishment cycle is initiated when

- A) the customer walks into the supermarket.
- B) the customer calls a mail order telemarketing center.
- C) customers load items intended for purchase into their carts.
- D) a product is received into stock at a store.
- E) none of the above

Answer: E

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

24) The manufacturing cycle occurs at the

- A) customer/retailer interface.
- B) retailer/distributor interface.
- C) distributor/manufacturer interface.
- D) manufacturer/supplier interface.
- E) none of the above

Answer: C

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

25) The processes involved in the manufacturing cycle include

- A) receiving.
- B) manufacturing and shipping.
- C) production scheduling.
- D) order arrival.
- E) all of the above

Answer: E

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

26) The processes involved in the manufacturing cycle include

- A) order trigger.
- B) production scheduling.
- C) order fulfillment.
- D) order entry.
- E) manufacturing order analysis.

Answer: B

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

27) The production scheduling process in the manufacturing cycle is similar to the

- A) order receiving process in the replenishment cycle.
- B) order fulfillment process in the replenishment cycle.
- C) order entry process in the replenishment cycle.
- D) order trigger process in the replenishment cycle.
- E) none of the above

Answer: C

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

28) The manufacturing and shipping process in the manufacturing cycle is equivalent to the

- A) order receiving process in the replenishment cycle.
- B) order fulfillment process in the replenishment cycle.
- C) order entry process in the replenishment cycle.
- D) order trigger process in the replenishment cycle.
- E) none of the above

Answer: B

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

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29) The procurement cycle occurs at the

- A) customer/retailer interface.
- B) retailer/distributor interface.
- C) distributor/manufacturer interface.
- D) manufacturer/supplier interface.
- E) none of the above

Answer: D

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

30) The relationship between the manufacturer and supplier during the procurement cycle is very similar to the relationship between

- A) customer and retailer.
- B) retailer and distributor.
- C) distributor and manufacturer.
- D) manufacturer and customer.

Answer: C

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

31) The cycle view of the supply chain is useful when considering operational decisions, because

A) it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.

- B) it specifies the roles and responsibilities of each member of the supply chain.
- C) processes are identified as either reactive or speculative.
- D) it focuses on processes that are external to the firm.
- E) it focuses on processes that are internal to the firm.

Answer: B

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

32) The push/pull view of the supply chain is useful when considering strategic decisions relating to supply chain design, because

- A) it categorizes processes based on whether they are initiated in response to or in anticipation of customer orders.
- B) it specifies the roles and responsibilities of each member of the supply chain.
- C) it clearly defines the processes involved and the owners of each process.
- D) it focuses on processes that are external to the firm.
- E) it focuses on processes that are internal to the firm.

Answer: A

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

33) Which of the following statements about pull processes is accurate?

- A) May also be referred to as speculative processes.
- B) Execution is initiated in anticipation of customer orders.
- C) At the time of execution, demand must be forecast.
- D) May also be referred to as reactive processes.
- E) None of the above are accurate.

Answer: D

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

34) Which of the following is **not** an accurate statement about pull processes?

- A) May also be referred to as speculative processes.
- B) Execution is initiated in response to a customer order.
- C) At the time of execution, demand is known with certainty.
- D) May also be referred to as reactive processes.
- E) All of the above are accurate.

Answer: A

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

35) Which of the following statements about push processes is accurate?

- A) May also be referred to as speculative processes.
- B) Execution is initiated in response to customer orders.
- C) At the time of execution, demand is known with certainty.
- D) May also be referred to as reactive processes.
- E) None of the above are accurate.

Answer: A

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

36) Which of the following is **not** an accurate statement about push processes?

- A) May also be referred to as speculative processes.
- B) Execution is initiated in anticipation of customer orders.
- C) At the time of execution, demand must be forecast.
- D) May also be referred to as reactive processes.
- E) All of the above are accurate.

Answer: D

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

37) Supply chain macro processes include which of the following?

- A) Customer Relationship Management (CRM)
- B) Internal Supply Chain Management (ISCM)
- C) Supplier Relationship Management (SRM)
- D) all of the above
- E) none of the above

Answer: D

Diff: 1

Topic: 1.5 Process Views of a Supply Chain

38) Supply chain macro processes include which of the following?

- A) Internal Relationship Management (IRM)
- B) Customer Relationship Management (CRM)
- C) External Relationship Management (ERM)
- D) Supply Chain Relationship Management (SCRM)
- E) none of the above

Answer: B

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

39) Supply chain macro processes include which of the following?

