

**TEST BANK**

Eleventh Edition

**MANAGEMENT  
INFORMATION  
SYSTEMS**  
MANAGING THE DIGITAL FIRM



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***Management Information Systems: Managing the Digital Firm, 11e (Laudon/Laudon)***  
**Chapter 2 Global E-Business: How Businesses Use Information Systems**

1) Operational management is responsible for directing the day-to-day operations of the business and therefore needs transaction-level information.

Answer: TRUE

Diff: 1 Page Ref: 45

AACSB: Reflective thinking skills

CASE: Content

Objective: 2.2

2) Deciding whether to introduce a new product line is the responsibility of an operational manager.

Answer: FALSE

Diff: 2 Page Ref: 45-47

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

3) Tata Motors had to revise many of its manufacturing processes to support digital manufacturing.

Answer: TRUE

Diff: 3 Page Ref: 42

AACSB: Use of information technology

CASE: Content

Objective: 2.1

4) Transaction processing systems are most commonly used by the senior management level of an organization.

Answer: FALSE

Diff: 2 Page Ref: 45

AACSB: Use of information technology

CASE: Content

Objective: 2.2

5) A transaction processing system is a computerized system that performs and records the daily routine transactions necessary to conduct business.

Answer: TRUE

Diff: 1 Page Ref: 45

AACSB: Use of information technology

CASE: Content

Objective: 2.5

6) A hotel reservation system is a typical example of a management information system.

Answer: FALSE

Diff: 2 Page Ref: 45

AACSB: Use of information technology

CASE: Content

Objective: 2.5

7) Management information systems typically support nonroutine decision making.

Answer: FALSE

Diff: 2 Page Ref: 48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

8) Enrolling employees in benefits plans is a business process handled by the finance and accounting function.

Answer: FALSE

Diff: 2 Page Ref: 43

AACSB: Use of information technology

CASE: Content

Objective: 2.1

9) Functional systems that support business processes within a single functional group, such as human resources, are being phased out in favor of cross-functional systems.

Answer: TRUE

Diff: 2 Page Ref: 45

AACSB: Use of information technology

CASE: Content

Objective: 2.2

10) Managers need TPSs to monitor the status of internal operations and the firm's relations with the external environment.

Answer: TRUE

Diff: 2 Page Ref: 46

AACSB: Use of information technology

CASE: Content

Objective: 2.2

11) Most MISs use sophisticated mathematical models or statistical techniques.

Answer: FALSE

Diff: 2 Page Ref: 45-46, 49

AACSB: Use of information technology

CASE: Content

Objective: 2.2

12) Decision-support systems help managers make decisions that are unique, rapidly changing, and not easily specified in advance.

Answer: TRUE

Diff: 1 Page Ref: 48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

13) Decision-support systems use internal information as well as information from external sources.

Answer: TRUE

Diff: 2 Page Ref: 48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

14) ESSs are designed to serve the middle management of the organization.

Answer: FALSE

Diff: 2 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

15) ESSs are designed to incorporate data about external events, but they also draw summarized information from internal MIS and DSS.

Answer: TRUE

Diff: 2 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

16) ESSs are designed primarily to solve specific problems.

Answer: FALSE

Diff: 2 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

17) Information supplied by an enterprise system is structured around cross-functional business processes.

Answer: TRUE

Diff: 2 Page Ref: 55

AACSB: Use of information technology

CASE: Content

Objective: 2.3

18) Enterprise systems often include transactions with customers and vendors.

Answer: TRUE

Diff: 2 Page Ref: 52-55

AACSB: Use of information technology

CASE: Content

Objective: 2.3

19) Supply chain management systems are more externally oriented than enterprise systems.

Answer: TRUE

Diff: 3 Page Ref: 56-57

AACSB: Analytic skills

CASE: Analysis

Objective: 2.3

20) Maintaining online directories of employees with special areas of expertise is one application of knowledge management systems.

Answer: TRUE

Diff: 2 Page Ref: 59

AACSB: Use of information technology

CASE: Content

Objective: 2.2

21) Tata Motor's new information system, enabling it to automate processes in product design and production engineering planning, is best categorized as a(n)

A) KMS

B) TPS

C) DSS

D) ESS

Answer: A

Diff: 3 Page Ref: 41-42

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

22) Identifying customers is a responsibility of the \_\_\_\_\_ function.

