

Fold each printed sheet in half lengthwise. The left side of the document will list the term and the right side will list the definition. Tape or staple the open edges of your flashcards. Cut out your flashcards on the solid lines indicated and fold them on the dotted lines.

Module 8: Section A: Optimizing Supply Chain Strategy and Tactics

Term
postponement

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Definition

A product design, or supply chain strategy that deliberately delays final differentiation of a product (assembly, production, packaging, tagging, etc.) until the latest possible time in the process. This shifts product differentiation closer to the consumer to reduce the anticipatory risk of producing the wrong product. The practice eliminates excess finished goods in the supply chain. Sometimes referred to as delayed differentiation.

Module 8: Section A: Optimizing Supply Chain Strategy and Tactics

Term
product differentiation

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Definition

A strategy of making a product distinct from the competition on a nonprice basis such as availability, durability, quality, or reliability.

Module 8: Section A: Optimizing Supply Chain Strategy and Tactics

Term
multicountry strategy

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Definition

A strategy in which each country market is self-contained. Customers have unique product expectations that are addressed by local production capabilities. Syn: multidomestic strategy.

Module 8: Section A: Optimizing Supply Chain Strategy and Tactics

Term
push system

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Definition

1) In production, the production of items at times required by a given schedule planned in advance. 2) In material control, the issuing of material according to a given schedule or issuing material to a job order at its start time. 3) In distribution, a system for replenishing field warehouse inventories where replenishment decision making is centralized, usually at the manufacturing site or central supply facility. See: pull system.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
pull system

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Definition

1) In production, the production of items only as demanded for use or to replace those taken for use. See: pull signal. 2) In material control, the withdrawal of inventory as demanded by the using operations. Material is not issued until a signal comes from the user. 3) In distribution, a system for replenishing field warehouse inventories where replenishment decisions are made at the field warehouse itself, not at the central warehouse or plant.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
efficiency

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Definition

A measurement (usually expressed as a percentage) of the actual output relative to the standard output expected. [This] measures how well something is performing relative to existing standards; in contrast, productivity measures output relative to a specific input (e.g., tons/labor hour). [It] is the ratio of (1) actual units produced to the standard rate of production expected in a time period, or (2) standard hours produced to actual hours worked (taking longer means less [of this]), or (3) actual dollar volume of output to a standard dollar volume in a time period. For example: (1) There is a standard of 100 pieces per hour and 780 units are produced in one eight-hour shift; [this] is $780 \div 800$ converted to a percentage, or 97.5 percent. (2) The work is measured in hours and took 8.21 hours to produce 8 standard hours; [this] is $8 \div 8.21$ converted to a percentage, or 97.5 percent. (3) The work is measured in dollars and produces \$780 with a standard of \$800; [this] is $\$780 \div \800 converted to a percentage, or 97.5 percent.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
velocity

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Definition

1) The rate of change of an item with respect to time. See: inventory turnover, lead time. 2) In supply chain management, a term used to indicate the relative speed of all transactions, collectively, within a supply chain community. [The maximum of this] is most desirable because it indicates higher asset turnover for stockholders and faster order-to-delivery response for customers.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
value stream

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Definition

The processes of creating, producing, and delivering a good or service to the market. For a good, [this] encompasses the raw material supplier, the manufacture and assembly of the good, and the distribution network. For a service, [this] consists of suppliers, support personnel and technology, the service "producer," and the distribution channel. May be controlled by a single business or a network of several businesses.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
strategic plan

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Definition

The plan for how to marshal and determine actions to support the mission, goals, and objectives of an organization. Generally includes an organization's explicit mission, goals, and objectives and the specific actions needed to achieve those goals and objectives. See: business plan, operational plan, strategic planning, strategy, tactical plan.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
business strategy

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Definition

A plan for choosing how to compete. Business strategies can be classified into three general categories: (1) least cost, (2) differentiation, and (3) focus.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
target costing

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Definition

The process of designing a product to meet a specific cost objective. Target costing involves setting the planned selling price and subtracting the desired profit as well as marketing and distribution costs, thus leaving the required manufacturing or target cost.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
global strategy

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Definition

A strategy that focuses on improving worldwide performance through the sales and marketing of common goods and services with minimum product variation by country. Its competitive advantage grows through selecting the best locations for operations in other countries. See: multinational strategy.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
competitive analysis

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Definition

An analysis of a competitor that includes its strategies, capabilities, prices, and costs.

