

TEST BANK

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**INFORMATION
TECHNOLOGY
for MANAGERS**



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ch02

True/False

Indicate whether the statement is true or false.

- 1. According to the 2007 State of the CIO Survey conducted by CIO Magazine, four of five CIOs say they are not aligned with their organization's strategic goals.
- 2. The odds of achieving good alignment are not significantly increased when IT staff members have experience in the business and can talk to business managers in business terms rather than technology terms.
- 3. The strategic plan must take into account that the organization and everything around it has constant needs.
- 4. Strategic planning is typically a quarterly process timed to yield results that are used to prepare the annual expense budget and capital forecast.
- 5. Senior management must create a vision/mission statement that communicates an organization's overarching aspirations and can guide it through changing objectives, goals, and strategies.
- 6. An effective statement consists of three components: a core ideology, a mission statement, and a vision of a desirable future.
- 7. The THREAT matrix is a simple way to illustrate what the firm is doing well, where it can improve, what opportunities are available, and what environmental factors threaten the future of the organization.
- 8. A goal states what must be accomplished and the associated objectives specify how to determine whether the objective is being met.
- 9. A key role of management is to recognize and drop goals that are no longer relevant.
- 10. Each year, when deploying OGSM, the senior management team defines goals for the organization and establishes numerical objectives that index each goal.
- 11. A breakthrough project creates a competitive advantage that enables the organization to earn a greater than normal return on investment than its competitors.
- 12. The actual results of a project must be compared with the goals it expected to achieve.
- 13. U.S. online retail sales are expected to grow from \$34 billion in 2001 to \$271 billion in 2008, a compounded average growth rate of 34.5 percent.
- 14. Global oil prices are highly volatile; however, it is possible to predict the prices over the short term.
- 15. The airplanes owned by UPS and other freight carriers are potential "weapons" for terrorists.
- 16. Every for-profit organization considers future profitability a key objective.
- 17. The UPS IT organization spends roughly \$1 million per year and is always working on hundreds of IT-related projects.
- 18. RFID eliminates the need for line-of-sight reading, which is required for bar codes.
- 19. The EDD (Enhanced DIAD Download) is UPS-developed software that downloads an electronic manifest to the driver's DIAD at the start of each workday.
- 20. UPS currently is evaluating and testing the second generation of the DIAD.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- ___ 21. If IT is not being used strategically, many managers consider it an overhead cost that should be ____.
- a. rethought
 - b. minimized
 - c. maximized
 - d. eliminated
- ___ 22. IT people must be able to recognize and understand ____ needs and develop effective solutions.
- a. staffing
 - b. personal
 - c. business
 - d. internal
- ___ 23. The ____ must be able to communicate well and should be accessible to other corporate executives.
- a. CIO
 - b. CISO
 - c. CTO
 - d. CIFO
- ___ 24. ____ must communicate the vision, objectives, and strategies of the organization so that everyone can help define the actions required to meet organizational goals.
- a. Stakeholders
 - b. Customers
 - c. Front line employees
 - d. Business managers
- ___ 25. ____ is a process that helps managers identify desired outcomes and formulate feasible plans to achieve their objectives by using available resources and capabilities.
- a. Business planning
 - b. Strategic planning
 - c. Strategic marketing
 - d. Business marketing
- ___ 26. The ____ must make long-term decisions about where the organization is headed and how it will operate, and has ultimate responsibility for strategic planning.
- a. CTO
 - b. CISO
 - c. CIO
 - d. CEO
- ___ 27. A(n) ____ process begins by identifying and analyzing key issues that face the organization, setting strategies to address those issues, and identifying projects and initiatives that are consistent with the strategies.
- a. natural
 - b. goal-based
 - c. issues-based
 - d. organic
- ___ 28. ____ strategic planning defines the organization's vision and values and then identifies projects and initiatives to achieve the vision while adhering to the values.
- a. Issues-based
 - b. Organic
 - c. Natural
 - d. Goal-based
- ___ 29. The threat of new competitors raises the level of ____.
- a. competition
 - b. substitutes
 - c. profitability
 - d. production
- ___ 30. The analysis of the internal assessment and external environment frequently is summarized into a ____ matrix.
- a. THREAT
 - b. SWOT
 - c. WOT
 - d. STOW
- ___ 31. A ____ describes specific actions an organization will take to achieve its vision/mission, objectives, and goals.
- a. procedure
 - b. guideline
 - c. policy
 - d. strategy
- ___ 32. According to the Boston Consulting Group growth-share matrix, ____ are high-growth business units or products that compete in markets where they have attained a large market share.
- a. question marks
 - b. cash cows
 - c. stars
 - d. dogs
- ___ 33. According to the Boston Consulting Group growth-share matrix, ____ are low-growth business units or products that provide a solid foundation for the company by generating steady streams of cash and profits.
- a. question marks
 - b. cash cows
 - c. stars
 - d. dogs

49. _____ benefits cannot directly be measured and cannot easily be quantified in monetary terms.
50. The actual results of a project must be compared with the _____ it expected to achieve.
51. The _____ assessment for UPS includes an identification of current strategies.
52. RFID would eliminate the need for line-of-sight reading, which is required for _____.
53. The RFID chips, however, cannot accurately read tag information at high speeds beyond the range of RFID _____.
54. The first-pass accuracy rate of RFID is about _____ percent.
55. During the execution of each project, actual results are compared to _____ results.

Essay

56. Discuss the fundamental factors that determine the level of competition and long-term profitability of an industry according to Porter's Five Forces Model.
57. Explain how organizations establish goals.
58. Discuss strategy development.
59. Discuss tangible and intangible benefits.
60. Discuss RFID versus bar code tracking.