A) finance and accounting

B) human resources

C) manufacturing and production

D) sales and marketing

Answer: D

Diff: 1 Page Ref: 43

AACSB: Reflective thinking skills

CASE: Content

Objective: 2.2

23) Producing bills of materials is a business process within the \_\_\_\_\_ function.

- A) finance and accounting
- B) human resources
- C) manufacturing and production
- D) sales and marketing

Answer: C

Diff: 1 Page Ref: 43

AACSB: Reflective thinking skills

CASE: Content

Objective: 2.2

24) Which of the following is an example of a cross-functional business process?

- A) identifying customers
- B) creating a new product
- C) assembling a product
- D) paying creditors

Answer: B

Diff: 2 Page Ref: 43

AACSB: Analytic skills

CASE: Analysis

Objective: 2.1

25) Which type of system would you use to change a production schedule if a key supplier was late in delivering goods?

- A) ESS
- B) TPS
- C) MIS
- D) DSS

Answer: B

Diff: 2 Page Ref: 45-46

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

26) To monitor the status of internal operations and the firm's relations with the external environment, managers need \_\_\_\_\_ systems.

- A) decision-support
- B) knowledge
- C) transaction processing
- D) management information

Answer: C

Diff: 2 Page Ref: 46

AACSB: Use of information technology

CASE: Content

Objective: 2.2

27) Which systems are typically a major source of data for other systems?

- A) transaction processing systems
- B) management information systems
- C) executive support systems
- D) decision-support systems

Answer: A

Diff: 2 Page Ref: 46

AACSB: Use of information technology

CASE: Content

Objective: 2.2

28) Which type of system would you use to determine the five suppliers with the worst record in delivering goods on time?

- A) ESS
- B) TPS
- C) MIS
- D) DSS

Answer: C

Diff: 2 Page Ref: 47-48

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

29) A relocation control system that reports summaries on the total moving, house-hunting, and home financing costs for employees in all company divisions would fall into the category of

- A) knowledge management systems.
- B) transaction processing systems.
- C) executive-support systems.
- D) management information systems.

Answer: D

Diff: 3 Page Ref: 47-48

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

30) The term "management information systems" designates a specific category of information systems serving:

- A) integrated data processing throughout the firm.
- B) transaction process reporting.
- C) employees with online access to historical records.
- D) middle management functions.

Answer: D

Diff: 1 Page Ref: 47-48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

31) Decisions that are unique, rapidly changing, and not easily specified in advance are best suited to which type of system?

- A) MIS
- B) TPS
- C) ESS
- D) DSS

Answer: D

Diff: 2 Page Ref: 48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

32) \_\_\_\_\_ systems are especially suited to situations in which the procedure for arriving at a solution may not be fully defined in advance.

- A) Management information
- B) Transaction processing
- C) Decision-support
- D) Knowledge management

Answer: C

Diff: 2 Page Ref: 48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

33) Which type of system would you use to forecast the return on investment if you used new suppliers with better delivery track records?

- A) ESS
- B) TPS
- C) MIS
- D) DSS

Answer: D

Diff: 2 Page Ref: 48-49

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

34) Decision-support systems are often referred to as business \_\_\_\_\_ systems.

- A) information
- B) intelligence
- C) analysis
- D) modeling

Answer: B

Diff: 2 Page Ref: 49

AACSB: Use of information technology

CASE: Content

Objective: 2.2



35) Which benefits of AirCanada's new Maintenix software best illustrate the DSS capabilities of their new information system?

- A) enhanced visibility of fleetwide data
- B) support of existing business model and enterprise resource planning and financial software
- C) increased operational efficiencies
- D) ability to match work requirements against changing locations and flight schedules

Answer: D

Diff: 3 Page Ref: 50

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.2

36) ESS are specifically designed to serve which level of the organization?

- A) operational
- B) end-user
- C) middle management
- D) senior management

Answer: D

Diff: 1 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

37) Executive support systems are information systems that support the

- A) long-range planning activities of senior management.
- B) knowledge and data workers in an organization.
- C) decision-making and administrative activities of middle managers.
- D) day-to-day processes of production.

