

Transportation: A Global Supply Chain Perspective

10e chapters 1-13 full testbank

10e

Transportation

A Global Supply Chain Perspective

Novack | Gibson | Suzuki



28. What is a megacity?

ANSWER: A relatively new term to describe cities with populations over ten million.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Urbanization QUESTION

TYPE: Subjective hort Answer

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 1.7 - Understand the challenges and opportunities associated with the world-wide growth in urbanization and why there has been such a major shift from rural to urban areas.

29. What are the two important dimensions of technology?

ANSWER: Technology can be viewed as both an internal and external agent of change for organizations.

POINTS: 1

DIFFICULTY: Hard

REFERENCES: Technology and Information

QUESTION TYPE: Subjective hort Answer HAS

VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 1.9 - Explain why technology has become such an important ingredient for the economic progress of companies and countries in today's global economy and understand the need for and types of technology.

30. Why was the development of the Internet such an important external change agent?

ANSWER: The Internet alone was the biggest — culprit or agent of change because it made information available in real time to large segments of the population via their personal computers, telephones, or other devices.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Technology and Information

QUESTION TYPE: Subjective hort Answer HAS

VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 1.9 - Explain why technology has become such an important ingredient for the economic progress of companies and countries in today's global economy and understand the need for and types of technology.

31. Describe 3D printing.

ANSWER: It is also called additive manufacturing and allows corporations and other organizations to duplicate or make a physical copy of an object, similar to what happens with 2-D copy machines.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Technology and Information

QUESTION TYPE: Subjective hort Answer HAS

VARIABLES: False

Chapter 02: Transportation and the Economy

- c. remain the same.
- d. commercialize.

ANSWER: b

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Transport Measurement Units

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 2.5 - Discuss the impact that improved transportation has upon land values and economic development.

17. Which of the following is considered a non-economic transportation regulation area?

- a. Safety
- b. Large-scale Production
- c. Quality Utility
- d. Land

ANSWER: a

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Transport Measurement Units

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 2.7 - Appreciate the function and cope of transportation in advanced and developed economies.

18. Which of the following is considered a transportation service characteristic?

- a. Land Values
- b. Time
- c. Reliability
- d. Place Utility

ANSWER: c

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Transport Measurement Units

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 2.6 - Understand how transportation affects the price of goods, services, and market areas.

19. Transportation is considered which type of demand?

- a. Derived
- b. Independent
- c. Primary

Chapter 03: Transportation Technology and Systems

- c. Accessibility
- d. Timeliness

ANSWER: b
POINTS: 1
DIFFICULTY: Medium
REFERENCES: Information Requirements
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO 3.2 - Explain transportation information requirements.

5. The engagement of multiple stakeholders in transportation planning drives the need for:
- a. a market to control all aspects of transportation.
 - b. a series of often conflicting programs driven by politics.
 - c. timeliness of data.
 - d. multidirectional information flows across a network.

ANSWER: d
POINTS: 1
DIFFICULTY: Medium
REFERENCES: Information Requirements
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO 3.4 - Describe and differentiate between planning, execution, and performance management tools.

6. Transportation management systems (TMS) execution capabilities assist transportation professionals in improving decisions about which activities?
- a. Modes that would optimize schedule
 - b. The ability to influence carriers
 - c. Dependence upon competitive transportation
 - d. Transit-related issues

ANSWER: d
POINTS: 1
DIFFICULTY: Medium
REFERENCES: Information Requirements
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO 3.4 - Describe and differentiate between planning, execution, and performance management tools.

7. From the planning perspective, what support activities does a TMS include?
- a. Transferability
 - b. Accuracy
 - c. Carrier election

Chapter 03: Transportation Technology and Systems

time. Transportation professionals can use TMS-driven visibility to monitor freight movement progress, environmental conditions inside the container, and estimated arrival time versus the commitment made to a customer. If alerted to a potential problem or delay, the transportation professional can use this knowledge to take corrective actions.

