

Course No: MAN3306
Course Title: Production &
operations management
Date: 27 Dec 2011
No. of Questions: 3
Time: 2 hours

University of Palestine



Final Exam
1st Semester 2011/2012
Total Grade: 60

Lecturer Name: Yousif Alagha
Student No.: _____
Student Name: _____
College Name: Business & Finance
Dep. / Specialist: Business
Using calculator (Yes)


IT IS COMPULSORY TO ANSWER ALL QUESTIONS

First question (10 marks)

Determine if each of the following statement is true (T) or false (F) **and justify your answer:**

1. The master production schedule is a forecast of demand for families of products
2. "Phantom bills" are bills of material for subassemblies that do not exist in reality.
3. A naïve forecast for September sales of a product would be equal to the forecast for August.
4. Seasonal indices adjust raw data for patterns that repeat at regular time intervals.
5. A major challenge in inventory management is to maintain a balance between inventory investment and customer service.

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Second question (5 Marks):

Chose the appropriate answer from the listed choice of each statement:


1. Which of the following uses three types of participants: decision makers, staff personnel, and respondents?

- A) executive opinions
- B) sales force composites
- C) the Delphi method
- D) associative models
- E) time series analysis

2. The fundamental difference between cycles and seasonality is the

- A) duration of the repeating patterns
- B) magnitude of the variation
- C) ability to attribute the pattern to a cause
- D) all of the above
- E) none of the above

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3. Which of the following is a function of inventory?

- A) to decouple or separate parts of the production process
- B) to decouple the firm from fluctuations in demand and provide a stock of goods that will provide a selection for customers
- C) to take advantage of quantity discounts
- D) to hedge against inflation
- E) All of the above are functions of inventory.

4. Which of the following statements about ABC analysis is false?

- A) ABC analysis is based on the presumption that controlling the few most important items produces the vast majority of inventory savings.
- B) In ABC analysis, "A" Items are tightly controlled, have accurate records, and receive regular review by major decision makers.
- C) In ABC analysis, "C" Items have minimal records, periodic review, and simple controls.
- D) ABC analysis is based on the presumption that all items must be tightly controlled to produce important cost savings.
- E) All of the above statements are true.

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5. The purpose of safety stock is to

- A) replace failed units with good ones
- B) eliminate the possibility of a stockout
- C) eliminate the likelihood of a stockout due to erroneous inventory tally
- D) control the likelihood of a stockout due to the variability of demand during lead time
- E) protect the firm from a sudden decrease in demand


6. Effective use of MRP and other dependent demand models does not require which of the following?

- A) master production schedule
- B) bill of materials
- C) inventory availability
- D) lead times
- E) cost of individual components

7. A master production schedule specifies

- A) the raw materials required to complete the product
- B) what component is to be made, and when
- C) what product is to be made, and when
- D) the labor hours required for production
- E) the financial resources required for production

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8. The _____ is (are) the MRP input detailing which end items are to be produced, when they are needed, and in what quantities.

- A) master production schedule
- B) load report
- C) inventory records
- D) assembly time chart
- E) bill of material

9. A bill of material lists the _____.

- A) times needed to perform all phases of production
- B) production schedules for all products
- C) components, ingredients, and materials required to produce an item
- D) operations required to produce an item
- E) components, ingredients, materials, and assembly operations required to produce an item

10. Material requirements plans specify

- A) the quantities of the product families that need to be produced
- B) the quantity and timing of planned order releases
- C) the capacity needed to provide the projected output rate
- D) the costs associated with alternative plans
- E) whether one should use phantom bills of material or not

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Question three (15 Marks):

2. Bill has a part-time "wooden industry" producing seasonal plywood yard for resale at local craft fairs and bazaars. He currently works 8 hours per day to produce 16 items.

- a. What is her productivity?
- b. She thinks that by redesigning the ornaments and switching from use of a wood glue to a hot-glue gun she can increase her total production to 20 ornaments per day. What is her new productivity?
- c. What is her percentage increase in productivity?

Question four (30 Marks): answer four questions only

1. What is MRP? Identify four benefits from its use.
2. How do services differ from goods? Identify & illustrates five ways.
3. What is a product-by-value analysis, and what type of decision does it help managers make?
4. Identify the factors that influence new product opportunities.
5. What is the role of labor productivity in location decisions? Why is it more important than low wages in location decisions?

End of question

GOOD LUCK