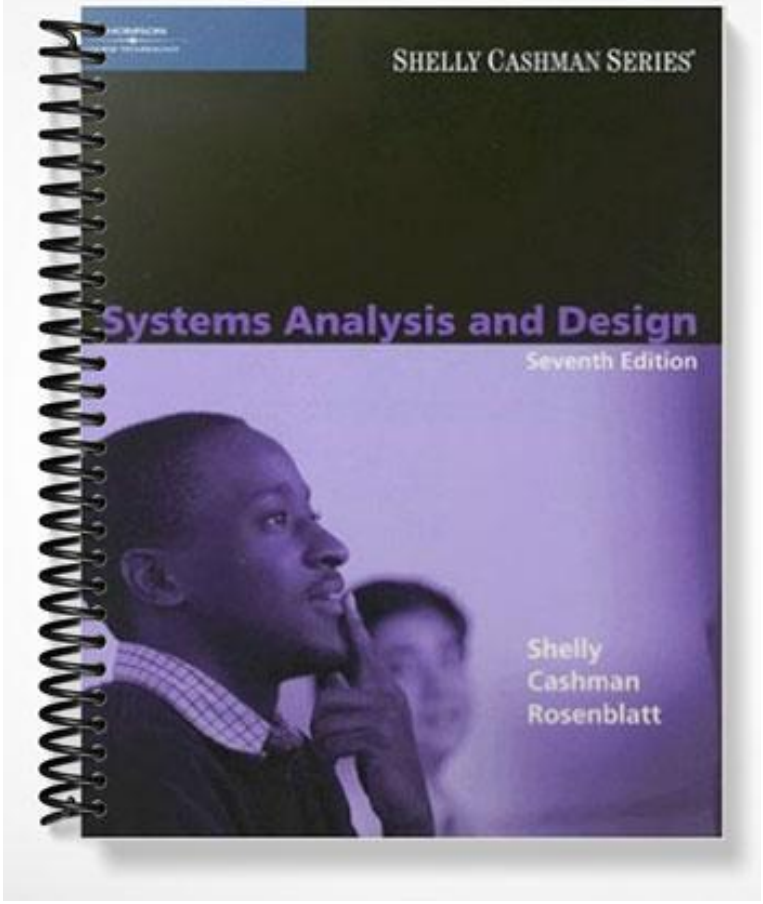
TEST BANK


SHELLY CASHMAN SERIES®
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Shelly
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Chapter Two: Analyzing the Business Case

MULTIPLE CHOICE

1. Systems development typically starts with a ____.
   a. feasibility study, followed by a systems request, which includes a preliminary investigation
   b. systems request, followed by a preliminary investigation, which includes a feasibility study
   c. preliminary investigation, followed by a feasibility study, which includes a systems request
   d. feasibility study, followed by a preliminary investigation, which includes a systems request

   ANS: B REF: 46

2. A SWOT analysis contributes to the strategic planning process by identifying ____ resources.
   a. technical
   b. human
   c. financial
   d. all of the above

   ANS: D REF: 49

3. All of the following are common reasons for systems requests *except* ____.
   a. improved services
   b. better performance
   c. weaker controls
   d. reduced cost

   ANS: C REF: 54

4. Internal factors that affect IT systems projects include all of the following *except* ____.
   a. strategic plans
   b. user requests
   c. the economy
   d. existing systems and data

   ANS: C REF: 56

5. External factors that affect IT systems projects include all of the following *except* ____.
   a. managers
   b. technology
   c. suppliers
   d. competitors

   ANS: A REF: 56

6. ____ components can provide automated response to sales inquiries, Web-based order processing, and online inventory tracking.
   a. Mission statement
   b. Customer relationship management (CRM)
   c. Feasibility study
   d. Total cost of ownership (TCO)

   ANS: B REF: 58

7. A systems request form should *not* ____.
   a. have complex instructions
   b. be easy to understand
   c. include enough space for all required information
   d. indicate what supporting documents are needed

ANS: A REF: 60

8. When evaluating systems requests, all of the following are disadvantages of a systems review committee *except* ____.
   a. action on requests must wait until the committee meets
   b. one person's bias is more likely to affect the decisions
   c. members might favor projects requested by their own departments
   d. internal political differences could delay important decisions

