

Essentials of MIS, 10e (Laudon/Laudon)
Chapter 2 Global E-Business and Collaboration

1) Senior management is responsible for directing the day-to-day activities of the business.

Answer: FALSE

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AACSB: Reflective Thinking

CASE: Comprehension

2) Operational-level manufacturing systems deal with the firm's long-term manufacturing goals, such as where to locate a new plant.

Answer: FALSE

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AACSB: Analytic Skills

CASE: Analysis in terms of categorize, differentiate

3) Transaction processing systems are most commonly encountered at the senior management level of an organization.

Answer: FALSE

Diff: 2 Page Ref: 45

AACSB: Reflective Thinking

CASE: Comprehension

4) TPS help managers monitor the firm's relations with the external environment.

Answer: TRUE

Diff: 3 Page Ref: 45

AACSB: Reflective Thinking

CASE: Comprehension

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

Answer: FALSE

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AACSB: Analytic Skills

CASE: Analysis in terms of categorize

6) The decision to grant credit to a customer is normally made by a senior manager.

Answer: FALSE

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AACSB: Reflective Thinking

CASE: Comprehension

7) Transaction processing systems are the basic business systems that serve the operational level of the organization.

Answer: TRUE

Diff: 2 Page Ref: 45

AACSB: Reflective Thinking

CASE: Comprehension

8) Management information systems primarily support nonroutine decision making.

Answer: FALSE

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AACSB: Reflective Thinking

CASE: Comprehension

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

Answer: FALSE

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AACSB: Reflective Thinking

CASE: Comprehension

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

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Analytic Skills

CASE: Analysis in terms of categorize

11) Teams are formal business groups that are created to accomplish a specific task.

Answer: TRUE

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AACSB: Reflective Thinking

CASE: Comprehension

12) Decision-support systems often use information from external sources.

Answer: TRUE

Diff: 2 Page Ref: 50

AACSB: Reflective Thinking

CASE: Comprehension

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

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Reflective Thinking

CASE: Comprehension

14) 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: Reflective Thinking

CASE: Comprehension

15) ESSs are designed primarily to solve specific problems.

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Reflective Thinking

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 53

AACSB: Reflective Thinking

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 54

AACSB: Analytic Skills

CASE: Analysis in terms of compare

18) Knowledge management systems are used to gather and distribute the firm's essential operational data, such as sales reports.

Answer: FALSE

Diff: 1 Page Ref: 55

AACSB: Reflective Thinking

CASE: Comprehension

19) Cell phones are one of the tools firms use to support teamwork and collaboration.

Answer: TRUE

Diff: 1 Page Ref: 59

AACSB: Reflective Thinking

CASE: Comprehension

20) Enterprise systems do not utilize order transaction data.

Answer: FALSE

Diff: 2 Page Ref: 54

AACSB: Reflective Thinking

CASE: Comprehension

21) The five basic entities that make up any business are suppliers, customers, employees, products and services, and:

- A) its environment.
- B) manufacturing and production.
- C) sales and marketing.
- D) invoices and payments.

Answer: D

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking

CASE: Comprehension

22) Promoting the organization's products or services 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: 41

AACSB: Reflective Thinking

CASE: Comprehension

23) Checking for product quality is an activity associated with the _____ function.

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

Answer: C

Diff: 1 Page Ref: 41

AACSB: Reflective Thinking

CASE: Comprehension

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

- A) Hiring an employee
- B) Identifying a customer
- C) Fulfilling a customer order
- D) Creating an invoice

Answer: C

Diff: 2 Page Ref: 41-42

AACSB: Reflective Thinking

CASE: Comprehension

25) Employees that assist with paperwork at all levels of the firm are called:

- A) data workers.
- B) knowledge workers.
- C) operational management.
- D) service workers.