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Term
mass marketing

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Definition

The strategy of sending the same message to all potential customers.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
strategy

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Definition

For an enterprise, identifies how the company will function in its environment. Specifies how to satisfy customers, how to grow the business, how to compete in its environment, how to manage the organization and develop capabilities within the business, and how to achieve financial objectives.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
bullwhip effect

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Definition

An extreme change in the supply position upstream in a supply chain generated by a small change in demand downstream in the supply chain. Inventory can quickly move from being backordered to being excess. This is caused by the serial nature of communicating orders up the chain with the inherent transportation delays of moving product down the chain. [This] can be eliminated by synchronizing the supply chain.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term

demand-driven material
requirements planning (DDMRP)

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Definition

A method for planning material needs that enables a company to build more closely to actual market requirements.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term

demand-driven supply network

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Definition

A situation in which a customer purchase initiates real-time information flows through the supply chain that consequently cause movement of product through the network.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term

functional product

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Definition

Mature products that tend to have a low profit margin and a predictable demand.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term

business plan

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Definition

1) A statement of long-range strategy and revenue, cost, and profit objectives usually accompanied by budgets, a projected balance sheet, and a cash flow (source and application of funds) statement. [It] is usually stated in terms of dollars and grouped by product family. [It] is then translated into synchronized tactical functional plans through the production planning process (or the sales and operations planning process). Although frequently stated in different terms (dollars versus units), these tactical plans should agree with each other and with [this concept]. See: long-term planning, strategic plan. 2) A document consisting of the business details (organization, strategy, and financing tactics) prepared by an entrepreneur to plan for a new business.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
value

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Definition

The worth of an item, good, or service.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
value added

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Definition

1) In accounting, the addition of direct labor, direct material, and allocated overhead assigned at an operation. It is the cost roll-up as a part goes through a manufacturing process to finished inventory. 2) In current manufacturing terms, the actual increase of utility from the viewpoint of the customer as a part is transformed from raw material to finished inventory; the contribution made by an operation or a plant to the final usefulness and value of a product, as seen by the customer. The objective is to eliminate all non-value-added activities in producing and providing a good or service.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
visibility

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Definition

The ability to view important information throughout a facility or supply chain no matter where in the facility or supply chain the information is located.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
value chain

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Definition

The functions within a company that add value to the goods or services that the organization sells to customers and for which it receives payment.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
value stream mapping

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Definition

A lean production tool to visually understand the flow of materials from supplier to customer that includes the current process and flow as well as the value-added and non-value-added time of all the process steps. Used to lead to reduction of waste, decrease flow time, and make the process flow more efficient and effective.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
inventory optimization software

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Definition

A computer application that can find optimal inventory strategies and policies related to customer service and return on investment over several echelons of a supply chain.

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Supply Chain Strategy and Tactics**

Term
return on investment (ROI)

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Definition

A relative measure of financial performance that provides a means for comparing various investments by calculating the profits returned during a specified time period. In the theory of constraints, [this] is calculated as throughput minus operating expense divided by investment.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
return on assets (ROA)

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Definition

Net income for the previous 12 months divided by total assets. See: return on owner's equity (ROE).

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
organizational design

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Definition

The creation of an organizational structure to support the strategic business plans and goals of an enterprise (e.g., for-profit versus not-for-profit companies). Given the mission and business strategy, the organizational structure design provides the framework within which the business operational and management activities will be performed.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
customer service

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Definition

1) The ability of a company to address the needs, inquiries, and requests of customers. 2) A measure of the delivery of a product to the customer at the time the customer specified.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
capacity

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Definition

1) The capability of a system to perform its expected function. 2) The capability of a worker, machine, work center, plant, or organization to produce output per time period. Capacity required represents the system capability needed to make a given product mix (assuming technology, product specification, etc.). As a planning function, both capacity available and capacity required can be measured in the short term (capacity requirements plan), intermediate term (rough-cut capacity plan), and long term (resource requirements plan). Capacity control is the execution through the I/O control report of the short-term plan. Capacity can be classified as budgeted, dedicated, demonstrated, productive, protective, rated, safety, standing, or theoretical. See: capacity available, capacity required. 3) Required mental ability to enter into a contract.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term
spend management

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Definition

Managing the outflow of funds in order to buy goods and services. The term is intended to encompass such processes as outsourcing, procurement, e-procurement, and supply chain management.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term

economic value added

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Definition

In managerial accounting, the net operating profit earned above the cost of capital for a profit center.

**Module 8: Section A: Optimizing
Supply Chain Strategy and Tactics**

Term

operations research

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Definition

1) The development and application of quantitative techniques to the solution of problems. More specifically, theory and methodology in mathematics, statistics, and computing are adapted and applied to the identification, formulation, solution, validation, implementation, and control of decision-making problems. 2) An academic field of study concerned with the development and application of quantitative analysis to the solution of problems faced by management in public and private organizations.

Module 8: Section B: Sustainability

Term
sustainability

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Definition

An organizational focus on activities that provide present benefit without compromising the needs of future generations.

Module 8: Section B: Sustainability

Term
environmentally responsible business

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Definition

A firm that operates in such a way as to minimize detrimental impacts on society. See: green manufacturing, green supply chain.