- A) Internal Relationship Management (IRM)
- B) External Relationship Management (ERM)
- C) Supplier Relationship Management (SRM)
- D) Supply Chain Relationship Management (SCRM)
- E) none of the above

Answer: C

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

40) Activities involved in the Customer Relationship Management (CRM) macro process include

- A) planning of internal production and storage.
- B) order fulfillment.
- C) marketing.
- D) supply planning.
- E) demand planning.

Answer: C

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

41) Activities involved in the Customer Relationship Management (CRM) macro process include all of the following except

- A) marketing.
- B) sales.
- C) order management.
- D) call center management.
- E) All of the above are activities of CRM.

Answer: E

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

AACSB: Analytic Skills

42) Activities involved in the Internal Supply Chain Management (ISCM) macro process include

- A) marketing.
- B) order fulfillment.
- C) sales.
- D) order management.
- E) call center management.

Answer: B

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

43) Activities involved in the Internal Supply Chain Management (ISCM) macro process include all of the following except

- A) planning of internal production and storage.
- B) order fulfillment.
- C) supply planning.
- D) order management.

Answer: D

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

44) Activities involved in the Supplier Relationship Management (SRM) macro process include

- A) planning of internal production and storage.
- B) order fulfillment.
- C) supplier evaluation and selection.
- D) order management.

Answer: C

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

45) Activities involved in the Supplier Relationship Management (SRM) macro process include all of the following except

- A) negotiation of supply terms.
- B) design collaboration.
- C) demand planning.
- D) supplier evaluation and selection.
- E) supply collaboration.

Answer: C

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

46) The phenomenal success of 7-Eleven Japan is attributed to

- A) being in the right place at the right time.
- B) its supply chain design and management ability.
- C) having 9000 locations.
- D) serving fresh food.
- E) none of the above

Answer: B

Diff: 2

Topic: 1.3 The Importance of Supply Chain Decisions

47) A key issue facing Toyota is

- A) developing an internet marketing system.
- B) whether to specialize in a particular market.
- C) design of its global production and distribution network.
- D) how to implement model changes.
- E) all of the above

Answer: C

Diff: 3

Topic: 1.3 The Importance of Supply Chain Decisions

48) When a customer purchases a book online from a company such as Amazon, which of the following is NOT part of the typical supply chain operations?

- A) The customer
- B) Amazon's web site
- C) Amazon's book supplier
- D) Amazon's accounting department

Answer: D

Diff: 1

Topic: 1.1 What Is a Supply Chain?

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49) A supply chain has many stages. It would NOT typically involve this stage.

- A) Customer's trip *to* retailer
- B) Retailers
- C) Manufacturers
- D) Raw materials suppliers

Answer: A

Diff: 3

Topic: 1.1 What Is a Supply Chain?

AACSB: Analytic Skills

50) Each stage in a supply chain is connected through the flow of products, information, and funds. These flows often occur in both directions and is usually managed by

- A) pricing department.
- B) one of the stages.
- C) upper management.
- D) engineering department.

Answer: B

Diff: 2

Topic: 1.1 What Is a Supply Chain?

51) Supply chain surplus involves what two parts?

- A) Manufacturing cost and selling price
- B) Customer value and supply chain cost
- C) Customer value and high quality products
- D) Reliable transportation and supply chain cost

Answer: B

Diff: 3

Topic: 1.2 The Objective of a Supply Chain

52) For any supply chain, the source of revenue is generated by

- A) efficient operations.
- B) information flows.
- C) the customer.
- D) product flows.

Answer: C

Diff: 3

Topic: 1.2 The Objective of a Supply Chain

AACSB: Analytic Skills

53) Webvan designed a supply chain with large warehouses in several major cities in the United States, from which groceries were delivered to customer homes. They failed partly because of

- A) low demand for their service.
- B) slow inventory turnover compared to industry averages.
- C) higher labor costs for picking orders.
- D) poor quality products.

Answer: C

Diff: 2

Topic: 1.3 The Importance of Supply Chain Decisions

AACSB: Analytic Skills

54) Successful supply chain management requires many decisions relating to the flow of information, product, and funds. These decisions fall into three categories or phases. Which of the following is NOT one of these categories?