Answer: A

Diff: 1 Page Ref: 43

AACSB: Reflective Thinking

CASE: Comprehension

26) The three principal levels of hierarchies within a business organization are:

- A) management, knowledge workers, and service workers.
- B) senior management, middle management, and operational management.
- C) management, data workers, and operational management.
- D) senior management, operational management, and workers.

Answer: B

Diff: 2 Page Ref: 42-43

AACSB: Reflective Thinking

CASE: Comprehension

27) Key forces in a business's immediate environment include:

- A) regulations.
- B) technology.
- C) economy.
- D) politics.

Answer: A

Diff: 3 Page Ref: 43-44

AACSB: Reflective Thinking

CASE: Comprehension

28) Engineers and architects are examples of:

- A) senior management.
- B) production workers.
- C) knowledge workers.
- D) middle management.

Answer: C

Diff: 1 Page Ref: 43

AACSB: Reflective Thinking

CASE: Comprehension

29) Which of the following is an example of a key force in a firm's broader, less immediate environment?

- A) Stockholders
- B) Regulations
- C) Shipping firms
- D) Economic trends

Answer: D

Diff: 3 Page Ref: 44

AACSB: Reflective Thinking

CASE: Comprehension

30) A computerized system that performs and records the daily dealings necessary to conduct business is classified as a(n):

- A) executive support system.
- B) management-level system.
- C) decision support system.
- D) transaction-processing system.

Answer: D

Diff: 1 Page Ref: 45

AACSB: Reflective Thinking

CASE: Comprehension

31) 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 in terms of differentiate and appraise

32) 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 support systems.
- C) executive support systems.
- D) management information systems.

Answer: D

Diff: 3 Page Ref: 48

AACSB: Analytic Skills

CASE: Analysis in terms of categorize

33) 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) senior management.
- D) middle management functions.

Answer: D

Diff: 1 Page Ref: 46

AACSB: Reflective Thinking

CASE: Comprehension

34) These systems are designed to summarize and report on the company's basic operations.

- A) Management information systems
- B) Decision support systems
- C) Executive information systems
- D) Transaction processing systems

Answer: A

Diff: 2 Page Ref: 46

AACSB: Reflective Thinking

CASE: Comprehension

35) _____ support making decisions that are unique, rapidly changing, and not easily specified in advance.

- A) Management information systems
- B) Transaction processing systems
- C) Executive support systems
- D) Decision support systems

Answer: D

Diff: 1 Page Ref: 49

AACSB: Reflective Thinking

CASE: Comprehension

36) 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: 46-48

AACSB: Analytic Skills

CASE: Analysis in terms of differentiate and appraise

37) These systems are especially suited to situations in which the procedure for arriving at a solution may not be fully predefined in advance.

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

Answer: C

Diff: 2 Page Ref: 49

AACSB: Reflective Thinking

CASE: Comprehension

38) 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: 49

AACSB: Analytic Skills

CASE: Analysis in terms of categorize

39) DSS and MIS are also referred to as _____ systems.

- A) business information
- B) business intelligence
- C) executive support
- D) business model

Answer: B

Diff: 2 Page Ref: 46

AACSB: Reflective Thinking

CASE: Comprehension

40) 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: Reflective Thinking

CASE: Comprehension

41) From your reading of the case study discussing airline baggage handling, which of the following business objectives is central to driving the improvement of baggage-handling information systems?

- A) Survival
- B) Competitive advantage
- C) New products and services
- D) Operational excellence

Answer: D

Diff: 2 Page Ref: 47

AACSB: Analytic Skills

CASE: Analysis in terms of categorize

42) 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: 2 Page Ref: 50

AACSB: Analytic Skills

CASE: Analysis in terms of categorize

43) Each of the following is a quality of business organization and structure that serves to enable productive collaboration, *except*:

- A) open culture.
- B) strong hierarchy.
- C) decentralized structure.
- D) breadth of collaboration.