   ANS: B REF: 61

9. Of the measures of feasibility in Figure 2-14, ____ considers questions such as "Does management support the project?" and "Will the new system require training for users?"
   a. schedule feasibility
   b. technical feasibility
   c. economic feasibility
   d. operational feasibility

   ANS: D REF: 62

10. Of the measures of feasibility in Figure 2-14, ____ considers points such as "Does the proposed platform have sufficient capacity for future needs?" and "Will the hardware and software environment be reliable?"
   a. schedule feasibility
   b. technical feasibility
   c. economic feasibility
   d. operational feasibility

   ANS: B REF: 63

11. Of the measures of feasibility in Figure 2-14, ____ assesses tangible and intangible benefits to the company in addition to costs.
   a. schedule feasibility
   b. technical feasibility
   c. economic feasibility
   d. operational feasibility

   ANS: C REF: 63

12. Examples of tangible benefits include all of the following *except* a(n) ____.
   a. user-friendly system that improves employee job satisfaction
   b. new scheduling system that reduces overtime
   c. online package tracking system that decreases the need for clerical staff
   d. sophisticated inventory control system that cuts excess inventory

   ANS: A REF: 63

13. Examples of intangible benefits include all of the following *except* a(n) ____.
   a. user-friendly system that improves employee job satisfaction
   b. sales tracking system that supplies better information for marketing decisions
   c. new Web site that enhances the company's image
   d. online package tracking system that decreases the need for clerical staff

   ANS: D REF: 63

14. Of the measures of feasibility in the accompanying figure, issues that relate to ____ include "Has management established a firm timetable for the project?" and "Will a project manager be appointed?"
   a. schedule feasibility
   b. technical feasibility
   c. economic feasibility
   d. operational feasibility

   ANS: A REF: 64

15. When setting priorities for systems requests, the highest priority goes to projects that provide the ____.
    a. least benefit, at the highest cost, in the longest period of time
    b. least benefit, at the lowest cost, in the longest period of time
    c. greatest benefit, at the highest cost, in the shortest period of time
    d. greatest benefit, at the lowest cost, in the shortest period of time

    ANS: D REF: 64

16. When assessing priorities for systems requests, a systems analyst should look for high scores in all of the following *except* ____.
    a. Will the proposed system serve customers better?
    b. Will the proposed system reduce costs?
    c. Will the proposed system serve the organization better?
    d. Will the proposed system decrease revenue for the company?

    ANS: D REF: 65

17. ____ is an example of a discretionary project.
    a. Creating a new report for a user
    b. Adding a report required by a new federal law
    c. Including annual updates to payroll and tax percentages
    d. All of the above

    ANS: A REF: 65

18. By questioning users about additional capabilities they would like to have, instead of focusing on difficulties, a systems analyst ____.
    a. highlights ways to improve the user's job
    b. gets a better understanding of operations
    c. builds better, more positive relationships with users
    d. all of the above

    ANS: D REF: 67

19. When using a ____ diagram to investigate causes of a problem, an analyst first states the problem and then draws a main bone with sub-bones that represent possible causes of the problem.
    a. wishbone
    b. fishbone
    c. jawbone
    d. crossbones

    ANS: B REF: 68

20. To avoid the problem of project creep, ____.
    a. define project scope as vaguely as possible
    b. leave project scope undefined
    c. define project scope as clearly as possible
    d. expand the focus beyond the problem at hand

    ANS: C REF: 69

21. The primary method of obtaining information during the preliminary investigation is to ____.
    a. analyze organization charts
    b. conduct interviews
    c. review documentation
    d. observe operations

    ANS: B REF: 71

22. In sequence, the interviewing process involves a series of steps: ____, conduct the interview, document the interview, and evaluate the interview.
    a. determine the people to interview, establish objectives for the interview, develop interview questions, prepare for the interview
    b. establish objectives for the interview, develop interview questions, prepare for the interview, determine the people to interview
    c. develop interview questions, prepare for the interview, determine the people to interview, establish objectives for the interview
    d. prepare for the interview, determine the people to interview, establish objectives for the interview, develop interview questions

