forecasts in order to develop a single plan for meeting customer demand. (True) (Medium)

21. Purchasing goods or services from an outside supplier that were originally produced in-house is known as outsourcing. (True) (Easy)

22. With single-sourcing a company has less influence and control over the quality, cost, and delivery performance of a supplier, especially if the company has a major proportion of the supplier’s business. (False) (Medium)

23. Order fulfillment is the process of ensuring on-time delivery of the customer’s order. (True) (Medium)

24. The most important factor in transportation and distribution is cost. (False) (Medium)

25. Distribution is not an important supply chain component for Internet dot.com companies, such as Amazon.com. (False) (Easy)

26. A recent trend in distribution which moves some final manufacturing steps like assembly or product customization in to the warehouse or distribution center is known as postponement. (True) (Medium)

27. In vendor managed inventory (VMI) systems vendors, not manufacturers, generate orders. (False) (Medium)

28. Railroads are the main mode of freight transportation in the United States. (False) (Easy)

29. Enterprise Resource Planning (ERP) is software that helps integrate many of the supply chain components by sharing and organizing information and data among supply chain members. (True) (Medium)

30. In global trade the cost of producing, storing, and transporting a product to its destination or port is referred to as landed cost. (True) (Medium)

Multiple Choice Questions

31. The suppliers in a supply chain are referred to as
   a. downstream supply chain members
   b. midstream supply chain members
   c. upstream supply chain members
   d. nonintegrated supply chain members (Easy)

32. Distributors, warehouses, and the eventual end-users are referred to as
   a. downstream supply chain members
   b. upstream supply chain members
   c. procurement members
   d. enablers (Easy)

33. The integrated group of business processes and activities that form the supply chain include all of the following except
   a. procurement of services, materials, and components from suppliers
62. A company that produces small electric motors for treadmills had cost of goods sold last year of $241,000,000. The average value of inventory for raw materials, work-in-process, and finished goods are shown in the table below:

<table>
<thead>
<tr>
<th>Inventory Type</th>
<th>Average Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials</td>
<td>$12,379,000</td>
</tr>
<tr>
<td>Work-In-Process</td>
<td>$7,631,000</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>$9,275,000</td>
</tr>
</tbody>
</table>

Assuming the company operates 365 days a year the number of inventory turns would be
a. 0.12  
b. 5.12  
c. **8.23**  
d. 14.53  
*(Hard)*

63. A company that produces small electric motors for treadmills had cost of goods sold last year of $241,000,000. The average value of inventory for raw materials, work-in-process, and finished goods are shown in the table below:

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</tr>
<tr>
<td>Finished Goods</td>
<td>$9,275,000</td>
</tr>
</tbody>
</table>

If the company operates 365 days a year the days of supply being held in inventory is
a. **44.35**  
b. 27.39  
c. 8.23  
d. 0.1215  
*(Hard)*

64. A company that produces specialized video equipment had cost of goods sold last year of $127,000,000. The average value of inventory for raw materials, work-in-process, and finished goods are shown in the table below:

<table>
<thead>
<tr>
<th>Inventory Type</th>
<th>Average Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials</td>
<td>$6,189,000</td>
</tr>
<tr>
<td>Work-In-Process</td>
<td>$2,541,000</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>$3,710,000</td>
</tr>
</tbody>
</table>

If the company operates 50 weeks per year then the number of inventory turns would be
a. 0.0979  
b. **4.3795**