Answer: B

Diff: 2 Page Ref: 58

AACSB: Analytic Skills

CASE: Analysis in terms of compare

44) The case study discussing Valero's "Refining Dashboard" and its effect on the company's performance illustrates that:

- A) even successful ESS can be limited by the constraints of the business's environment.
- B) a powerful and effective ESS can limit the damage done to a firm by unforeseen circumstances, such as a global recession.
- C) the success of an ESS ultimately depends on the performance of the managers who use it.
- D) an ESS is typically best deployed in businesses with relatively unchanging business processes.

Answer: A

Diff: 3 Page Ref: 52

AACSB: Analytic Skills

CASE: Analysis in terms of categorize

45) These systems are designed to support organization-wide process coordination and integration.

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

Answer: D

Diff: 1 Page Ref: 53

AACSB: Reflective Thinking

CASE: Comprehension

46) A(n) _____ 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 processing system
- B) enterprise system
- C) automatic reporting system
- D) management information system

Answer: B

Diff: 2 Page Ref: 53

AACSB: Reflective Thinking

CASE: Comprehension

47) What is the most important benefit of an enterprise application?

- A) Enabling 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: 51-53

AACSB: Analytic Skills

CASE: Evaluation in terms of appraise, evaluate

48) _____ systems integrate and share information from suppliers, manufacturers, distributors, and logistics companies.

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

Answer: B

Diff: 1 Page Ref: 54

AACSB: Reflective Thinking

CASE: Comprehension

49) _____ systems provide information to coordinate all of the business processes that deal with customers in sales, marketing, and service to optimize revenue, customer satisfaction, and customer retention.

- A) CRM
- B) MIS
- C) ESS
- D) CPS

Answer: A

Diff: 1 Page Ref: 54

AACSB: Reflective Thinking

CASE: Comprehension

50) Which type of information system would an intranet be most easily adapted to?

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

Answer: D

Diff: 3 Page Ref: 55

AACSB: Analytic Skills

CASE: Synthesis in terms of bringing information together

51) Which of the following types of systems could be used to enable different firms to work collaboratively on a product?

- A) Intranet
- B) Extranet
- C) KMS
- D) CRM

Answer: B

Diff: 2 Page Ref: 55

AACSB: Analytic Skills

CASE: Analysis in terms of appraise

52) You manage the Information Systems 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: 2 Page Ref: 55

AACSB: Reflective Thinking

CASE: Evaluation in terms of assess, choose

53) 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: Comprehension

54) 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: Reflective Thinking

CASE: Comprehension

55) 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 client's frequently updated branding and style guides to all of their branches. The guides include multiple image files and text documents. What system will best serve these needs?

- A) A wiki
- B) An extranet with KMS capabilities
- C) A TPS with KMS capabilities
- D) A virtual meeting system

Answer: B

Diff: 3 Page Ref: 54-60

AACSB: Analytic Skills

CASE: Synthesis in terms of bringing information together

56) Interaction jobs are those jobs which:

- A) are in the service sector and require close coordination and collaboration.
- B) involve knowledge that can't be put into an information system.
- C) are performed typically by operational-level employees.
- D) require intense levels of interaction with clients.

Answer: A

Diff: 2 Page Ref: 56

AACSB: Reflective Thinking

CASE: Comprehension

57) 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 U.S. 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) Video conferencing system, for improving collaboration

Answer: A

Diff: 3 Page Ref: 55-63

AACSB: Analytic Skills

CASE: Synthesis in terms of bringing information together

58) In a business environment, the focus of collaboration is to:

- A) accomplish the task at hand.
- B) provide a sense of community.
- C) foster better communication.
- D) prevent miscommunication.

Answer: A

Diff: 2 Page Ref: 56

AACSB: Reflective Thinking

CASE: Comprehension

59) Which of the following statements is *not* true about collaboration in a business setting?

- A) Collaboration may be a short-lived activity, lasting just a few minutes.
- B) Collaboration is a many-to-many activity as opposed to a one-to-one or one-to-many activity.
- C) Meaningful collaboration requires a supportive business firm culture and the right, decentralized structure.
- D) The evidence of the business benefits of collaboration are largely anecdotal.