    ANS: A REF: 71

23. A survey is ____, generally takes less time, and can involve a broad cross-section of people.
    a. more flexible than a series of interviews, and it is less expensive
    b. more flexible than a series of interviews, but it is more expensive
    c. not as flexible as a series of interviews, but it is less expensive
    d. not as flexible as a series of interviews, and it is more expensive

    ANS: C REF: 72

24. In a preliminary investigation report, the ____ contain(s) a brief description of the system, the name of the person or group performing the investigation, and the name of the person or group who initiated the investigation.
    a. introduction
    b. systems request summary
    c. expected benefits
    d. time and costs estimates

    ANS: A REF: 73

25. In the preliminary investigation report, the ____ section contains the results of the preliminary investigation, including a description of the project's scope, constraints, and feasibility.
    a. appendix
    b. introduction
    c. recommendations
    d. findings

    ANS: D REF: 73

TRUE/FALSE

1. A strong business case suggests that a company should pursue other options, above the alternative, because it would be in the firm's best interest to do so.

    ANS: F REF: 46

2. Strategic planning looks beyond day-to-day activities and focuses on a horizon that is 3, 5, or even 10 years in the future.

    ANS: T REF: 48

3. A company's mission statement is unrelated to its major goals, shorter-term objectives, and day-to-day business operations.

    ANS: F REF: 49

4. Management leadership and information technology are unconnected, and no significant changes have occurred in either area.

   ANS: F REF: 51

5. Today, systems development is much more team-oriented than in the past.

   ANS: T REF: 51

6. A systems request might propose enhancements for an existing system, the correction of problems, or the development of an entirely new information system.

   ANS: T REF: 54

7. Systems requests seldom are aimed at improving service to customers or users within a company.

   ANS: F REF: 54

8. Performance limitations result when a system that was designed for a specific hardware configuration becomes obsolete when new hardware is introduced.

   ANS: T REF: 55

9. A system must have effective controls to ensure that data is secure and accurate.

   ANS: T REF: 55

10. Hardware-based security controls include passwords, various levels of user access, and coding data.

    ANS: F REF: 55

11. Data entry controls should be excessive without being effective.

    ANS: F REF: 55

12. Internal and external factors affect every business decision that a company makes, and IT systems are no exception.

    ANS: T REF: 56

13. A strategic plan that stresses technology tends to create an unfavorable climate for IT projects that extends throughout an organization.

    ANS: F REF: 57

14. As users rely more heavily on information systems to perform their jobs, they are likely to request even more IT services and support.

    ANS: T REF: 57

15. Some industry experts predict that bar code technology will be overshadowed in the future by electronic product code (EPC) technology that uses RFID tags to identify and monitor the movement of each individual product.

ANS: T REF: 57

16. The purpose of a JIT (just-in-time) system is to provide the right product at the right place at the right time.

ANS: T REF: 58

17. Information systems that interact with customers usually receive low priority.

ANS: F REF: 58

18. Competition drives many information systems decisions.

ANS: T REF: 58

19. Economic activity has little influence on corporate information management.

ANS: F REF: 58

20. Using EPOD, a supplier uses RFID tags on each crate, case, or shipping unit to create a digital shipping list.

ANS: T REF: 58

21. When a systems request form is received, a systems analyst or IT manager examines it to determine what IT resources (staff and time) are required for the preliminary investigation.

ANS: T REF: 60

22. Most large companies rely on one person to evaluate systems requests instead of a committee.

ANS: F REF: 61

23. If only one person has the necessary IT skills and experience to evaluate systems requests, that person should consult closely with users and managers throughout the company to ensure that business and operational needs are considered carefully.

ANS: T REF: 61

24. Even if users have difficulty with a new system, it still will produce the expected benefits.

ANS: F REF: 62

25. When assessing schedule feasibility, a systems analyst must consider the interaction between time and costs.

ANS: T REF: 64

26. The first step in evaluating feasibility is to accept and include all systems requests, even those that are not feasible.