POINTS: 1
DIFFICULTY: Medium
REFERENCES: Information Requirements
QUESTION TYPE: Essay
HAS VARIABLES: False
STUDENT ENTRY MODE: Basic
LEARNING OBJECTIVES: LO 3.5 - Articulate the benefits of transportation management systems.

34. What are some functional aspects of a transportation management system (TMS) for planning and support capabilities?

ANSWER: **Routing and scheduling:** Proper planning of delivery routes has a major impact on customer satisfaction, supply chain performance, and organizational success. TMS software uses mathematical models and optimization routines to identify feasible routes that meet service constraints. Typical TMS output includes a detailed schedule of the routes, cost analysis, and route maps.

Mode and carrier election: A TMS identifies the most appropriate mode and carrier in terms of efficiency and timing. Using the organization's contracts and routing guide criteria, the system can pinpoint the best choices based on shipment.

Load planning: Effective preparation of safe, efficient deliveries can be accomplished via TMS load optimization programs. Based on product dimensions, loading requirements, and equipment capacity, the TMS software determines how shipments should be arranged in the container or on a pallet. The result is reduced damage risk and improved cargo space utilization.

POINTS: 1
DIFFICULTY: Medium
REFERENCES: Information Requirements
QUESTION TYPE: Essay
HAS VARIABLES: False
STUDENT ENTRY MODE: Basic
LEARNING OBJECTIVES: LO 3.5 - Articulate the benefits of transportation management systems.

35. Transportation management systems provide what type of benefits?

ANSWER: A widely cited and highly desirable advantage offered by a TMS is cost savings that increase return on investment. Various studies indicate that use of a TMS helps an organization reduce freight costs by 6 to 10 percent. Users have attributed the savings to more effective mode election, better routing, and better procurement negotiations.

By providing transportation professionals with desktop and mobile access to carrier rates and service information, a TMS also provides the ability to make better, faster carrier election decisions that optimize costs, flows, and delivery. With this access, the freight buyer can quickly choose the best available option.

Chapter 04: Costing and Pricing for Transportation

13. Third degree price discrimination is:

- a. rarely prosecuted, illegal, and misdemeanor versus a felony as defined by the Surface Transportation Board Act.
- b. charging different prices to different buyers who use the same commodity or service.
- c. permissible only when the buyer has requested rebates.
- d. the least serious type of discrimination as versus first degree.

ANSWER: b

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Value of Service Pricing

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 4.4 - Be able to explain the differences between cost-of-service and Value of Service Pricing.

14. Three necessary conditions must be met before a seller can practice third-degree price discrimination. The conditions are: buyers must be separated into groups or submarkets according to their elasticities of demand, the seller must possess some degree of monopoly power, and

- a. the seller must prevent transfer of sales between the groups or submarkets.
- b. the seller must have —market dominance.
- c. the buyer must have profit maximization as a goal.
- d. the buyer must have variable costs that have to be recovered.

ANSWER: a

POINTS: 1

DIFFICULTY: Hard

REFERENCES: Value of Service Pricing

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 4.4 - Be able to explain the differences between cost-of-service and Value of Service Pricing.

15. Which type of rate applies to common practice in bulk chemical truck moves and air charter movements?

- a. Differential Rates
- b. Terminal-to-Terminal Rates
- c. Per-Mile Rates
- d. Local Rates

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Pricing in Transportation Management

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

Chapter 04: Costing and Pricing for Transportation

Certain rail contracts specify that the shipper must ship an agreed number of cars during a time period or pay the railroad as though they did. This is frequently used on lines that have marginal income to act as an incentive to have the railroad not abandon the line.

Some lower rates offered by the carrier can defer delivery by one, two or three days. This allows the carrier some flexibility in equipment scheduling while providing the shippers with a cost savings and a predictable service. This type of ratemaking is most often used by the airfreight companies.

Corporate volume rates may contain a discount or other incentive which is based on all the business done by the corporation and its subsidiaries with a given carrier. This recognizes the fact that many large corporations conduct business through a variety of firms but control rests with the parent firm.

Many carriers provide shippers with discounts which are deducted from the transportation charges or from the rate itself. These discounts are normally reflected as a percent to be deducted from the base rate. These discounts may be subject to certain restrictions.