Answer: B

Diff: 2 Page Ref: 56

AACSB: Reflective Thinking

CASE: Comprehension

60) Which of the following tools is *not* one of the 15 most important types of collaboration software tools?

- A) Screen sharing
- B) Video streaming
- C) Video conferencing
- D) E-mail and instant messaging

Answer: B

Diff: 2 Page Ref: 6059

AACSB: Reflective Thinking

CASE: Comprehension

61) A wiki is a type of collaborative:

- A) social network.
- B) blogging.
- C) virtual world.
- D) web site.

Answer: D

Diff: 1 Page Ref: 60

AACSB: Reflective Thinking

CASE: Comprehension

62) Second Life is an example of a:

- A) virtual world.
- B) wiki.
- C) social networking site.
- D) mind mapping tool.

Answer: A

Diff: 1 Page Ref: 60

AACSB: Reflective Thinking

CASE: Comprehension

63) The most widely used collaboration software tool used by very large firms is:

- A) Lotus Notes.
- B) Microsoft SharePoint.
- C) Google Apps.
- D) Onehub.

Answer: A

Diff: 2 Page Ref: 62

AACSB: Reflective Thinking

CASE: Comprehension

64) What analytical framework discussed in the chapter helps understand and evaluate the benefits and uses of collaboration tools?

- A) Cost/use matrix
- B) Task/time matrix
- C) Space/cost matrix
- D) Time/space matrix

Answer: D

Diff: 2 Page Ref: 63

AACSB: Reflective Thinking

CASE: Comprehension

65) Which of the following collaboration tools would be appropriate for participants in separate locations who need to collaborate synchronously?

- A) Blog
- B) Team room
- C) Electronic meeting software
- D) Group calendar

Answer: C

Diff: 2 Page Ref: 64

AACSB: Analytic Skills

CASE: Analysis in terms of compare

66) The _____ is responsible for ensuring that the company complies with existing data privacy laws.

- A) CPO
- B) CKO
- C) CIO
- D) CIP

Answer: A

Diff: 2 Page Ref: 65

AACSB: Reflective Thinking

CASE: Comprehension

67) 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) CIO.

Answer: C

Diff: 2 Page Ref: 65

AACSB: Reflective Thinking

CASE: Comprehension

68) A _____ is a senior manager who oversees the use of IT in the firm.

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

Answer: C

Diff: 1 Page Ref: 65

AACSB: Reflective Thinking

CASE: Comprehension

69) Development and support services for a firm's business systems are provided by:

- A) IT educational services.
- B) IT management services.
- C) Application software services.
- D) IT standards services.

Answer: C

Diff: 3 Page Ref: 66

AACSB: Reflective Thinking

CASE: Comprehension

70) Policies that determine which information technology will be used, when, and how, are provided by:

- A) IT educational services.
- B) IT management services.
- C) Application software services.
- D) IT standards services.

Answer: D

Diff: 3 Page Ref: 66

AACSB: Reflective Thinking

CASE: Comprehension

71) A business process is a single step taken in a set of logically related activities that accomplish a specific business task.

Answer: FALSE

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking

CASE: Comprehension

72) A firm depends heavily on its _____ to supply capital, labor, customers, new technology, services and products, stable markets and legal systems, and general educational resources.

- A) HR department
- B) environment
- C) culture
- D) knowledge workers

Answer: B

Diff: 2 Page Ref: 43

AACSB: Reflective Thinking

CASE: Comprehension

73) An ESS is a web interface that is used to present integrated information from various sources and designed to be easy to use.

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Reflective Thinking

CASE: Comprehension

74) A cross-functional business process requires information to be shared between different business departments.

