

Supplement 7
Decision-Making Tools: Facility Location Models

True or False Questions

1. The physical location of business facilities can have a significant impact on the success of a company. (True) **(Easy)**
2. The factors important in determining the location of a manufacturing plant are usually different from those important in locating a service facility or a warehouse. (True) **(Easy)**
3. The same factors in determining the location of a manufacturing plant are also used in determining the location of a service facility. (False) **(Easy)**
4. Access to railroads is frequently a factor in locating a plant. (True) **(Easy)**
5. Retail and service facilities are usually more expensive than heavy-manufacturing facilities. (False) **(Easy)**
6. For a service operation such as a restaurant or retail store, being in the right place usually means in a location that is convenient and easily accessible. (True) **(Easy)**
7. Location decisions are usually made more frequently for service operations than manufacturing facilities. (True) **(Easy)**
8. Foreign firms seeking to reduce their supply chain costs might locate facilities in the United States. (True) **(Easy)**
9. Site selection is unrelated to supply chain design. (False) **(Easy)**
10. Labor is an important factor in a location decision. (True) **(Easy)**
11. The collection of physical support systems of a location is known as its infrastructure. (True) **(Medium)**
12. Inadequate infrastructure will increase a company's supply chain costs and inhibit its customer service. (True) **(Medium)**
13. In general, transportation costs are a function of distance, weight, and time. (True) **(Easy)**

Multiple Choice Questions

14. Which of the following is not a primary factor in location decisions for plants?
 - a. proximity to raw materials
 - b. proximity to customers**
 - c. proximity to different modes of transportation
 - d. proximity to significant labor pools**(Medium)**