Loading and unloading allowances are granted to shippers by LTL carriers when these companies perform the work which would normally be done by the carrier's personnel.

Aggregate tender rates are given as an incentive for the shipper to tender two or more shipments to the same carrier at the same time. The reduction in the rate offered by the carrier reflects the reduced cost the carrier enjoys when picking multiple shipments at the same location.

Freight All Kinds (FAK) rates are also called all commodity rates. The rate applies to all commodities that the customer ships and is very useful for firms that ship a wide variety of goods.

Released rates reflect that the shipper has agreed to accept a lower than actual value for their product in the event of loss or damage. Since the carrier is not liable for the full value of the products, they can offer a lower rate to the shipper, reducing the shipper's cost.

Empty haul rates are usually for transporting the shipper's empty equipment to the point of next loading.

Two or Three way rates are those rates which apply for either round trip or a triangular move where the carrier is assured of few if any empty miles between loaded moves.

Spot market rates are something new since deregulation. Carriers are now permitted to make —on the spot rates to adjust for excess capacity or fill idle equipment. Since service cannot be stored, it is in the carrier's best interest to sell the unused capacity at a discount.

Menu pricing also reflects the changes under deregulation. Carriers have —unbundled all their pricing, and this allows customers to pick and choose which services they wish.

POINTS:

1

DIFFICULTY:

Medium

REFERENCES:

Special Rates

Chapter 05: Motor Carriers

17. The requirements for a commercial driver's license are mandated by the:

- a. Federal Department of Transportation (DOT).
- b. National Highway Traffic safety Board.
- c. Federal Highway Administration.
- d. driver's home state.

ANSWER: a

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Cost structure

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 5.6 - Understand the impact of fuel and labor on the motor carrier cost structure.

18. Which taxes fund highways?

- a. Federal income
- b. Highway user
- c. State income
- d. Ton-mile

ANSWER: b

POINTS: 1

DIFFICULTY: Hard

REFERENCES: Cost structure

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 5.6 - Understand the impact of fuel and labor on the motor carrier cost structure.

19. All carriers receive a safety fitness rating. Who makes the inspection and determines the rating?

- a. Surface Transportation Board
- b. National Highway Traffic safety Board
- c. Federal Highway Administration
- d. Federal Motor Carrier safety Administration (FMCSA)

ANSWER: d

POINTS: 1

DIFFICULTY: Hard

REFERENCES: Current Issues

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 5.7 - Be aware of current issues facing the motor carrier industry.

20. Which of the following is not one of the current issues facing the trucking industry in the future?

- a. Safety

Chapter 06: Railroads

1. In 2013, railroads transported what percentage of all intercity ton miles moved by all modes?

- a. 3.0
- b. 5.2
- c. 9.4
- d. 17.1

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Introduction

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 6.1 - Appreciate the contributions of the railroad industry to the development of the U.S. economy.

2. Intramodal competition is:

- a. the joint use of trucks and railroads to serve common customers.
- b. trucking companies underbidding other modes to secure business.
- c. various modes seeking to gain market share from other modes.
- d. a government sponsored activity.

ANSWER: c

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Industry Overview

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 6.3 - Discuss the relevance of intermodal and intramodal competition in the railroad industry.

3. Which is a major reason for the decline in the number of rail companies?

- a. Mergers and unification occurring in the railroad industry
- b. Government restrictions on rail ownership
- c. Loss of business to other modes
- d. Desire of management to invest in other areas of business

ANSWER: a

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Industry Overview

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 6.3 - Discuss the relevance of intermodal and intramodal competition in the railroad industry.

4. One of the benefits of a railroad merger is:

Chapter 06: Railroads

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 6.1 - Appreciate the contributions of the railroad industry to the development of the U.S. economy.

34. As of 2020, what was the return on investment in the rail industry?

ANSWER: 11.23 percent

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Introduction QUESTION

TYPE: Subjective Short Answer

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 6.1 - Appreciate the contributions of the railroad industry to the development of the U.S. economy.