ANS: F REF: 64

27. Feasibility analysis is an ongoing task that must be performed throughout the systems development process.

ANS: T REF: 64

28. Whenever possible, a systems analyst should evaluate a proposed project based on tangible costs and benefits that represent actual (or approximate) dollar values.

ANS: T REF: 65

29. In contrast to tangible benefits, it is easier to assign dollar values to intangible benefits.

ANS: F REF: 65

30. Few nondiscretionary projects are predictable.

ANS: F REF: 65

31. The end product of a preliminary investigation is a report to management.

ANS: T REF: 66

32. Before beginning a preliminary investigation, a memo or an e-mail message should let people know about the investigation and explain the systems analyst's role.

ANS: T REF: 66

33. A systems project seldom produces significant changes in company operations.

ANS: F REF: 66

34. When interacting with users, a systems analyst should focus on difficulties instead of questioning users about additional capability they would like to have.

ANS: F REF: 67

35. Often a change in one system has an unexpected effect on another system.

ANS: T REF: 68

36. A systems request always reveals the underlying problem, and not just a symptom.

ANS: F REF: 68

37. A Pareto chart is drawn as a vertical bar graph; arranged in descending order, so the team can focus on the most important ones, the bars represent various causes of a problem.

ANS: T REF: 69

38. Regardless of the type, all constraints should be identified as late as possible.

ANS: F REF: 70

39. A clear definition of project scope and constraints promotes misunderstandings that arise where managers assume that the system will have a certain feature or support for a project, but later find that the feature is not included.

ANS: F REF: 70

40. Depending on what information is needed to investigate a systems request, fact-finding might consume several hours, days, or weeks.

ANS: T REF: 71

41. When fact-finding, organization charts should be obtained to understand how a department functions and identify individuals to be interviewed.

ANS: T REF: 71

42. Organization charts show the informal alignment of a group but not formal reporting relationships, which are unimportant.

ANS: F REF: 71

43. The purpose of an interview, and of the preliminary investigation itself, is to convince others that a project is justified, not to uncover facts.

ANS: F REF: 72

44. When conducting interviews during a preliminary investigation, only operational personnel should be interviewed who have a narrow knowledge of the system and can give specifics of the business practices involved.

ANS: F REF: 72

45. One fact-finding method is to observe the current system in operation and see how workers carry out typical tasks.

ANS: T REF: 72

46. In addition to time and cost figures for the next development phase, a systems analyst should provide an estimate for the overall project, so managers can understand the full cost impact and timetable.

ANS: T REF: 73

47. The format of a preliminary investigation report is the same from one company to another.

ANS: F REF: 73

48. In a preliminary investigation report, the systems request summary describes the basis of the systems request.

ANS: T REF: 73

49. In a preliminary investigation report, the recommendations section includes anticipated tangible and intangible benefits and a timetable that shows when they are to occur.

    ANS: F REF: 74

50. In a preliminary investigation report, the expected benefits section explains recommendations for further action, with specific reasons and justification.

    ANS: F REF: 74

SHORT ANSWER

1. The term _____ refers to the reasons, or justification, for a systems development proposal.

   ANS:
   business case

   REF: 46

2. _____ is the process of identifying long-term organizational goals, strategies, and resources.

   ANS:
   Strategic planning

   REF: 48

3. During strategic planning, top managers ask a series of questions that is called a(n) _____ because it examines a company's strengths, weaknesses, opportunities, and threats.

   ANS:
   SWOT analysis

   REF: 48

4. A(n) _____ describes a company for its stakeholders and briefly states the company's overall purpose, products, services, and values.

   ANS:
   mission statement

   REF: 49

5. _____ include anyone affected by a company's operations, such as customers, employees, suppliers, stockholders, and members of the community.

   ANS:
   Stakeholders

   REF: 49

6. After composing a mission statement, a company identifies a set of _____ that will accomplish the mission.

   ANS:
   goals

   REF: 51

7. To achieve its goals, a company develops a list of shorter-term _____, which translate into day-to-day business operations.

   ANS:
   objectives

   REF: 51

8. _____ are vital objectives that must be achieved for an enterprise to fulfill its mission.