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Answer Section

TRUE/FALSE

1.	ANS: T	PTS: 1	REF: 33
2.	ANS: F	PTS: 1	REF: 33
3.	ANS: F	PTS: 1	REF: 34
4.	ANS: F	PTS: 1	REF: 34
5.	ANS: T	PTS: 1	REF: 34
6.	ANS: T	PTS: 1	REF: 34
7.	ANS: F	PTS: 1	REF: 38
8.	ANS: F	PTS: 1	REF: 39
9.	ANS: T	PTS: 1	REF: 39
10.	ANS: F	PTS: 1	REF: 42
11.	ANS: T	PTS: 1	REF: 43
12.	ANS: T	PTS: 1	REF: 47
13.	ANS: T	PTS: 1	REF: 51
14.	ANS: F	PTS: 1	REF: 51
15.	ANS: T	PTS: 1	REF: 52
16.	ANS: T	PTS: 1	REF: 52
17.	ANS: F	PTS: 1	REF: 54
18.	ANS: T	PTS: 1	REF: 55
19.	ANS: T	PTS: 1	REF: 55
20.	ANS: F	PTS: 1	REF: 55

MULTIPLE CHOICE

21.	ANS: B	PTS: 1	REF: 33
22.	ANS: C	PTS: 1	REF: 33
23.	ANS: A	PTS: 1	REF: 33
24.	ANS: D	PTS: 1	REF: 33
25.	ANS: B	PTS: 1	REF: 34
26.	ANS: D	PTS: 1	REF: 34
27.	ANS: C	PTS: 1	REF: 34
28.	ANS: B	PTS: 1	REF: 34
29.	ANS: A	PTS: 1	REF: 37
30.	ANS: B	PTS: 1	REF: 38
31.	ANS: D	PTS: 1	REF: 39
32.	ANS: C	PTS: 1	REF: 40
33.	ANS: B	PTS: 1	REF: 41
34.	ANS: A	PTS: 1	REF: 44
35.	ANS: D	PTS: 1	REF: 45
36.	ANS: C	PTS: 1	REF: 47
37.	ANS: A	PTS: 1	REF: 50

PTS: 1 REF: 55
55. ANS: expected

PTS: 1 REF: 56

ESSAY

56. ANS:
Porter's Five Forces Model identifies fundamental factors that determine the level of competition and long-term profitability of an industry:

1. The threat of new competitors will raise the level of competition. Entry barriers determine the relative threat of new competitors. These barriers include the capital required to enter the industry or the cost to customers to switch to a competitor.
2. The threat of substitute products can lower the profitability of industry competitors. The willingness of buyers to switch and the relative cost and performance of substitutes are key factors in this threat.
3. The bargaining power of buyers determines prices and long-term profitability. This bargaining power is stronger when there are relatively few buyers but many sellers in the industry, or when the products offered are all essentially the same.
4. The bargaining power of suppliers can significantly affect the industry's profitability. Suppliers have strong bargaining power in an industry that has many buyers and only a few dominant suppliers, or in an industry that does not represent a key customer group for suppliers.
5. The degree of rivalry between competitors is high in industries with many equally sized competitors or little differentiation between products.

PTS: 1 REF: 37-38

57. ANS:
A goal is a specific result that must be achieved to reach an objective. In fact, several goals may be associated with a single objective. The objective states what must be accomplished and the associated goals specify how to determine whether the objective is being met.

Many organizations identify short-term, medium-term, and long-term goals. The organization starts by achieving relatively easy short-term goals, then tackles the more difficult medium-term goals, and finally addresses the long-term goals.

Other organizations encourage their managers to set Big Hairy Audacious Goals (BHAGs) that require a breakthrough in the organization's products or services to achieve. Such a goal "may be daunting and perhaps risky, but the challenge of it grabs people in the gut and gets their juices flowing and creates tremendous forward momentum."

A key role of management is to recognize and drop goals that are no longer relevant. They also must recognize and resolve conflicting goals to avoid having the organization work at cross purposes.

PTS: 1 REF: 39
58. ANS:

A strategy describes specific actions an organization will take to achieve its vision/mission, objectives, and goals. Selecting a specific strategy focuses and coordinates an organization's resources and activities from the top down to accomplish its mission. Strategy development is a critical and highly creative step that is essential to the organization's future success. The purpose is to define a set of strategies that "gives the company an edge in the struggle with its rivals and a better chance at winning in the long-run competitive game." In choosing from alternative strategies, managers should consider the long-term impact of each strategy on revenue and profit, the degree of risk involved, the amount and types of resources that will be required, and the potential competitive reaction.

PTS: 1 REF: 39

59. ANS:

Tangible benefits can be measured directly and assigned a monetary value. For example, the number of staff before and after the completion of an initiative can be measured, and the monetary value is the decrease in staff costs, such as salary, benefits, and overhead. Intangible benefits cannot directly be measured and cannot easily be quantified in monetary terms. For example, the increase in customer satisfaction due to an initiative is difficult to measure, and cannot easily be converted into a monetary value.

PTS: 1 REF: 44

60. ANS:

RFID would eliminate the need for line-of-sight reading, which is required for bar codes. Also, RFID tags can be scanned at greater distances than bar codes. The RFID chips, however, cannot accurately read tag information at high speeds beyond the range of RFID antennas. The first-pass accuracy rate is about 80 percent, which is much poorer than the 95 percent accuracy of bar-coded packages. The firm continues to monitor RFID advances closely, and recently invested in G2 Microsystems, an RFID chip manufacturer.

PTS: 1 REF: 55