35. Rail is considered an oligopolistic market structure because:

ANSWER: a small number of interdependent large firms and barriers to entry exist.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Introduction QUESTION

TYPE: Subjective Short Answer

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 6.1 - Appreciate the contributions of the railroad industry to the development of the U.S. economy.

36. Rails to Trails Conservancy has created how many miles of hiking trails?

ANSWER: 10,000

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Industry Overview

QUESTION TYPE: Subjective Short Answer

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 6.2 - Gain an understanding of the size and types of firms in the railroad industry.

37. What types of mergers occurred in the rail industry? What has been the result of this activity after the passage of the Staggers Rail Act?

ANSWER: The first mergers were mergers of rail companies who had lines that were side-by-side. This allowed railroads to eliminate duplication of parallel routes and strengthen financial position. Later, end-to-end mergers allowed carriers to extend their route structure to provide more effective intermodal and intramodal competition.

Chapter 07: Airlines

- c. passenger travel.
- d. aircraft leasing and support services to private aviation.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Industry Overview and Significance

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 7.1 - Appreciate the importance of air transportation in the U.S. economy.

5. The Transportwriter.com corporation owns four corporate aircraft of various sizes which they use to transport executives to various company locations, and documents and mail freight between the company headquarters and its production facilities. What type of carrier is Transportwriter?

- a. Private
- b. Commuter
- c. Exempt
- d. Charter

ANSWER: a

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Types of Carriers

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 7.2 - Gain knowledge of the types and number of carriers in the U.S. airline industry.

6. What is the percentage of revenue generated by the top 10 air carriers?

- a. 75
- b. 86
- c. 91
- d. 96

ANSWER: d

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Market Structure

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 7.2 - Gain knowledge of the types and number of carriers in the U.S. airline industry.

7. Deregulation of the airlines in 1978 led to expectations that the number of carriers would increase. What has been the actual result of deregulation regarding the number of carriers in the market?

- a. The number of carriers did increase initially but has remained steady of late.
- b. The number of carriers did initially increase and the numbers continue to grow.
- c. The number of carriers initially decreased but increased by 1994.

Chapter 07: Airlines

ANSWER: Autos had 35,468 fatalities and airlines had 418.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Current Issues QUESTION

TYPE: Subjective Short Answer

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 7.8 - Be aware of current issues facing airlines today.

38. Explain the early development of air transportation in the United States.

ANSWER: U.S. aviation began with the flight of the Wright brothers in 1903 at Kitty Hawk. In 1908, the federal government began studying the feasibility of air mail service. During that period, the government began to contract for mail capacity; this gave rise to commercial transportation companies. The modern airline industry was born with the transport, in the early 1920's and 1930's, of mail and passengers on airplanes. Speed is the greatest asset of air transportation and the prime reason for the growth and development of the industry.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Introduction

QUESTION TYPE: Essay

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 7.1 - Appreciate the importance of air transportation in the U.S. economy.

39. Distinguish between private air carriers and for-hire air carriers.

ANSWER: Private air carriers are owned by a company for transportation of its own personnel or freight in aircraft that the company owns or leases. Most private air is used to transport company personnel.

For-hire carriers provide air transport services to customers for a fee. For-hire carriers can be separated into two categories according to type of service offered (all-cargo, air taxi, commuter, charter, and international) and annual revenue (majors, nationals, regionals).

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Types of Carriers

QUESTION TYPE: Essay

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 7.2 - Gain knowledge of the types and number of carriers in the U.S. airline industry.

40. What are the revenue classifications of the U.S. based for-hire air carriers? Explain with examples.

ANSWER: Air carriers are categorized according to annual operating revenues. The classifications are Majors, Nationals, and Regionals.

Major air carriers have annual revenues of more than \$1 billion and provide service between

Chapter 08: Water Carriers and Pipelines

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 8.2 - Appreciate the role and significance of the water carrier industry to the global economy and to the United States, and how the water carrier industry complements the other basic modes of transportation.