Answer: A

Diff: 1 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

38) Which systems often deliver information to senior executives through a portal, which uses a Web interface to present integrated personalized business content?

- A) transaction processing systems
- B) executive support systems
- C) management information systems
- D) decision-support systems

Answer: B

Diff: 2 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

39) Which type of system would you use to determine what trends in your supplier's industry will affect your firm the most in five years?

- A) ESS
- B) TPS
- C) MIS
- D) DSS

Answer: A

Diff: 1 Page Ref: 51

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

40) What is the most important function of an enterprise application?

- A) increasing speed of communicating
- B) enabling business functions and departments to share information
- C) enabling a company to work collaboratively with customers and suppliers
- D) enabling cost-effective e-business processes

Answer: B

Diff: 3 Page Ref: 52-54

AACSB: Analytic skills

CASE: Evaluation

Objective: 2.3

41) \_\_\_\_\_ are designed to support organization-wide process coordination and integration.

- A) Decision-support systems
- B) Management information systems
- C) CRM systems
- D) Enterprise applications

Answer: D

Diff: 1 Page Ref: 52-54

AACSB: Use of information technology

CASE: Content

Objective: 2.3

42) A(n) \_\_\_\_\_ system collects data from various key business processes and stores the data in a single, comprehensive data repository, usable by other parts of the business.

- A) transaction
- B) enterprise
- C) automatic reporting
- D) management information

Answer: B

Diff: 2 Page Ref: 55

AACSB: Use of information technology

CASE: Content

Objective: 2.3

43) You manage the IT department at a small startup Internet advertiser. You need to set up an inexpensive system that allows customers to see real-time statistics such as views and click-throughs about their current banner ads. Which type of system will most efficiently provide a solution?

- A) CRM
- B) enterprise system
- C) extranet
- D) intranet

Answer: C

Diff: 3 Page Ref: 52-59

AACSB: Analytic skills

CASE: Evaluation

Objective: 2.3

44) The Smart Site Solution system used by Johnny's Lunch to help identify the best locations to open new franchises is best categorized as a

- A) POS system
- B) DSS
- C) CRM
- D) KMS

Answer: B

Diff: 2 Page Ref: 53

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

45) The MICROS system used by Johnny's Lunch to capture sales transaction data and help monitor inventory, control waste, and adhere to government regulations is best categorized as a(n)

- A) TPS
- B) ESS
- C) CRM
- D) KMS

Answer: A

Diff: 2 Page Ref: 53-54

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

- 46) The four major enterprise applications are
- A) SCMs, CRMs, DSSs, and KMSs.
  - B) SCMs, CRMs, ESSs, and KMSs.
  - C) enterprise systems, SCMs, DSSs, and CRMs.
  - D) enterprise systems, SCMs, CRMs, and KMSs.

Answer: D

Diff: 1 Page Ref: 54

AACSB: Use of information technology

CASE: Content

Objective: 2.3

- 47) Enterprise systems are also known as \_\_\_\_\_ systems.

- A) resource planning
- B) enterprise resource planning
- C) enterprise support
- D) management information

Answer: B

Diff: 1 Page Ref: 55

AACSB: Use of information technology

CASE: Content

Objective: 2.3

- 48) Enabling management to make better decisions regarding organizing and scheduling sourcing, production, and distribution is a central feature of

- A) SCMs
- B) TPSs
- C) KMSs
- D) ERPs

Answer: A

Diff: 2 Page Ref: 56

AACSB: Use of information technology

CASE: Content

Objective: 2.3

- 49) \_\_\_\_\_ systems integrate supplier, manufacturer, distributor, and customer logistics processes.

- A) Collaborative distribution
- B) Supply-chain management
- C) Reverse logistics
- D) Enterprise planning

Answer: B

Diff: 2 Page Ref: 56

AACSB: Use of information technology

CASE: Content

Objective: 2.3

50) \_\_\_\_\_ uses a set of integrated applications to address all aspects of the customer relationship.

