

Management Information Systems, 12e (Laudon)
Chapter 2 Global E-Business and Collaboration

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

CASE: Content

Objective: 2.2

2) You would use an MIS to help decide whether to introduce a new product line.

Answer: FALSE

Diff: 2 Page Ref: 47-48

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.3

3) Online collaboration tools eliminate the need for global firms to have synchronous collaboration.

Answer: TRUE

Diff: 1 Page Ref: 66

AACSB: Use of IT

CASE: Analysis

Objective: 2.4

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

Answer: FALSE

Diff: 2 Page Ref: 45-46

AACSB: Use of IT

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: 46

AACSB: Use of IT

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: 46, 47-48

AACSB: Use of IT

CASE: Content

Objective: 2.5

7) Management information systems typically support nonroutine decision making.

Answer: FALSE

Diff: 2 Page Ref: 48

AACSB: Use of IT

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 IT

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 IT

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 IT

CASE: Content

Objective: 2.2

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

Answer: FALSE

Diff: 2 Page Ref: 48

AACSB: Use of IT

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 IT

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 IT

CASE: Content

Objective: 2.2

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

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Use of IT

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: 50

AACSB: Use of IT

CASE: Content

Objective: 2.2

16) A Skype conference call using VOIP and webcams is an example of a remote, synchronous collaboration tool.

Answer: TRUE

Diff: 2 Page Ref: 62, 67

AACSB: Use of IT

CASE: Analysis

Objective: 2.4

17) ESSs are designed primarily to solve specific problems.

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Use of IT

CASE: Content

Objective: 2.2

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

Answer: TRUE

Diff: 2 Page Ref: 51

AACSB: Use of IT

CASE: Content

Objective: 2.3

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

Answer: TRUE

Diff: 2 Page Ref: 51

AACSB: Use of IT

CASE: Content

Objective: 2.3

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

Answer: TRUE

Diff: 3 Page Ref: 53

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.3

21) An example of a collaboration tool that supports colocated, asynchronous collaboration is

A) a team room.

B) e-mail.

C) a MUD.

D) a wall display.

Answer: A

Diff: 3 Page Ref: 67

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.4

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

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

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 IT

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 IT

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

AACSB: Use of IT

CASE: Content

Objective: 2.2

31) Non-typical business problems with causes and effects that are rapidly changing are typically handled by which type of information system ?

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

Answer: D

Diff: 2 Page Ref: 48

AACSB: Use of IT

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 IT

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) Which of the following is *not* one of the four main classifications for collaboration tools identified by the space/time matrix?

- A) synchronous/colocated
- B) same time/remote
- C) different time/remote
- D) remote/colocated

Answer: D

Diff: 2 Page Ref: 67

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.4

- 35) All of the following statements regarding Lotus Notes are true *except* for
- A) It began as an e-mail and messaging client.
 - B) It is the most widely used collaboration tool at Fortune 1000 companies.
 - C) Firmwide installations at a large company require specialized servers and may cost millions of dollars per year.
 - D) It provides tools for e-mail, calendars, help desk, CRM, blogs, and wikis.

Answer: A

Diff: 2 Page Ref: 65

AACSB: Reflective Thinking

CASE: Content

Objective: 2.4

- 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: 50

AACSB: Use of IT

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: 50

AACSB: Use of IT

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: 50

AACSB: Use of IT

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: 50

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: 51

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: 51

AACSB: Use of IT

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: 51

AACSB: Use of IT

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: 55

AACSB: Analytic Skills

CASE: Evaluation

Objective: 2.3

44) The point-of-sale Pulse system used by Domino's to maintain consistent and efficient management functions in its restaurants is best categorized as which type of system?

- A) TPS
- B) DSS
- C) CRM
- D) more than one of the above

Answer: D

Diff: 2 Page Ref: 52

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.2

45) In Domino's upgraded Pulse Evolution system, it incorporated a Pizza Tracker functionality that shows the progression of individual pizza orders. This is an example of using information systems to achieve which business objective?

- A) customer and supplier intimacy
- B) survival
- C) improved decision making
- D) operational excellence

Answer: A

Diff: 2 Page Ref: 52-53

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.3

- 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: 51

AACSB: Use of IT

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: 51

AACSB: Use of IT

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: 53

AACSB: Use of IT

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: 53

AACSB: Use of IT

CASE: Content

Objective: 2.3

50) _____ systems are designed to help firms manage their relationships with their customers.