10. Water carriers' intramodal competition is:

- a. fierce, intense, and ongoing.
- b. very laissez-faire or live and let live.
- c. very limited due the nature of industry.
- d. mandated by the ICC termination Act of 1995.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Water Transport Industry Overview

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 8.4 - Understand the competitive environment for water carriers on an intramodal as well as an intermodal basis.

11. The Supreme Court decided that the pipelines are required to operate as common carriers if a hipper of oil demands their services. This decision is known as the:

- a. Standard Oil Case.
- b. Alaska North Slope Case.
- c. Champlin Oil Case.
- d. Hepburn Case.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Brief History of Pipelines

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 8.7 - Appreciate the development and current position of the pipeline industry globally as well as in the U.S. economy.

12. What is a significant factor allowing the pipelines to increase their capacity and move more tonnage?

- a. Larger pipe diameters
- b. Seamless pipe
- c. Major advances in technology
- d. Government regulations which require that the lines move product more quickly

ANSWER: a

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Pipeline Industry Overview

Chapter 08: Water Carriers and Pipelines

These commodities are crude oil and oil products, natural gas, coal, and chemicals.

Crude oil and oil make up the bulk of commodities moved through a pipeline. In 2001, crude oil and oil products accounted for about 60 percent of total pipeline use. Between 1990 and 2006, pipelines saw a 5.6% increase in oil-related freight ton-miles.

Natural gas pipelines account for the second largest number of intercity pipeline ton-miles. Natural gas pipeline companies produce about 10 percent of the gas they transport. Independent gas companies produce the remaining 90 percent and transport it via the pipelines.

Coal pipelines account for the third largest volume. Because coal is not in a liquid form, it does not usually come to mind as a pipelineable commodity. Coal is converted into slurry in order to move it through pipelines. Slurry is created by pulverizing the coal and then mixing it with water in a one-to-one ratio by weight. Once the coal has reached its destination, the water is removed and the coal is ready for use. Coal pipelines use enormous quantities of water, which causes concern in several western states where their installation has been proposed, because there is a scarcity of water. Much water is not reusable (no backhaul).

Chemicals are the last of the four primary commodities shipped by pipeline. The three major chemicals are anhydrous ammonia, which is used in fertilizer; propylene, which is used for manufacturing detergents; and ethylene, which is used for making antifreeze.

These commodities meet the pipeline requirement for high volume and low cost, and these commodities are either liquid or convertible to liquid. Pipelines offer low cost and low loss/damage for these types of commodities.

POINTS:	1
DIFFICULTY:	Medium
REFERENCES:	Pipeline Industry Overview
QUESTION TYPE:	Essay
HAS VARIABLES:	False
STUDENT ENTRY MODE:	Basic
LEARNING OBJECTIVES:	LO 8.9 - Understand the nature of the operating and service characteristics of pipeline carriers and what makes them unique in the transportation system.

38. The pipeline mode of transportation has a small number of very large carriers. What are the reasons for this small number of carriers?

ANSWER: There are four primary reasons for this for the small number of pipeline carriers.

First, barriers to entry. The start-up or capital costs for a pipeline are very high. Second, pipeline economies of scale are achieved through the diameter of the pipe. As the pipeline diameter increases, the capacity increases at an even greater rate. For instance, a 50% increase in diameter results in more than a 50% increase in capacity. However, the cost increase for larger diameter pipes is much less than the relative increase in capacity. Bigger pipes mean less investment per mile when compared with capacity. Also, larger pipes mean lower operating cost per barrel. Because of these diameter-related economies of scale, duplication of capacity and competing lines are uneconomical.

Chapter 09: Third Party Logistics

LEARNING OBJECTIVES: LO 9.4 - Discuss the reasons why companies seek integrated third-party logistics services.

14. According to the text, 3PL spending is highest in:

- a. North America.
- b. Europe.
- c. Asia-Pacific.
- d. Latin America.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: 3PL User Overview

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 9.4 - Discuss the reasons why companies seek integrated third-party logistics services.

15. Which of the following companies use 3PLs?

- a. FedEx
- b. Amazon
- c. Blue Dart
- d. Walmart

ANSWER: d

POINTS: 1

DIFFICULTY: Hard

REFERENCES: 3PL User Overview

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 9.4 - Discuss the reasons why companies seek integrated third-party logistics services.

