

Chapter 1 Test Bank

Multiple Choice

1. All of the following are identified causes of the 2010 Deepwater Horizon oil spill EXCEPT for:

- a) Repeated failure to follow safety procedures
- b) The alignment of the Information Systems Strategy Triangle
- c) The failure of automated systems
- d) The leadership and organizational culture at BP
- e) Inadequate quality standards

Ans: b (Medium)

Response: See page 23-24

2. A general manager should:

- a) Rely on IS personnel to make IS decisions
- b) Ignore how IS are used and managed
- c) Have a deep technical knowledge of IS
- d) Understand the use and consequences of technologies relevant to the business
- e) Not be expected to ask or understand technology related questions

Ans: d (Easy)

Response: See page 26,32

3. When a company's business strategy and technology strategy are intertwined, this situation is known as _____.

- a. convergence
- b. alignment
- c. dynamic
- d. differentiation
- e. technologically adjusted

Ans: a (Hard)

Response: See page 25-26

4. Organizational, cultural, and control variables are considered the _____ used by decision makers to effect change in their organization.

- a. collaboration tools
- b. managerial levers
- c. events
- d. IS
- e. organization objectives

Ans: b (hard)

Response: See page 35

5. The _____ is a plan articulating where a business seeks to go and how it expects to get there.

- a. vision statement
- b. mission statement
- c. stakeholder statement
- d. stockholder statement
- e. business strategy

Ans: e (Medium)

Response: See page 27

6. Organizations seek to gain a competitive advantage by differentiation, cost, or _____.

- a. service
- b. focus
- c. profit
- d. value
- e. speed

Ans: b (Easy)

Response: See page 29

7. Google has disrupted a number of industries, particularly the advertising and software industries. Google's ability to quickly and aggressively provide new products and services is best described by:

- a. Porter's Generic Strategies
- b. The Hypercompetition Model
- c. The Information Systems Strategy Triangle
- d. The Social Business Strategy
- e. Customer Relationship Management

Ans: b (Easy)

Response: See page 31

8. Through the use of various technologies, a ski resort tracks the slopes each customer skis and the times he or she skis them. Skiers then have the ability to view this information online, and can choose to seamlessly share their accomplishments on Facebook. In addition, photographers positioned at the resort post pictures on Facebook for the skier. This ski resort has worked hard to develop a strong:

- a. IS Strategy
- b. Social business strategy
- c. Business strategy
- d. Organizational strategy
- e. Customer strategy

Ans: b (Hard)

Response: See page 33

9. The organizational strategy should ideally _____ the IS strategy.

- a. drive
- b. complement
- c. dictate
- d. ignore
- e. sustain

Ans: b (Easy)

Response: See page 25

10. The general manager for a retail clothing outlet was recently cited as saying, "IT is the cornerstone of our company. All of our decisions are based on the sophisticated systems that we have deployed throughout our organization. IT drives our decisions." What position should the manager hold regarding IT and its influence on decision making?

- a. IT should drive business decisions.
- b. Organizational goals should drive IT decisions.
- c. Organizational strategy should drive IS decision making.
- d. Business strategy should drive IS decision making
- e. All strategy should be driven by IT strategy.

Ans: d (Hard)

Response: See page 32

11. To remain competitive, an organization's business strategy must adapt and respond to all of the following variables. Which variable in particular does IS help to determine?

- a. Market forces
- b. Customer demands
- c. The capabilities of the organization
- d. The organization's mission
- e. Organizational design

Ans: c (Hard)

Response: See page 27 and 36

12. The physical means by which information is exchanged among hardware components is called _____.

- a) hardware
- b) software
- c) networking
- d) personnel
- e) data

Ans: c (Medium)

Response: See page 37

13. Significant changes in IS should trigger a reassessment of the _____.

- a. business strategy
- b. social strategy
- c. process strategy
- d. data strategy
- e. system strategy

Ans: a (Medium)

Response: See page 32

14. A social business strategy is designed to use social IT tools for all of the following EXCEPT:

- a. Collaborating with stakeholders
- b. Building deeper connections with stakeholders
- c. Innovating with stakeholders
- d. Excluding stakeholders
- e. Networking with employees, customer and/or suppliers

Ans: d (Easy)

Response: See page 33

15. General managers should take an active role in decisions about information systems. This is vital because:

- a. The IS department cannot be trusted to make good decisions.
- b. The IS department has not been trained to make general business decisions.
- c. The IS department does not have the company's best interests as its focus.
- d. Information systems are designed to support business objectives.
- e. Information systems are normally incongruent with business strategies.

Ans: d (Medium)

Response: See page 24

16. This framework is called the _____ because it relates business strategy with IS strategy and organizational strategy.

- a. Porter's Generic Framework
- b. D'Aveni's Hypercompetition Model
- c. Information Technology Matrix
- d. IS Strategy Model
- e. Information Systems Strategy Triangle

Ans: e (Easy)

Response: See page 24

17. At the time of the Deepwater Horizon oil spill and explosion, BP's IS Strategy Triangle was out of _____.

- a) control
- b) alignment
- c) adjustment
- d) scope
- e) specification

Ans: b (Medium)

Response: See page 25

18. By using IS to achieve economies of scale and generate operating efficiencies, Walmart epitomizes which one of Porter's generic strategies?