- A) CRM
- B) MIS
- C) CLE
- D) CLU

Answer: A

Diff: 1 Page Ref: 57

AACSB: Use of information technology

CASE: Content

Objective: 2.3

51) Which types of systems consolidate the relevant knowledge and experience in the firm to make it available to improve business processes and management decision making?

- A) TPS
- B) Extranets
- C) KMS
- D) CRM

Answer: C

Diff: 2 Page Ref: 58

AACSB: Use of information technology

CASE: Content

Objective: 2.3

52) An information system for \_\_\_\_\_ would NOT be categorized as a KMS.

- A) distributing documents
- B) documenting the expertise of company specialists
- C) enabling the discovery of new product applications
- D) discovering new sales channels for a product

Answer: D

Diff: 1 Page Ref: 58-59

AACSB: Analytic skills

CASE: Analysis

Objective: 2.3

53) Which type of information system is an intranet most easily adapted to?

- A) CRM
- B) MIS
- C) TPS
- D) KMS

Answer: D

Diff: 3 Page Ref: 59

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.3

54) Which of the following types of system helps expedite the flow of information between the firm and its suppliers and customers?

- A) intranet
- B) extranet
- C) KMS
- D) TPS

Answer: B

Diff: 1 Page Ref: 59

AACSB: Use of information technology

CASE: Content

Objective: 2.3

55) Which of the following occupations would NOT be categorized as an "interaction" job?

- A) sales representative
- B) business manager
- C) engineer
- D) operations manager

Answer: C

Diff: 1 Page Ref: 60

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

56) Which of the following decisions requires knowledge based on collaboration and interaction?

- A) How long will it take to manufacture this product?
- B) Should we collaborate with outside vendors on new products and services?
- C) In which geographical locations are our products garnering the most sales?
- D) Which product design is the most efficient for the user in terms of energy use?

Answer: B

Diff: 2 Page Ref: 60

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

57) E-government refers to the application of \_\_\_\_\_ to digitally enable government and public sector agencies' relationships with citizens, businesses, and other arms of government.

- A) the Internet and networking technologies
- B) e-commerce
- C) e-business
- D) any computerized technology

Answer: A

Diff: 1 Page Ref: 62

AACSB: Use of information technology

CASE: Content

Objective: 2.4

58) Buying or selling goods over the Internet is called

- A) e-commerce.
- B) e-business.
- C) an intranet.
- D) an extranet.

Answer: A

Diff: 1 Page Ref: 62

AACSB: Reflective thinking skills

CASE: Content

Objective: 2.4

59) The use of digital technology and the Internet to execute the major business processes in the enterprise is called

- A) e-commerce.
- B) e-business.
- C) enterprise applications.
- D) MIS.

Answer: B

Diff: 1 Page Ref: 62

AACSB: Use of information technology

CASE: Content

Objective: 2.4

60) The principal liaison between the information systems groups and the rest of the organization is a(n)

- A) programmer.
- B) information systems manager.
- C) systems analyst.
- D) CTO.

Answer: C

Diff: 1 Page Ref: 63

AACSB: Use of information technology

CASE: Content

Objective: 2.5

61) A \_\_\_\_\_ is a senior manager who oversees the use of IT in the firm.

- A) CEO
- B) CFO
- C) CIO
- D) CTO

Answer: C

Diff: 1 Page Ref: 63

AACSB: Use of information technology

CASE: Content

Objective: 2.5

62) The \_\_\_\_\_ helps design programs and systems to find new sources of knowledge or to make better use of existing knowledge in organizational and management processes.

- A) CTO
- B) CSO
- C) CKO
- D) CPO

Answer: C

Diff: 1 Page Ref: 64

AACSB: Use of information technology

CASE: Content

Objective: 2.5

63) The CPO is responsible for

- A) ensuring that the company complies with existing data privacy laws.
- B) making better use of existing knowledge in organizational and management processes.
- C) enforcing the firm's information security policy.
- D) overseeing the use of information technology in the firm.

Answer: A

Diff: 1 Page Ref: 64

AACSB: Use of information technology

CASE: Content

Objective: 2.5

64) The advantage of a having a centralized information services department that operates as a separate department similar to other departments is that

- A) this is more likely to produce more compatible systems and more coherent long-term systems development plans.
- B) this lowers costs of technology purchases.
- C) systems are built that directly address that function's business needs.
- D) systems are built that can function independently and more efficiently.