Module 8: Section B: Sustainability

Term
environmentally responsible manufacturing

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Definition

A collection of manufacturing activities that includes design of the product, facility, manufacturing processes, logistics, and supplier relationships that reduce or eliminate environmental waste through innovation and improvements.

Module 8: Section B: Sustainability

Term
environmentally sensitive engineering

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Definition

Designing with consideration of how a product or its packaging will ultimately be disposed.

Module 8: Section B: Sustainability

Term
conflict minerals

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Definition

Minerals mined in conditions of armed conflict and human rights abuses, and that are sold or traded by armed groups.

Module 8: Section B: Sustainability

Term
accreditation

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Definition

Certification by a recognized body of the facilities, capability, objectivity, competence, and integrity of an agency, service, operational group, or individual to provide the specific service or operation needed. For example, the Registrar Accreditation Board accredits those organizations that register companies to the ISO 9000 Series Standards.

Module 8: Section B: Sustainability

Term
certification

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Definition

Documentation of competency by a supplier or by an organization, such as ISO 9000 certification. See: supplier certification, ISO 9000.

Module 8: Section B: Sustainability

Term
Organization for Economic Cooperation
and Development (OECD) Guidelines
for Multinational Enterprises

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Definition

A set of recommendations on responsible business conduct addressed by governments to multinational enterprises (MNEs) operating in or from adhering countries that encourage and maximize the positive impact MNEs can make to sustainable development and enduring social progress. See: multinational corporation.

Module 8: Section B: Sustainability

Term

Global Reporting Initiative (GRI)

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Definition

A network-based organization that pioneered the world's most widely used sustainability reporting framework.

Module 8: Section B: Sustainability

Term

Global Reporting Initiative
(GRI) Reporting Framework

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Definition

The framework that sets out the principles and performance indicators organizations can use to measure and report their human rights, labor, environment, and anticorruption practices and outcomes.

Module 8: Section B: Sustainability

Term

ISO 9000

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Definition

A set of international standards on quality management and quality assurance developed to help companies effectively document the quality system elements to be implemented to maintain an efficient quality system. The standards, initially published in 1987, are not specific to any particular industry, product, or service. The standards were developed by the International Organization for Standardization, known as ISO, a specialized international agency for standardization composed of the national standards bodies of 91 countries.

Module 8: Section B: Sustainability

Term

ISO 14000 Series Standards

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Definition

A series of generic environmental management standards, developed by the International Organization for Standardization, that provide structure and systems for managing environmental compliance with legislative and regulatory requirements and affect every aspect of a company's environmental operations.

Module 8: Section B: Sustainability

Term
ISO 26000

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Definition

An international standard adopted by the International Organization for Standardization to assist organizations in contributing to sustainable development beyond legal compliance through a common understanding of social responsibility. [This] is not a management system standard and is not intended or appropriate for certification purposes or regulatory or contractual use.

Module 8: Section B: Sustainability

Term
SA8000

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Definition

A widely recognized international standard for managing human rights in the workplace. It provides an auditable framework for assuring that social accountability is being stewarded by an organization.

Module 8: Section B: Sustainability

Term
ANSI Z.10

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Definition

A voluntary consensus standard on occupational health and safety management systems. It uses recognized management system principles in order to be compatible with quality and environmental management system standards such as the ISO 9000 and ISO 14000 Series.

Module 8: Section C: Technology Trends**Term**

information system architecture

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Definition

A model of how the organization operates regarding information. The model considers four factors: (1) organizational functions; (2) communication of coordination requirements; (3) data modeling needs; and (4) management and control structures. [This] should be aligned with and match the architecture of the organization.

Module 8: Section C: Technology Trends**Term**

automated guided vehicle system (AGVS)

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Definition

A transportation network that automatically routes one or more material handling devices, such as carts or pallet trucks, and positions them at predetermined destinations without operator intervention.

Module 8: Section C: Technology Trends**Term**

gap analysis

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Definition

A tool designed to assess the difference that exists between a service that is offered and customer expectations.

Module 8: Section C: Technology Trends**Term**

learning curve

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Definition

A curve reflecting the rate of improvement in time per piece as more units of an item are made. A planning technique, [this] is particularly useful in project-oriented industries in which new products are frequently phased in. The basis for the [this] calculation is that workers will be able to produce the product more quickly after they get used to making it. Syn: experience curve, manufacturing progress curve.

Module 8: Section C: Technology Trends

Term
project management

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Definition

The use of skills and knowledge in coordinating the organizing, planning, scheduling, directing, controlling, monitoring, and evaluating of prescribed activities to ensure that the stated objectives of a project, manufactured good, or service are achieved. See: project.

Module 8: Section C: Technology Trends

Term
work breakdown structure

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Definition

In project management, a hierarchical description of a project in which each lower level is more detailed. See: project summary work breakdown structure.