

***Essentials of Management Information Systems, 11e (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

Diff: 1 Page Ref: 43

AACSB: Application of knowledge

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

Diff: 2 Page Ref: 43

AACSB: Analytical thinking

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: Information technology

CASE: Comprehension

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

Answer: TRUE

Diff: 3 Page Ref: 46

AACSB: Information technology

CASE: Comprehension

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

Answer: FALSE

Diff: 2 Page Ref: 46

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of categorize

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

Answer: FALSE

Diff: 2 Page Ref: 45

AACSB: Application of knowledge

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: Information technology

CASE: Comprehension

8) Management information systems primarily support nonroutine decision making.

Answer: FALSE

Diff: 2 Page Ref: 48

AACSB: Information technology

CASE: Comprehension

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

Answer: FALSE

Diff: 2 Page Ref: 47

AACSB: Information technology

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: Analytical thinking

CASE: Analysis in terms of categorize

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

Answer: TRUE

Diff: 2 Page Ref: 48

AACSB: Information technology

CASE: Comprehension

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

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Information technology

CASE: Comprehension

13) 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: Information technology

CASE: Comprehension

14) ESSs are designed primarily to solve specific problems.

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Information technology

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 52

AACSB: Information technology

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 53-54

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of compare

17) A business is a formal or informal organization created to sell services or products.

Answer: FALSE

Diff: 1 Page Ref: 39

AACSB: Application of knowledge

CASE: Comprehension

18) Enterprise systems do not utilize order transaction data.

Answer: FALSE

Diff: 2 Page Ref: 53

AACSB: Information technology

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 56

AACSB: Application of knowledge; Interpersonal relations and teamwork

CASE: Comprehension

20) 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: 40-41

AACSB: Application of knowledge

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: Application of knowledge

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: Application of knowledge

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: Application of knowledge

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

AACSB: Analytical thinking

CASE: Analysis in terms of compare

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: Application of knowledge

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: 43

AACSB: Application of knowledge

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: 44

AACSB: Application of knowledge

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: Application of knowledge

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: Application of knowledge

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: Information technology

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

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of 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: 47

AACSB: Analytical thinking; Information technology

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: Information technology

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: Information technology

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: 47

AACSB: Information technology

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: 47

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of appraise; differentiate

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: 47

AACSB: Information technology

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: 48

AACSB: Analytical thinking; Information technology

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: Information technology

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: Information technology

CASE: Comprehension



- 41) From your reading of the case study discussing TELUS's employee learning initiatives, which of the following statements best expresses their experience?
- A) Converting the learning environment from formal classes to a collaborative learning can achieve significant reductions in an organization's learning budget.
  - B) Employees learn more rapidly in a well-designed, structured environment.
  - C) Informal, one-to-one learning sessions impart greater knowledge, more quickly, than group learning technologies.
  - D) Enterprise information systems of all types, including educational systems, represent significant investments and risk to the organization's budget.

Answer: A

Diff: 2 Page Ref: 37-38

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of appraise; differentiate

- 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: Analytical thinking; Information technology

CASE: Analysis in terms of categorize

- 43) Which of the following best describes the goals of the Vail Ski Resort's implementation of new information systems, as described in the chapter case?

- A) Improve speed of gondolas in order to increase number of customers.
- B) Improve slope feedback in order to better manage customer use and slope quality.
- C) Improve quality and breadth of products and services to engage more customers.
- D) Increase customer data in order to better market products and services

Answer: C

Diff: 3 Page Ref: 49-50

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of appraise; differentiate

- 44) 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: 52

AACSB: Application of knowledge; Information technology

CASE: Comprehension

45) 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: Application of knowledge; Information technology

CASE: Comprehension

46) 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: 52

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of assess; compare

47) \_\_\_\_\_ 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: 53

AACSB: Information technology

CASE: Comprehension

48) \_\_\_\_\_ 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: Information technology

CASE: Comprehension

49) 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: 54-55

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of assess

50) 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: Analytical thinking; Information technology

CASE: Analysis in terms of assess; choose

51) 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: Application of knowledge; Information technology

CASE: Analysis in terms of assess; choose

52) 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: Application of knowledge

CASE: Comprehension

53) 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: Information technology

CASE: Comprehension

54) 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: 54-55

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of assess; choose

55) 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: Application of knowledge; Interpersonal relations and teamwork

CASE: Comprehension

56) 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: 53-63

AACSB: Analytical thinking; Information technology; Application of knowledge

CASE: Evaluation in terms of assess; compare

57) 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: Application of knowledge; Interpersonal relations and teamwork

CASE: Comprehension

58) 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: Application of knowledge; Interpersonal relations and teamwork

CASE: Comprehension



- 63) The goal of social commerce applications is to:
- A) connect through personal and business profiles.
  - B) use social media to connect with customers.
  - C) share opinions about purchasing products or services.
  - D) upload and share business documents.

Answer: C

Diff: 2 Page Ref: 58

AACSB: Information technology

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: 64

AACSB: Application of knowledge

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: Analytical thinking; Information technology; Interpersonal relations and teamwork

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: Application of knowledge

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: Information technology

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: Application of knowledge

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: Information technology

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: Information technology

CASE: Comprehension



71) 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: Application of knowledge

CASE: Comprehension

72) The primary goal of social business is to deepen interactions with employees and customers.

Answer: TRUE

Diff: 1 Page Ref: 57

AACSB: Application of knowledge; Interpersonal relations and teamwork

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 41-42

AACSB: Application of knowledge

CASE: Comprehension

74) 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: Information technology

CASE: Comprehension

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

Answer: TRUE

Diff: 1 Page Ref: 53-54

AACSB: Application of knowledge

CASE: Comprehension

76) 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: Information technology

CASE: Comprehension

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

Answer: FALSE

Diff: 1 Page Ref: 65

AACSB: Information technology

CASE: Comprehension

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

Answer: TRUE

Diff: 2 Page Ref: 66

AACSB: Application of knowledge

CASE: Comprehension

79) \_\_\_\_\_ 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: 61

AACSB: Information technology; Interpersonal relations and teamwork

CASE: Comprehension

80) Which of the following best describes the type of information systems P&G implemented to maintain competitive advantage, as discussed in the chapter case?

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

Answer: B

Diff: 2 Page Ref: 51

AACSB: Analytical thinking; Information technology

CASE: Analysis in terms of categorize

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: 45-50

AACSB: Information technology; Written and oral communication

CASE: Comprehension

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: 64-65

AACSB: Information technology; Application of knowledge; Written and oral communication

CASE: Synthesis in terms of devise, propose

83) The role of the information systems department in a company is to support the needs of other groups as determined by senior managers. 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 systems 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: 65-66

AACSB: Analytical thinking; Written and oral communication; Information technology

CASE: Evaluation in terms of assess

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: 58-59

AACSB: Analytical thinking; Interpersonal relations and teamwork; Written and oral communication

CASE: Evaluation in terms of assess; compare

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: Information technology; Application of knowledge; Written and oral communication  
CASE: Synthesis in terms of devise; Evaluation in terms of assess, justify

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: 53

AACSB: Analytical thinking; Information technology; Written and oral communication  
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: Analytical thinking; Information technology; Written and oral communication  
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: Reflective thinking; Information technology; Written and oral communication

CASE: Synthesis in terms of apply; generalize

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: Analytical thinking; Written and oral communication

CASE: Evaluation in terms of make 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.

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AACSB: Application of knowledge; Written and oral communication; Information technology

CASE: Synthesis in terms of devise. Evaluation in terms of assess and compare