Answer: A

Diff: 3 Page Ref: 64

AACSB: Use of information technology

CASE: Content

Objective: 2.5

65) Which of the following roles falls into the duties of an information systems manager?

- A) writing software instructions for computers
- B) acting as liaison between the information systems group and the rest of the organization
- C) translating business problems into information requirements
- D) managing data entry staff

Answer: D

Diff: 3 Page Ref: 63

AACSB: Use of information technology

CASE: Content

Objective: 2.5



66) Which of the following types of organizing the information systems function would you be most likely to find in a small company with 20 employees?

- A) as departments within each functional area
- B) as a separate, centralized department
- C) represented within each major division of the company
- D) none of the above

Answer: D

Diff: 2 Page Ref: 64-66

AACSB: Use of information technology

CASE: Content

Objective: 2.5

67) Which of the following types of organizing the information systems function would you be most likely to find in a very large, multinational corporation?

- A) as departments within each functional area
- B) as a separate, centralized department
- C) represented within each major division of the company
- D) none of the above

Answer: C

Diff: 2 Page Ref: 64-66

AACSB: Use of information technology

CASE: Content

Objective: 2.5

68) You work for a highly successful advertiser that is just about to expand nationally. Of utmost importance will be finding a way to store and disseminate their clients' continually updated branding guides, which include multiple image files and text documents, to all of the firm's branches. What system will best serve these needs?

- A) an intranet with KMS capabilities
- B) an extranet with KMS capabilities
- C) a TPS with KMS capabilities
- D) a CRM

Answer: B

Diff: 3 Page Ref: 45-59

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.3

69) You have been hired by a non-profit agency to implement a system to handle their donations. Event fundraisers need to be able to quickly access a donor's information and history. The marketing department needs to be able to create customized mailing lists, in order to send different messages to different types of donors. What system will best meet these needs?

- A) TPS
- B) TPS with DSS capabilities
- C) TPS with MIS capabilities
- D) TPS with ESS capabilities

Answer: C

Diff: 3 Page Ref: 45-49

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.2

70) You have been hired by Inspiration Inc, to help improve their profit margin. Inspiration Inc. is a business communications consultancy that services many clients in different industries throughout the United States. The end products of the company are customized recommendations for the best use of a client's existing resources for improving internal communications, typically delivered via documentation in different media. The company has approximately 100 consultants, all of whom are located in their central headquarters in Chicago. What system do you recommend to improve the company's business processes and increase their profit margin?

- A) Extranet, to enable quick collaboration over the Internet , minimize the time spent communicating with the client, and minimize the amount of paperwork needed
- B) CRM, to maintain easily accessible customer records to minimize the time spent looking for client data
- C) KMS, for minimizing redundant work on similar clients
- D) marketing system, for improving sales levels

Answer: A

Diff: 3 Page Ref: 45-49

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.3

71) A(n) \_\_\_\_\_ is a set of logically related activities for accomplishing a specific business result.

Answer: business process

Diff: 1 Page Ref: 43

AACSB: Reflective thinking skills

CASE: Content

Objective: 2.1

72) A Web interface used to present integrated personalized business content to users is called a(n) \_\_\_\_\_.

Answer: portal

Diff: 2 Page Ref: 51

AACSB: Use of information technology

CASE: Content

Objective: 2.2

73) \_\_\_\_\_ applications span the entire firm, integrating information from multiple functions and business processes to enhance the performance of the organization as a whole.

Answer: Enterprise

Diff: 2 Page Ref: 52

AACSB: Use of information technology

CASE: Content

Objective: 2.3

74) \_\_\_\_\_ systems are used by middle management to combine data and sophisticated analytical models or data analysis tools to support nonroutine decision making.

Answer: Decision-support

Diff: 1 Page Ref: 48

AACSB: Use of information technology

CASE: Content

Objective: 2.2

75) IT \_\_\_\_\_ includes the strategy and policies for using information technology within an organization.