16. What is a reason for using 3PL services?

- a. Outsourcing is not a corporate philosophy.
- b. Logistics is a core competency of the company.
- c. The company needs greater process flexibility.
- d. The company requires shipment security.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: 3PL User Overview

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 9.4 - Discuss the reasons why companies seek integrated third-party logistics services.

17. According to the Penn State-Capgemini study what percentage of 3PL users state that their 3PL relationships are successful?

Chapter 09: Third Party Logistics

DIFFICULTY: Medium

REFERENCES: Establishing and Managing 3PL Relationships

QUESTION TYPE: Essay

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 9.7 - summarize the process for outsourcing transportation and logistics activities

36. When a firm is deciding to form a strategic partnership, the book recommends performing an audit of needs and overall strategies with regard to logistics operations. What is the goal of the audit, and what types of information would come from it?

ANSWER: This audit provides a perspective on the firm's transportation and logistics activities, as well as developing a wide range of useful information that will be helpful as the opportunity to form relationships is contemplated. Some types of information that may come from the audit include:

- Overall role of transportation and logistics in support of business goals and objectives
- Needs assessment to include requirements of customers, suppliers, and key logistics providers
- Identification and analysis of strategic environmental factors and industry trends
- Profile of current logistics network and the firm's positioning in respective supply chains
- Benchmark, or target, values for logistics costs and key performance measurements
- Identification of —gaps— between current and desired measures of logistics performance (qualitative and quantitative)

Given the significance of most transportation and logistics relationship decisions, and the potential complexity of the overall process, any time taken at the outset to gain an understanding of one's needs is well spent.

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Strategic Needs of 3PL Users

QUESTION TYPE: Essay

HAS VARIABLES: False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 9.9 - Recognize the importance of information technology in managing outsourced activities.

37. Explain the concept of partnership drivers and identify four partnership drivers.

ANSWER: The partnership model incorporates the identification of —drivers— and —facilitators— of a relationship; it indicates that for a relationship to have a high likelihood of success, the right drivers and facilitators would be present.

Drivers are defined as —compelling reasons to partner.— For a relationship to be successful, the theory of the model is that all parties —must believe that they will receive significant benefits in one or more areas and that these benefits would not be possible without a partnership.— Drivers are strategic factors that may result in a competitive advantage and may help to determine the appropriate type of business relationship. Although there certainly are other factors that may be considered, the primary drivers include the following:

Chapter 10: Transportation Risk Management

- c. decreased stock price.
- d. higher return on assets.

ANSWER: b

POINTS: 1

DIFFICULTY: Hard

REFERENCES: Risk Concepts

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 10.5 - Understand the key factors in risk assessment.

21. Risk transfer strategy provides a means to:

- a. secure containers in a port
- b. insure drivers against criminal activity.
- c. place liability on a third party.
- d. thwart pirate attacks.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Risk Concepts

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 10.5 - Understand the key factors in risk assessment.

22. Insurance is a common form of:

- a. incoterms.
- b. risk transfer.
- c. port management.
- d. maritime trade.

ANSWER: b

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Risk Concepts

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 10.5 - Understand the key factors in risk assessment.

23. Risk mitigation can be referred to as:

- a. the acceptable amount of risk an entity is willing to carry.
- b. how much risk there is in rehiring OTC drivers.
- c. how much risk there is in hiring OTC drivers.
- d. the achievable amount of risk an entity is willing to carry.

ANSWER: a

Chapter 11: Global Transportation Management

with liner companies.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Medium
REFERENCES: Mode election
QUESTION TYPE: True / False
HAS VARIABLES: False

LEARNING OBJECTIVES: LO 11.05 - Understand the unique capabilities of ocean, air, and intermodal transportation in moving freight globally.

5. Which is the primary advantage of international air transportation?

- a. Speed
- b. Careful handling
- c. Paperwork reduction
- d. Door-to-door service

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Intermodal Transportation
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

LEARNING OBJECTIVES: LO 11.06 - Evaluate the critical factors in carrier election and route design for international shipments.