Answer: TRUE

Diff: 2 Page Ref: 42

AACSB: Reflective Thinking

CASE: Comprehension

75) Instant messaging, videoconferencing, and shared screens are all examples of _____ collaboration tools.

- A) bimodal
- B) colocated
- C) synchronous
- D) spontaneous

Answer: C

Diff: 2 Page Ref: 64

AACSB: Reflective Thinking

CASE: Comprehension

76) Knowledge management systems and customer relationship management systems are both types of enterprise applications.

Answer: TRUE

Diff: 1 Page Ref: 53

AACSB: Reflective Thinking

CASE: Comprehension

77) Supply chain management systems are one type of _____ because they automate the flow of information across company boundaries.

- A) KMS
- B) enterprise system
- C) MIS
- D) interorganizational system

Answer: D

Diff: 2 Page Ref: 54

AACSB: Reflective Thinking

CASE: Comprehension

78) Systems analysts are highly trained technical specialists who write the software instructions for computers.

Answer: FALSE

Diff: 1 Page Ref: 65

AACSB: Reflective Thinking

CASE: Comprehension

79) End users are representatives of departments outside of the information systems group for whom applications are developed.

Answer: TRUE

Diff: 2 Page Ref: 65

AACSB: Reflective Thinking

CASE: Comprehension

80) _____ technology allows a videoconference participant to give the appearance of being present at a location other than his or her true physical location.

- A) Telepresence
- B) Virtual reality
- C) Screen sharing
- D) Mind mapping

Answer: A

Diff: 2 Page Ref: 60

AACSB: Reflective Thinking

CASE: Comprehension

81) Identify the different types of systems used for the different levels of management in a business.

Answer: The types of information systems used for different levels of management are transaction processing systems (TPS), management information systems (MIS), decision-support systems (DSS), and executive support systems (ESS). TPS, such as payroll or order processing, track the flow of the daily routine transactions that are necessary to conduct business. They are used by operational managers to manage day-to-day operations. MIS summarize and report on the company's basic operations using data supplied by TPS. They provide middle managers with reports on the organization's current performance and are not highly analytical. DSS also support middle management decisions when these decisions are unique, rapidly changing, and not specified easily in advance. They use advanced analytical models and data analysis capabilities and often draw on information from external as well as internal sources. ESS support senior management by providing data of greatest importance to senior management decision makers. ESS provide a generalized computing and communications capacity that can be applied to a changing array of problems. ESS present graphs and data from many sources through an interface that is easy for senior managers to use, often a portal.

Diff: 1 Page Ref: 45-51

AACSB: Reflective Thinking

CASE: Synthesis in terms of generalize

82) You are consulting on software purchases for a young translation agency, whose headquarters are in New Jersey, but who works with translators located globally. Headquarters needs to share documents with translators, and groups of translators working on the same documents also need to communicate with each other, in real time if possible, as many people are working in different time zones. (1) What is your process for determining the most appropriate collaboration software. (2) And in this particular case, what features will you be looking for?

Answer: (1) The first step is to determine what the challenges facing the company are and to place these needs in the time/space matrix - does collaboration need to be synchronous or asynchronous; does it need to be remote or colocated? Once the firm's location in the matrix is determined, you can look for vendor products that fill these needs and analyze the products' cost, features, benefits, risks, training and implementation issues. A selection of the top contenders can be presented to the company. (2) In this case, we will be looking for products that allow remote interactions that are both synchronous and asynchronous.

Diff: 3 Page Ref: 64

AACSB: Analytic Skills

CASE: Evaluation in terms of assess, compare

83) The role of the information services department in a company is to support the needs of other groups as determined by senior manager. Explain why you agree or disagree with this statement.

Answer: Answers will vary, but should include an understanding of the role this department plays in creating new products and services and coordinating organizational change. An example answer is: I disagree with this statement. While a major function of the information services department is to install, run, and manage the technology infrastructure, another role that it should play is to inform the company about new technologies, suggest capabilities the firm could have based on new or existing technologies, and helping the firm manage business processes and change.