Answer: governance

Diff: 3 Page Ref: 66

AACSB: Use of information technology

CASE: Content

Objective: 2.5

76) The \_\_\_\_\_ function is responsible for attracting, developing, and maintaining the firm's workforce.

Answer: human resources

Diff: 1 Page Ref: 43

AACSB: Reflective thinking skills

CASE: Content

Objective: 2.2

77) A state Web site that allows citizens to pay parking fines online is a form of \_\_\_\_\_.

Answer: e-government

Diff: 3 Page Ref: 62

AACSB: Analytic skills

CASE: Analysis

Objective: 2.4

78) Supply chain management systems are one type of \_\_\_\_\_ system because they automate the flow of information across organizational boundaries.

Answer: interorganizational

Diff: 2 Page Ref: 56

AACSB: Use of information technology

CASE: Content

Objective: 2.3

79) \_\_\_\_\_ are highly trained technical specialists who write the software instructions for computers.

Answer: Programmers

Diff: 1 Page Ref: 63

AACSB: Use of information technology

CASE: Content

Objective: 2.5

80) \_\_\_\_\_ are representatives of departments outside of the information systems group for whom applications are developed.

Answer: End users

Diff: 1 Page Ref: 64

AACSB: Use of information technology

CASE: Content

Objective: 2.5

81) Identify and discuss the major types of information systems that serve the main management groups within a business. What are the relationships among these systems?

Answer: The four major categories of information systems are:

1. Transaction processing systems, such as payroll or order processing, track the flow of the daily routine transactions that are necessary to conduct business.
2. Management-information systems (MIS) provide the management control level with reports and access to the organization's current performance and historical records. Most MIS reports condense information from TPS and are not highly analytical.
3. Decision-support systems (DSS) support management decisions when these decisions are unique, rapidly changing, and not specified easily in advance. They have more advanced analytical models and data analysis capabilities than MIS and often draw on information from external as well as internal sources.
4. Executive-support systems (ESS) support senior management by providing data of greatest importance to senior management decision makers, often in the form of graphs and charts delivered via portals. They have limited analytical capabilities but can draw on sophisticated graphics software and many sources of internal and external information.

The various types of systems in the organization exchange data with one another. TPS are a major source of data for other systems, especially MIS and DSS. ESSs primarily receive data from lower-level systems.

Diff: 2 Page Ref: 45-52

AACSB: Analytic skills

CASE: Analysis

Objective: 2.2

82) You have been hired to work with 10 salespeople from different branches of a national business in creating an online training site for new Sales employees. Identify six collaboration tools that are available to help the team work together. Which single tool would be the most helpful for the project, in your opinion, and why?

Answer: Collaboration tools include (1) Internet-based collaboration environment; (2) E-mail and instant messaging; (3) Cell phones and smart phones; (4) Social networking; (5) Wikis; and (6) virtual worlds. The most helpful of these might be the Internet-based collaboration environment, because it would enable people to have discussions, calendars, conferences, and share documents.

Diff: 2 Page Ref: 61-62

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.2

83) Your aunt has asked you for your suggestions to make her business, a local sandwich shop, more efficient. Describe at least three types of business processes that a sandwich shop have. Can any be better coordinated through the use of information systems?

Answer: The business processes of a sandwich shop would include: Taking orders, making sandwiches, selling to the customer, ordering supplies, opening the store, closing the store, cleaning the store, paying employees, hiring employees, paying creditors and vendors, creating financial statements, paying taxes, managing cash.

Many of these processes could be helped by better information systems, specifically those that require recorded data, such as any financial processes (payments, cash management, taxes, salaries) and information gathered from and distributed to employees.

Diff: 2 Page Ref: 43-44

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.1

84) Describe the role of IT governance within the firm.

Answer: IT governance is the management of how the information systems function is organized and handled within the firm. IT governance includes the strategy and policies for using information technology within an organization. It specifies the decision rights and framework for accountability to ensure that the use of information technology supports the organization's strategies and objectives. For example, IT governance decides how decisions implementing and evaluating new systems are made, whether the IT function should be decentralized or centralized, who has power to create and manage systems, and what kind of ROI is expected from systems.