6. Which organization governs the pricing of international air freight?

- a. USDOT
- b. FMC
- c. ICAO
- d. IATA

ANSWER: d
POINTS: 1
DIFFICULTY: Medium
REFERENCES: Terms of Trade
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

LEARNING OBJECTIVES: LO 11.03 - Recognize the roles of Incoterms, insurance, and terms of payment in managing global transportation risks and costs.

7. An NVOCC is a company:

- a. which handles rail freight that will be loaded on a ship.
- b. which handles international shipment but does not own any ships.

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to fill a container. NVOCCs play a role similar to domestic freight forwarders and assemble and disperse less-than-container shipments and move them as full-container shipments.

Export Packers – Given the challenges of properly packing, marking, and loading shipments, many companies seek the assistance of export packing companies. These service providers work to ensure that products arrive safely. Export packers also help save money by using economical packing materials, improving space utilization inside cartons and containers, and taking steps to prevent theft. Finally, export packers also ensure that all packing regulations and marking requirements are met across the channel. Shipbrokers act as middlemen between the tramp ship owner and the receiver. Ship agents represent the interests of a liner company by facilitating ship arrival, clearance, loading, unloading, and fee payment while at a specific port.

POINTS: 1
DIFFICULTY: Hard
REFERENCES: Intermodal Transportation
QUESTION TYPE: Essay
HAS VARIABLES: False
STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 11.07 - Describe the need for proper packaging, ancillary service providers, and effective ports in delivery execution.

33. What is a land bridge, and how is it used to facilitate the movement of marine containers? How does a land bridge function?

ANSWER: Land bridges involve a combination of ocean-rail-ocean intermodal transport. For example, a container travels from Tokyo to Seattle via ocean vessel, from Seattle to New York via train, and onward to Rotterdam via ocean vessel. This is an example of the Asia-America-Europe land bridge. The other primary route is the Asia-Europe land bridge.

POINTS: 1
DIFFICULTY: Medium
REFERENCES: Intermodal Transportation
QUESTION TYPE: Essay
HAS VARIABLES: False
STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 11.07 - Describe the need for proper packaging, ancillary service providers, and effective ports in delivery execution.

34. What are ocean shipping rates based upon?

ANSWER: Ocean shipping rates are impacted by carrier cost structure, commodity, freight volume, origin and destination points, and ancillary services required. The type of service provided—liner or charter—has a major influence on rate structures.

The general cost structure of liner operations, as with most ship operations, is largely fixed and common in nature. Approximately 80 to 90 percent of the total cost is fixed, and 10 to 20 percent is variable. Liner companies tend to have high overhead costs for marketing, management, and business development.

Because cargo loading, unloading, and fuel are the only primary variable costs, the ship's

Chapter 12: Governmental Roles in Transportation

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 12.08 - Appreciate the role of user charges in funding transportation initiatives.

14. Amtrak was created to:

- a. relieve the railroads of the burden of non-profitable passenger business.
- b. allow federal planners to create a balanced system without the profit motive of the private sector.
- c. be the first step towards nationalization of the modes of transportation.
- d. relieve the pressure of automobile traffic on the highways by providing an alternate mode of transport.

ANSWER: a

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Transportation Planning, Promotion, and Programs

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 12.07 - Identify and assess the roles of public promotion in transportation.

15. Some railroads have benefited from:

- a. imposition of federal safety regulations, relieving the carrier of this task.
- b. subsidies to operate abandoned rail lines where the states and others continue to operate.
- c. the government-operated research facility at Pueblo, Colorado.
- d. the new hours of service for truck drivers, which reduced their productivity.

ANSWER: b

POINTS: 1

DIFFICULTY: Hard

REFERENCES: Transportation Planning, Promotion, and Programs

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 12.07 - Identify and assess the roles of public promotion in transportation.

16. Domestic water carriers have received two major forms of federal promotion. They are:

- a. research that led to bigger and more powerful tugboats.
- b. subsidies to plants located on rivers to use barges.
- c. the work done by the Army Corps of Engineers and the Coast Guard.
- d. exempting water carriers from regulation and ice breakers on the Mississippi River.