- A) Supply Chain Operation
- B) Supply Chain Planning
- C) Supply Chain Strategy and Design
- D) Supply Chain Alliances

Answer: D

Diff: 1

Topic: 1.4 Decision Phases in a Supply Chain

1.3 Essay Questions

1) Explain the 3 decision phases (categories) that must be made in a successful supply chain.

Answer: The 3 decision phases that occur within a supply chain are supply chain strategy (or design), supply chain planning and supply chain operation. Decisions relate to the flow of information, product and funds. The difference between categories depends upon the frequency of each decision and the time frame over which it has an impact. During the supply chain strategy phase, a company determines what the chain's configurations will be, how resources will be allocated, and what processes each stage will perform. This will establish the structure of the supply chain for several years. Supply chain planning deals with decisions with a time frame from 3 months up to a year. The planning phase must work within the constraints established in the strategy phase. Planning decisions include which markets to supply from which locations, subcontracting of manufacturing, inventory policies and timing and size of marketing promotions. The supply chain operation phase operates on a weekly or daily time horizon and deals with decisions concerning individual customer orders.

Diff: 3

Topic: 1.4 Decision Phases in a Supply Chain

2) Describe the cycle view of the processes within a supply chain.

Answer: The cycle view divides the supply chain into a series of 4 cycles between the 5 different stages of a supply chain. The cycles are the customer order cycle, replenishment cycle, manufacturing cycle and procurement cycle. The customer order cycle occurs at the customer/retailer interface and includes all processes directly involved in receiving and filling the customer. The replenishment cycle occurs at the retailer/distributor interface and includes all processes involved in replenishing retailer inventory. The manufacturing cycle typically occurs at the distributor/manufacturer (or retailer/manufacturer) interface and includes all processes involved in replenishing distributor (or retailer) inventory. The procurement cycle occurs at the manufacturer/supplier interface and includes all processes necessary to ensure that the materials are available for manufacturing according to schedule.

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

3) Explain the push/pull view of the processes within a supply chain.

Answer: The push/pull view of the supply chain divides supply chain processes into two categories based on whether they are executed in response to a customer order or in anticipation of customer orders. Pull processes are initiated in response to a customer order. Push processes are initiated and performed in anticipation of customer orders. The push/pull boundary separates push processes from pull processes. This view is very useful when considering strategic decisions relating to supply chain design, because it forces a more global consideration of supply chain processes as they relate to the customer.

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

4) Explain the three macro processes within a supply chain.

Answer: All processes within a supply chain can be classified into three macro processes which are Customer Relationship Management (CRM), Internal Supply Chain Management (ISCM), and Supplier Relationship Management (SRM). Customer Relationship Management (CRM) includes all processes that focus on the interface between the firm and its customers such as marketing, sales, call center management and order management. Internal Supply Chain Management (ISCM) includes all processes that are internal to the firm such as finalization of demand and supply plans, preparation of inventory management policies, order fulfillment and planning of capacity. Supplier Relationship Management (SRM) includes all processes that focus on the interface between a firm and its suppliers such as evaluation and selection of suppliers, negotiation of supply terms and communication regarding new products and orders.

Diff: 2

Topic: 1.5 Process Views of a Supply Chain

5) Explain why supply chain flows are important.

Answer: Supply chain flows are important, because there is a close connection between the design and management of supply chain flows (product, information, and cash) and the success of a supply chain. The success of many companies can be directly traced to the design and management of an appropriate supply chain. The failure of many businesses can be linked directly to their inability to effectively design and manage supply chain flows.

Diff: 2

Topic: 1.3 The Importance of Supply Chain Decisions

6) Discuss the differences of push and pull supply chain processes.

Answer: Processes in a supply chain fall into one of two categories depending on the timing of their execution relative to end customer demand. With pull processes, execution is initiated in response to a customer order. With push processes, execution is initiated in anticipation of customer orders based on a forecast. Pull processes may also be referred to as *reactive processes* because they react to customer demand. Push processes may also be referred to as *speculative processes* because they respond to speculated (or forecasted) rather than actual demand. The *push/pull boundary* in a supply chain separates push processes from pull processes. Push processes operate in an uncertain environment because customer demand is not yet known. Pull processes operate in an environment in which customer demand is known. They are, however, often constrained by inventory and capacity decisions that were made in the push phase.

Diff: 3

Topic: 1.5 Process Views of a Supply Chain

AACSB: Reflective Thinking Skills