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

Answer: A

Diff: 1 Page Ref: 53

AACSB: Use of IT

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: 54

AACSB: Use of IT

CASE: Content

Objective: 2.3

52) You are planning the launch of your new company, an application service provider that provides an online timesheet and project tracking application. To best communicate with and manage your relationship with your users, you would want to implement a(n)

- A) extranet.
- B) intranet.
- C) KMS.
- D) CMS.

Answer: D

Diff: 1 Page Ref: 53-54

AACSB: Analytic Skills

CASE: Evaluation

Objective: 2.3

53) All of the following are direct business benefits of collaboration, *except* for

- A) improved quality.
- B) improved financial performance.
- C) improved customer service.
- D) improved compliance with government regulations.

Answer: D

Diff: 1 Page Ref: 57-58

AACSB: Analytic Skills

CASE: Evaluation

Objective: 2.4

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: 55

AACSB: Use of IT

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: 2 Page Ref: 56

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.2

56) 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: 55

AACSB: Use of IT

CASE: Content

Objective: 2.4

57) 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 work with 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: 56

AACSB: Analytic Skills

CASE: Analysis

Objective: 2.2

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: 55

AACSB: Reflective Thinking

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: 55

AACSB: Use of IT

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: 68

AACSB: Use of IT

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: 68

AACSB: Use of IT

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: 69

AACSB: Use of IT

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: 69

AACSB: Use of IT

CASE: Content

Objective: 2.5

64) Which of the following types of collaboration tools allows you to communicate with avatars using text messaging?

- A) virtual worlds
- B) screen sharing
- C) collaborative writing
- D) large audience Webinars

Answer: A

Diff: 1 Page Ref: 60

AACSB: Use of IT

CASE: Content

Objective: 2.4

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: 68

AACSB: Use of IT

CASE: Content

Objective: 2.5

66) Which of the following statements about *collaboration* is not true?

- A) In business, a collaboration can last as little as a few minutes.
- B) Business collaboration relies on the formation of teams that are assigned a specific task or goal.
- C) Successful collaboration can be achieved through technology regardless of the organization's culture or structure.
- D) One business benefit of collaboration is improved innovation.

Answer: C

Diff: 2 Page Ref: 56-59

AACSB: Reflective Thinking

CASE: Content

Objective: 2.4

67) Which of the following is *not* one of the fifteen categories of collaborative software tools?

- A) file sharing
- B) event scheduling
- C) white boarding
- D) extranets

Answer: D

Diff: 1 Page Ref: 59

AACSB: Reflective Thinking

CASE: Content

Objective: 2.4

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: 54-55

AACSB: Analytic Skills

CASE: Synthesis

Objective: 2.3

69) You have been hired by a worldwide non-profit agency to implement a system to handle their donations. The system must be able to handle and record telephone, sms, and Internet donations, provide up-to-the-minute reports, and create highly customizable mailing lists. In addition, event fundraisers need to be able to quickly access a donor's information and history. Which of the following systems 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: 45-50

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: 45-55

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

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: 50

AACSB: Use of IT

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: 51

AACSB: Use of IT

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 IT

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: 69

AACSB: Use of IT

CASE: Content

Objective: 2.5

76) Applications that allow managers to interactively manipulate current and historical data to discover patterns and trends that will help their decision-making are referred to as _____.

Answer: business intelligence

Diff: 2 Page Ref: 49

AACSB: Reflective Thinking

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: 55

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: 53

AACSB: Use of IT

CASE: Content

Objective: 2.3

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

Answer: Programmers

Diff: 1 Page Ref: 68

AACSB: Use of IT

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: 69

AACSB: Use of IT

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: 45-49

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: 59-61

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 has. 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: 43-45

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: 69

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: 45-50

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: 51-55

AACSB: Analytic Skills

CASE: Evaluation

Objective: 2.3

87) You have been hired by an international architectural firm, with offices in Singapore, Paris, and Mumbai. The firm would like architects and draftspeople from different teams to be able to collaborate efficiently. How will you determine what the best collaboration tools are for their needs?

Answer: The first step in evaluation is to determine what the collaboration challenges are and to locate the firm in the time/space matrix. Secondly, for each block of the matrix that the firm is in, determine what solutions are available from which vendors. Third, analyze the products in terms of their costs and benefits to the firm. Next, identify any risks involved with using the product. Then, seek the help of potential users to identify implementation and training issues. Finally, make a shortlist of tools and invite vendors to make presentations.

Diff: 3 Page Ref: 67-68

AACSB: Analytic Skills

CASE: Synthesis

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: 43, 51

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: 45-50

AACSB: Analytic Skills

CASE: Evaluation

Objective: 2.2