ANSWER: c

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Transportation Planning, Promotion, and Programs

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 12.07 - Identify and assess the roles of public promotion in transportation.

Chapter 12: Governmental Roles in Transportation

38. Why was the Department of Homeland security established? Pick one of its component parts, name and define its role.

ANSWER:

After the September 11, 2001, terrorist attack on the United States, the Department of Homeland Security (DHS) was established with the goal of mobilizing and organizing the nation to secure the homeland from terrorist attacks. Its mission is to lead a unified national effort to secure America; to prevent and deter terrorist attacks and protect against and respond to threats and hazards to the nation; and to ensure and secure borders, welcome lawful immigrants and visitors, and promote the free flow of commerce.

DHS is charged with protecting the security of the transportation system encompassing approximately 742 million air passengers (domestic and international), 11 million imported containers, and 11.5 million motor crossings among the U.S., Canada, and Mexico. The DHS transportation security programs and regulations are administered through the Coast Guard (CG), Customs Service (CS), and Transportation Security Administration (TSA).

The Coast Guard patrols the U.S. coastline and internal navigable waterways implementing the various security measures set forth by the DHS. The CG can stop a vessel from entering a U.S. port, board the vessel, and prevent any undesirable freight from being offloaded from a vessel.

The TSA administers the air passenger security-screening processes at U.S. airports. TSA hires and manages the airport screeners and sets forth items prohibited from being carried on board commercial passenger aircraft. TSA is testing various security devices and procedures to ensure the safety of passengers as well as reduce delays resulting from the security-screening process.

TSA has conducted a transit and rail inspection program with the goal of implementing rail passenger and luggage screening similar to that in the air passenger sector. In conjunction with Amtrak and the DOT, TSA is implementing phase II of a first-time rail security technology study to evaluate the use of emerging technologies to screen checked and unclaimed baggage as well as temporarily stored personal items and cargo for explosives.

The Customs Service has been focusing on implementing security measures for cargo entering the United States. CS has established the 24-hour rule that requires shippers to electronically transmit a description of the cargo to CS 24 hours before loading. CS can block any prohibited cargo items from being unloaded at any U.S. port or airport. CS is working in partnership with shippers to streamline the security paperwork in an attempt to reduce the negative consequences on global commerce entering the United States.

POINTS:

1

DIFFICULTY:

Medium

REFERENCES:

Transportation Regulation

QUESTION TYPE:

Essay

HAS VARIABLES:

False

STUDENT ENTRY MODE: Basic

LEARNING OBJECTIVES: LO 12.05 - Discuss the different types of transportation regulation.

39. Describe the key government agencies involved in transportation safety and the transportation areas they deal with.

ANSWER:

Safety regulations have been established to control the operations, personnel qualifications,

Chapter 13: Issues and Challenges for Global Supply Chains

16. Which method of empty-space reduction maximized capacity by matching hipers of different product densities?

- a. Sustainability initiatives
- b. R.F.I.D. technologies
- c. Consolidation strategies
- d. Load-matching operations

ANSWER: d

POINTS: 1

DIFFICULTY: Medium

REFERENCES: Fuel Cost and Consumption

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 13.10 - Understand the opportunities that transportation carriers will have to improve overall supply chain performance through proactive collaboration and appropriate use of new technology.

17. What is one approach marketing uses to influence value perception?

- a. Using smaller packages to save space
- b. Shipper-to-shipper collaboration
- c. Filling empty space
- d. Using larger packages for items

ANSWER: d

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Sustainability: Going Green with Transportation

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 13.06 - Understand why sustainability has become a major objective for businesses and especially for transportation and the potential positive benefits of proactive sustainability strategies.

18. In transportation, the axiom —Don't hip Airll refers to:

- a. bubble wrap.
- b. empty barrels.
- c. air balloons.
- d. empty space in equipment.

ANSWER: d

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Sustainability: Going Green with Transportation

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: LO 13.06 - Understand why sustainability has become a major objective for businesses and