- a) Differentiation
- b) Focus
- c) Cost leadership
- d) Broad focus
- e) Cost differentiation

Ans: c (Medium)

Response: See page 29

19. A bank provides its customers mobile applications that significantly simplify traditional banking activities. For example, a customer can use a smartphone to take a picture of a check and electronically deposit into an account. This unique service demonstrates the bank's desire to practice which one of Porter's strategies?

- a) Differentiation
- b) Focus
- c) Cost leadership
- d) Broad focus
- e) Cost differentiation

Ans: a (Medium)

Response: See page 29

20. The business diamond identifies the crucial, interrelated components for designing an organization. The components include all of the following EXCEPT:

- a) People
- b) Social media
- c) Structure
- d) Tasks
- e) Information and control

Ans: b (Medium)

Response: See page 34

21. Technology guru Tim O'Reilly said this about the publishing industry: "To adapt, publishers need to cannibalize their own business, experimenting with new forms, new formats, and new business models." This statement is consistent with:

- a) Generic framework
- b) Focus strategy
- c) Hypercompetition
- d) Direct strategy
- e) Porter's generic strategies

Ans: c (Medium)

Response: See page 31

22. L.L. Bean is an online/catalog retail company that aggressively uses tools like instant messaging to communicate with customers regarding potential purchases and uses Facebook for branding activities. This use of technology supports which strategy?

- a) IS strategy
- b) Business strategy
- c) Organizational strategy
- d) Mission strategy
- e) Social business strategy

Ans: e (Medium)

Response: See page 33

23. GE recognized that it could only sustain its competitive advantage for a limited time as competitors attempted to outmaneuver them. What was the model that Welch applied to help solve this problem?

- a) Destroy your organization
- b) Grow your organization
- c) Destroy your system
- d) Grow your system
- e) Destroy your business

Ans: e (Medium)

Response: See page 32

24. Business strategies based on hypercompetition focus on customer satisfaction and profit maximization but also build in a component of business intelligence. Business intelligence helps an agile organization to:

- a) Predict and respond to new opportunities
- b) Leverage information technology in new ways
- c) Manage internal challenges
- d) React to supplier demands
- e) Collaborate

Ans: a (Hard)

Response: See page 1-31

25. Which one of the following is NOT part of the information systems strategy matrix?

- a) Hardware
- b) Software
- c) Networking
- d) Personnel
- e) Data

Ans: d (Medium)

Response: See page 37

True/False

26. Apple's introduction of the iPhone while iPod sales were still very strong is an example of DYB.

Ans: True

Response: See page 32

27. Once a firm is out of alignment, it does not mean that it has to stay that way.

Ans: True

Response: See page 25

28. A social business strategy needs to align itself with the organization's IT strategy but not the business strategy.

Ans: False

Response: See page 33

29. There has been accelerated competition and churn among market leaders concurrent with the increases in the quality and quantity of IT investments.

Ans: True

Response: See page 31

30. To avoid unwanted consequences, altering the IT Strategy requires adjustments to the organizational strategy.

Ans: True

Response: See page 25

31. The IS strategy drives the business strategy.

Ans: False

Response: See page 24.

Short Answer

32. The _____ models suggest that the speed and aggressiveness of the moves and countermoves in any given market create an environment in which advantages are “rapidly created and eroded.”

Ans: hypercompetition

Response: See page 31

33. The business diamond includes structure, tasks, information and controls, and _____.

Ans: people

Response: See page 34

34. A clear and compelling statement that unifies an organization’s efforts and describes what the organization is all about is called its _____.

Ans: mission

Response: See page 26

35. According to Porter’s Generic Strategies Framework, a company that limits its scope to a narrower segment of the market is exercising this type of strategy.

Ans: focus

Response: See page 29

36. GE employees develop strategies to destroy an existing competitive advantage so that they can then find fresh new ways to serve the customer by applying a _____ strategy.

Ans: Grow your business (GYB)

Response: See page 32

37. In order to assess the critical issues in information management, a manager should know the IS infrastructure components. These are hardware, software, network and _____.

Ans: data

Response: See page 37

38. CRM stands for _____.

Ans: Customer Relationship Management

Response: See page 30

39. Social business opportunities fall into one of three categories: collaboration, engagement or _____.

Ans: innovation

Response: See page 33

40. The IS strategy can affect and is affected by changes in a company's business and _____ strategies.

Ans: organizational

Response: See page 25

41. According to Porter, a company that makes its services available 24/7 would be practicing a _____ strategy.

Ans: cost leadership

Response: See page 29

Essay

43. List the three categories of social business opportunities and give an example of each.

44. Dell's original business strategy was to only sell custom-built computer systems directly to customers. Dell now sells to major retail outlets such as Walmart and Best Buy. Which one of Porter's generic strategies was Dell exhibiting when only selling directly to the customer? And which one of Porter's generic strategies is Dell demonstrating today? Explain your answers.

45. Is a company more likely to adjust its mission statement or its business strategy?
Explain your answer.

46. What is alignment in the context of the Information Systems Strategy Triangle and why is it important for a business to be in alignment?

47. Today's market place is considered to be a very competitive and dynamic environment. Explain what this means and give examples of this competitive dynamic.

48. Match the following goals with the UPS strategy it represents.

Business Strategy	Securely provide specialized transportation and logistics services to individuals and businesses.
IS Strategy	Create technologies and logistics systems that support efficient flow of information and packages worldwide.
Organizational Strategy	Empower employees to ensure safe transport of goods and to value commitment to teamwork.