### **Enterprise Resource Planning 3rd Edition Wagner Test Bank**

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# **Chapter 1: Business Functions and Business Processes**

### **TRUE/FALSE**

1. One of the four functional areas of operation is Human Resources (HR).

ANS: T PTS: 1 REF: 2

2. Historically, businesses have had organizational structures that separated the functional areas, but business schools have not been organized like that.

ANS: F PTS: 1 REF: 2

3. Information systems that are designed so functional areas share data are called integrated information systems.

ANS: T PTS: 1 REF: 4

4. The functional area of Supply Chain Management (SCM) sets prices.

ANS: F PTS: 1 REF: 8

5. Sales forecasts are historical records of sales.

ANS: F PTS: 1 REF: 9

6. Accounts receivable are recorded by the Human Resources department (HR).

ANS: F PTS: 1 REF: 12

7. The business function of government compliance falls under the Supply Chain Management functional area of operation.

ANS: F PTS: 1 REF: 2

8. The business process of Cash Flow Management is handled under the Accounting and Finance functional area of operation.

ANS: T PTS: 1 REF: 2

9. When manufacturing runs out of raw materials, it's known as a stockout.

ANS: T PTS: 1 REF: 10

10. To avoid stockouts, manufacturers might carry extra raw materials. This excess is known as safety stock.

ANS: T PTS: 1 REF: 10

### MULTIPLE CHOICE

1. Which of the following is a functional area of operation?

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	<ul><li>a. Packaging</li><li>b. Supply Chain Management</li></ul>	c. d.	Shipping Baking
	ANS: B PTS: 1	REF:	2
2.	<ul><li>Which business function is performed by a</li><li>a. Cost allocation and control</li><li>b. Taking sales orders</li></ul>	с.	ng and Finance? Benefits Plant maintenance
	ANS: A PTS: 1	REF:	2
3.	oftware that store, organize, and deliver information		
	<ul><li>a. The CPU</li><li>b. The Process System</li></ul>		Information systems Personnel systems
	b. The Process System ANS: C PTS: 1		•
	ANS: C PIS: 1	REF:	5
4.	Today's managers are beginning to think is which functional areas of operation?	in terms o	of business process. A business process cuts across
	a. Marketing and Sales		Human Resources
	<ul><li>b. Supply Chain Management</li><li>c. Accounting and Finance</li></ul>	e.	All of the above
	ANS: E PTS: 1	REF:	3
5.	<ul><li>Information systems that can be designed</li><li>a. Integrated information systems</li><li>b. Complete information systems</li></ul>	с.	Inctional areas of operation share data are called: Non-middleware information systems Linked information systems
	ANS: A PTS: 1	REF:	4
6.	Analyses that attempt to predict the future sales of a product are called:a. Sales forecastsc. Sales divingb. Sales diviningd. Sales deriving		
	ANS: A PTS: 1	REF:	6
7.	<ul><li>Which of the following is an input to the la.</li><li>Production plans</li><li>B. Raw material orders</li></ul>	с.	g and Sales functional area? Per-unit cost Accounts payable data
	ANS: C PTS: 1	REF:	9
8.	<ul><li>Which of the following outputs would em</li><li>a. Packaging orders</li><li>b. Sales strategy</li></ul>	с.	n the Accounting and Finance functional area? Regulation compliance Financial reports
	ANS: D PTS: 1	REF:	10
9.	<ul><li>When purchasing a computer, the function purchasing that computer is</li><li>a. Marketing and Sales</li><li>b. Accounting and Finance</li></ul>	c.	esponsible for handling the financial help for Supply Chain Management Human Resources
	ANS: B PTS: 1	REF:	3

10.				esponsible for technical support is Supply Chain Management Human Resources	
	ANS: A	PTS:	1	REF:	3
11.	When manufacturing a. Shortfall b. Empty shelf	; runs o	ut of raw mater	c.	known as a(n) Depletion Stockout
	ANS: D	PTS:	1	REF:	10
12.	results in management overinvesting in extra raw materials Bulging raw materials c. Safety stock				
	b. Stockup				Excess baggage
	ANS: C	PTS:	1	REF:	10
13.	<ul><li>Which of the followi</li><li>a. Personnel foreca</li><li>b. Sales data</li></ul>				
	ANS: A	PTS:	1	REF:	13

## COMPLETION

1. \_\_\_\_\_ programs are core software used by companies to coordinate information in every area of the business.

ANS: Enterprise Resource Planning ERP

PTS: 1 REF: 1

2. A collection of activities that takes one or more kinds of input and creates an output that is of value to the customer is called a \_\_\_\_\_\_.