Diff: 2 Page Ref: 66

AACSB: Analytic skills

CASE: Analysis

Objective: 2.5

85) Apex Vacuum, a family-owned manufacturer of budget vacuums, has grown exponentially over the last few years. However, the company is having difficulty preparing for future growth. The only information system used at Apex is an antiquated accounting system. The company has one manufacturing plant located in Arkansas; and three warehouses, in Arkansas, Delaware, and California. The Apex sales force is national, and Apex purchases about a third of its vacuum parts and materials from a single overseas supplier. You have been hired to recommend the information systems Apex should implement in order to maintain their competitive edge. However, there is not enough money for a full-blown, cross-functional enterprise application, and you will need to limit the first step to a single functional area or constituency. What will you choose, and why?

Answer: Student answers will vary. E.g. A TPS focusing on production and manufacturing to keep production costs low while maintaining quality, and for communicating with other possible vendors. The TPS would later be used to feed MIS and other higher level systems.

Diff: 2 Page Ref: 45-52

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.2

86) Describe at least two benefits of using enterprise systems.

Answer: Enterprise systems integrate the firm's key business processes in sales, production, finance, logistics, and human resources into a single software system so that information can flow throughout the organization, improving coordination, efficiency, and decision making. These systems help create a more uniform organization in which everyone uses similar processes and information, and measures their work in terms of organization-wide performance standards. The coordination of the firm's key business processes allows the firm to respond more rapidly to customer demands.

Diff: 1 Page Ref: 52-56

AACSB: Analytic skills

CASE: Evaluation

Objective: 2.3

87) How can a good CRM system increase profits for a company?

Answer: Customer relationship management uses information systems to coordinate all of the business processes surrounding the firm's interactions with its customers. The systems consolidate customer information from multiple sources—telephone, e-mail, wireless devices, traditional sales and marketing systems, and the Web—so that the firm can obtain a unified view of a customer. This allows the firm to identify its most profitable customers and make special efforts to please them.

Diff: 2 Page Ref: 57-58

AACSB: Analytic skills

CASE: Evaluation

Objective: 2.3

88) What is the connection between organizations, information systems, and business processes?

Answer: Business processes refer to the manner in which work activities are organized, coordinated, and focused to produce a specific business result. They also represent unique ways in which organizations coordinate work, information, and knowledge and the ways in which management chooses to coordinate work. Managers need to pay attention to business processes because they determine how well the organization can execute, and thus are a potential source for strategic success or failures. Although each of the major business functions has its own set of business processes, many other business processes are cross-functional. Information systems can help organizations achieve great efficiencies by automating parts of these processes or by helping organizations rethink and streamline them. Firms can become more flexible and efficient by coordinating and integrating their business processes to improve management of resources and customer service.

Diff: 2 Page Ref: 43-45

AACSB: Analytic skills

CASE: Synthesis

Objective: 2.1

89) What are cross-functional business processes? Give an example.

Answer: Cross-functional processes are those that require input, cooperation, or coordination between the major business functions in an organization. For instance, when a salesman takes an order, the major business functions of planning, production, inventory control, shipping, accounting, and customer relations will all be involved before the order is completed.

Diff: 1 Page Ref: 44

AACSB: Analytic skills

CASE: Analysis

Objective: 2.1

90) The retail home improvement chain you work for, DIY Discount, has noticed that one of its brands of faucets is not selling nearly as well as anticipated. What information systems of the business will you use to determine the reason for the poor sales? Discuss what information you will retrieve from which system. Which of the information systems will be most important for your analysis? Which of the systems will be least important?

Answer: You might query operational level TPS to make sure that the product is actually getting to the stores and being restocked. You could query MIS to see average sales levels according to geography, location, and other factors to see if there are any specific factors affecting the sales. You might query ESS to see if the same faucets are being sold by competitors and what these prices are. You might use DSS to see what factors could increase sales.

Assuming that the faucets are being properly stocked at the stores, the most important systems to query are the managerial-level systems: MIS for summaries of sales records to help pinpoint any other factors; ESS to check competition, and DSS for higher-level analysis to forecast possible solutions.

Diff: 3 Page Ref: 45-52

AACSB: Analytic skills

CASE: Evaluation

Objective: 2.2