Diff: 2 Page Ref: 65

AACSB: Analytic Skills

CASE: Synthesis in terms of propose

84) Identify and describe at least four business benefits of collaboration? Which do you feel is the most important and why?

Answer: Business benefits from collaboration are (1) productivity; (2) quality; (3) innovation; (4) customer service; and (5) financial performance. Collaboration helps productivity because people working together on a task can complete the task more quickly. It helps quality because people working together will be more able to correct each other's mistakes. It helps innovation because people working in groups come up with more ideas than those working in isolation. It helps customer service because teams can solve customer complaints more quickly together rather than working in isolation. And as a result of all of these benefits, collaboration helps finance, because collaborative firms have superior sales, sales growth, and financial performance. Student evaluations will vary: for example, the most important of the benefits might be: innovation, because new products, services, and means of production are at the heart of being able to outperform your competitors.

Diff: 2 Page Ref: 57-58

AACSB: Analytic Skills

CASE: Evaluation in terms of compare, assess

85) Eternal Friend, a family-owned manufacturer of pet caskets, has grown exponentially over the last few years. However, they are having difficulty in preparing for future growth. The only information system used at Eternal Friend is an antiquated accounting system. The company has one manufacturing plant located in Arkansas, and three warehouses, in Arkansas, Delaware, and California. The Eternal Friend sales force is national, and Eternal Friend purchases most of its raw materials from a single overseas supplier. You have been hired to recommend the information systems Eternal Friend should implement in order to maintain their competitive edge. However, there is not enough money for a full scale, cross-functional enterprise application, and you will need to limit the first step to a single management level. What will you choose, and why?

Answer: A TPS, as this is the basis of business systems and used to keep day-to-day operations running smoothly. A TPS will help to keep production costs low while maintaining quality, and can be used for communicating with other possible vendors. The TPS would later be used to feed MIS and other higher level systems when they are installed.

Diff: 3 Page Ref: 45-55

AACSB: Analytic Skills

CASE: Synthesis in terms of arrange, propose. Evaluation in terms of appraise, defend

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: 2 Page Ref: 51-55

AACSB: Analytic Skills

CASE: Evaluation in terms of assess

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. Understanding the customer allows a firm to increase the effectiveness of their marketing campaigns.

Diff: 2 Page Ref: 54

AACSB: Analytic Skills

CASE: Evaluation in terms of assess

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

Answer: Business processes are how work is actually performed, step by step, in an organization. An organization can be seen as a collection of business processes. Information systems are used to help the organization execute its business processes. In some cases, an information system might hinder a business process, making it more complex than necessary, or it might greatly improve a business process, moving essential information seamlessly between parts of the organization and different business processes.

Diff: 2 Page Ref: 40-42

AACSB: Analytic Skills

CASE: Synthesis in terms of arrange, assemble, organize

89) Define and give an example of a cross-functional business process within a firm.

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. What at first appears to be a simple process, fulfilling an order, turns out to be a very complicated series of business processes that require the close coordination of major functional groups in a firm.

Diff: 1 Page Ref: 41-42

AACSB: Reflective Thinking

CASE: Evaluation in terms of making judgments

90) The automotive parts supply company you work for, Auto4U, has noticed that one of its brands of hubcaps is not selling nearly as well as anticipated at most of its locations. For each of the four main types of information systems found in a business, identify a query that might help understand this development. Of the four types of systems, which do you think will be the most helpful and why?

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 hubcaps are being sold by competitors and what these prices are. You might use DSS to see what factors could increase sales. Assuming that the hubcaps are being properly stocked at the stores, the most important system to query is the MIS for summaries of sales records to help pinpoint any other factors, sales and marketing to assure that promotion and pricing is accurate.

Diff: 3 Page Ref: 45-51

AACSB: Analytic Skills

CASE: Synthesis in terms of plan, set up. Evaluation in terms of appraise and compare