ANS: business process

PTS: 1 REF: 1

3. The business functions of financial accounting, cost allocation and control, planning and budgeting, and cash-flow management take place in the \_\_\_\_\_\_ functional area of operation.

ANS: Accounting and Finance A/F PTS: 1 REF: 2

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4. One example of the business function that happens in the human resource area of operation would be

ANS: Recruiting and hiring Training Payroll Benefits Government compliance

PTS: 1 REF: 2

5. An \_\_\_\_\_\_ includes the computers, people, procedures, and software that store, organize, and deliver information.

ANS: Information systems IS

PTS: 1 REF: 3

6. Information systems designed so that functional areas share data are called \_\_\_\_\_\_

ANS: integrated information systems integrated IS

PTS: 1 REF: 4

7. A shortfall of raw materials is known as a \_\_\_\_\_\_.

ANS: Stockout

PTS: 1 REF: 10

8. To avoid stockouts, manufacturers might carry extra raw materials known as \_\_\_\_\_

ANS: Safety stock

PTS: 1 REF: 10

# SHORT ANSWER

1. Describe the difference between functional areas of operation and business processes. Give an example of a business process.

ANS:

Most companies have four main functional areas of operation. Each area comprises a variety of narrower business functions, which are activities specific to that functional area of operation. Recall that a business process is a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer.

Thinking in terms of business processes helps managers to look at their organization from the customer's perspective. For example, suppose that a customer wants to purchase a new computer.

PTS: 1 REF: 2-3

2. What are integrated information systems?

ANS:

Sharing data effectively and efficiently between and within functional areas leads to more efficient business processes. Information systems can be designed so that functional areas share data. These systems are called integrated information systems.

PTS: 1 REF: 4

3. Give some examples of Marketing and Sales in a small business such as a lemonade stand or some other simple example.

ANS:

For the most part, this is a cash business and does not require formal record keeping, but you still need to keep track of your customers so that you can send flyers to repeat customers or send occasional thank you notes. Thus, your records must show not only the amount of sales, but also must identify repeat customers.

Product development can be done informally in such a simple business; you gather information about who buys which kind of lemonade and note what customers say about each product. You also analyze historical sales records to spot trends that are not obvious.

PTS: 1 REF: 6

4. Choose an example company and give situations for each business process in the following figure. Depending on your major or interest, choose one functional area of operation.

Functional area	Marketing and Sales	Supply Chain Management	Accounting and Finance	Human Resources
	Marketing of a product	Purchasing goods and raw materials	Financial accounting	Recruiting and hiring
	Taking sales orders	Receiving goods and raw materials	Cost allocation and control	Training
Business functions	Customer support	Transportation and logistics	Planning and budgeting	Payroll
Business	Customer relationship management	Scheduling production runs	Cash-flow management	Benefits
	Sales forecasting	Manufacturing goods		Government compliance
	Advertising	Plant maintenance		

FIGURE 1-1 Examples of functional areas of operation and their business functions

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ANS:

Depending on the company chosen, and the major, answers will vary. For example, if a student is interested in HR in an engineering firm, they might discuss the process for recruiting and hiring a graduating senior from their university. Then they could describe some training courses the new engineer would take. Payroll and benefits to the new employee should be discussed. Finally, government compliance such as the equal opportunity act could also be mentioned.

PTS: 1 REF: 2

5. What departments are involved in the business process of selling a new computer?

ANS:

Refer to	the fol	lowing figure	for answers:

Input/Functional area responsible for input	Process	Output
Request to purchase computer/Marketing and Sales	Sales order	Order is generated
Financial help for purchase/Accounting and Finance	Arranging financing in- house	Customer finances through the computer company
Technical support/Marketing and Sales	24-hour help line available	Customer's technical query is resolved
Fulfillment of order/Supply Chain Management	Shipping and delivery	Customer receives computer

FIGURE 1-2 Sample business processes related to the sale of a personal computer

PTS: 1 REF: 3

6. Describe the material order process in the following figure: Customer Order Process

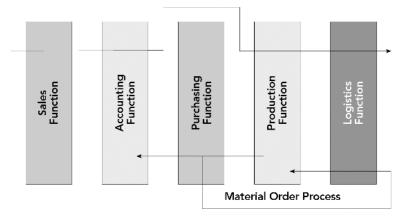


FIGURE 1-3 A process view of business

ANS:

When production is alerted to a new order, if raw materials are needed for this order, then production prompts purchasing to arrange for the purchase and delivery of raw materials. Accounting must pay for those raw materials. They are delivered to the Logistics function and then sent to production to make the order.

PTS: 1 REF: 4