## **Think Critically**

- 1. What is operations management?
- 2. Name some general policies that are common to most small businesses.
- 3. List and briefly describe each of the "Three Cs" of credit.
- 4. What is a customer service policy designed to do?
- 5. Describe word of mouth and its effect on a business.
- 6. Name the five fundamental elements that govern the treatment of customers.

## **True or False**

- 1. A detailed operations manual is an essential tool for operating your business effectively.
- 2. Rules are more specific than procedures.
- 3. Instruction in safety procedures should be part of employee training.

## **Multiple Choice**

- "Employees may smoke only in designated smoking areas" is an example of a company (a) rule,
  (b) procedure, (c) directive, (d) policy.
- 2. Business rules, policies, and procedures should be included (a) in your business plan, (b) on the home page of your company's Web site, (c) in your operations manual, (d) all of these.
- 3. A policy for replacements, refunds, or repairs (a) is usually not necessary for most businesses, (b) will help maintain customer goodwill, (c) negatively impacts profits, (d) should never be made public.

## **Problem Solving**

1. Zhang Wei operates a Chinese restaurant and is thinking about offering delivery services for carry out orders. What kinds of things must he plan before offering a delivery service?

2. What type of information should be included in an operations manual?

3. Imagine that an unknown person calls your store one day and wants to buy an expensive item on credit. Make a list of at least five questions you would ask to help you determine whether you should extend credit.