   ANS:
   Critical success factors

   REF: 51

9. _____ are the key problems, opportunities, and constraints that affect and shape a firm's decisions.

   ANS:
   Critical business issues

   REF: 51

10. At some point in the systems development process, a(n) _____ is presented, which is a summary of the project request and a specific recommendation.

    ANS:
    case for action

    REF: 51

11. The starting point for a systems development project is called a(n) _____, which is a formal way of asking for IT support.

    ANS:
    systems request

    REF: 54

12. Some common security controls include passwords, various levels of user access, and _____, or coding of data to keep it safe from unauthorized users.

    ANS:
    encryption

REF: 55

13. Hardware-based security controls include _____ that can identify a person by a retina scan or by mapping a facial pattern.

ANS:
biometric devices

REF: 55

14. In Figure 2-9showing factors that affect IT systems projects, a company's _____ sets the overall direction for the firm and has an important impact.

ANS:
strategic plan

REF: 57

15. In Figure 2-9 showing factors that affect IT systems projects, many systems project requests come from the _____, which often makes recommendations based on its knowledge of business operations and technology trends.

ANS:
IT department
information technology department

REF: 57

16. In Figure 2-9 showing factors that affect IT systems projects, changing _____ is a major force affecting business and society in general.

ANS:
technology

REF: 57

17. In Figure 2-9 showing factors that affect IT systems projects, the growth of electronic data interchange (EDI) has made relationships with _____ critically important.

ANS:
suppliers

REF: 58

18. Electronic data interchange (EDI) enables _____ inventory systems, which rely on computer-to-computer data exchange to minimize unnecessary inventory.

ANS:
just-in-time
JIT

REF: 58

19. Many companies implement _____ systems that integrate all customer-related events and transactions.

ANS:
customer relationship management
CRM

REF: 58

20. Many companies call the group of key managers and users responsible for evaluating systems requests a(n) _____.

ANS:
systems review committee
computer resources committee

REF: 60

21. A systems request must pass several tests, called a(n) _____, to see whether it is worthwhile to proceed further.

ANS:
feasibility study

REF: 61

22. A feasibility study includes tests for _____, which means that a proposed system will be used effectively after it has been developed.

ANS:
operational feasibility

REF: 62

23. A feasibility study includes tests for _____, which refers to the practical resources needed to develop, purchase, install, or operate the system.

ANS:
technical feasibility

REF: 62

24. A feasibility study includes tests for _____, which means that the projected benefits of the proposed system outweigh the estimated costs.

ANS:
economic feasibility

REF: 63

25. The estimated costs of a proposed system usually are considered the _____, which includes ongoing support and maintenance costs, as well as acquisition costs.

ANS:

total cost of ownership
TCO

REF: 63

26. _____ are benefits that can be measured in dollars, resulting from a decrease in expenses, an increase in revenues, or both.

ANS:
Tangible benefits

REF: 63

27. _____ are advantages that are difficult to measure in dollars but are important to a company.

ANS:
Intangible benefits

REF: 63

28. A feasibility study includes tests for _____, which means that a project can be implemented in an acceptable time frame.

ANS:
schedule feasibility

REF: 64

29. Projects where management has a choice in implementing them are called _____.

ANS:
discretionary projects

REF: 65

30. Projects where management has no choice in implementing them are called _____.

ANS:
nondiscretionary projects

REF: 65

31. A systems analyst conducts a(n) _____ to study the systems request and recommend specific action.

ANS:
preliminary investigation

REF: 66

32. A popular technique for investigating causes and effects is called a(n) _____, which is an analysis tool that represents the possible causes of a problem as a graphical outline.

ANS:
fishbone diagram
Ishikawa diagram

REF: 68

33. Determining the _____ means to define the boundaries, or extent, of a project — being as specific as possible.

ANS:
project scope

REF: 69

34. Projects with very general scope definitions are at risk of expanding gradually, without specific authorization, in a process called _____.

ANS:
project creep

REF: 69

35. A(n) _____ is a requirement or condition that a system must satisfy or an outcome that a system must achieve.

ANS:
constraint

REF: 69