

File: 7e chapter1TestBank.docx, Chapter 1, The Information Systems Strategy Triangle

Multiple Choice

1. The “Managerial Levers” concept is useful for the following reasons:
- a) Management can find what “levers” to push to force people to do what they want.
 - b) Management should not make a change unless they align multiple issues, such as tasks, measures, values, incentives, etc.
 - c) System investments need to be financially highly leveraged.
 - d) All of the above
 - e) None of the above

Ans: b (Medium)

2. All of the following are likely causes of Kaiser Permanente’s difficulties before their new KPHealthConnect EXCEPT for:
- a) Bonus incentives not matching strategy
 - b) The alignment of the Information Systems Strategy Triangle
 - c) The failure of automated systems
 - d) The leadership and organizational culture
 - e) Patient service processes needing to be updated and streamlined

Ans: c (Medium)

3. 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)

4. 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)

5. 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)

6. 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)

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

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

Ans: b (Easy)

8. 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)

9. 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)

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

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

Ans: b (Easy)

11. 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)

12. 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?

1. Market forces
2. Customer demands
3. The capabilities of the organization
4. The organization's mission
5. Organizational design

Ans: c (Hard)

13. 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)

14. 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)

15. 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)

16. 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)

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

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

Ans: e (Easy)

18. Before Kaiser Permanente adopted its new business strategy, its IS Strategy Triangle was out of _____.

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

Ans: b (Medium)

19. 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 (Easy)

20. 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)

21. The managerial levers identifies the crucial, interrelated components for designing an organization. The components include all of the following EXCEPT:

- a) Decision rights
- b) Social media
- c) Business processes
- d) Incentives and rewards
- e) Performance measurement and evaluation

Ans: b (Medium)

22. 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)

23. 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)

24. All of the following are examples of revenue models EXCEPT:

- a) All-you-can-eat
- b) Cost plus
- c) Licensing

- d) Cost displacement
- e) Freemium

Ans: d (Medium)

25. A data facilitator is:

- a) a firm funds a project or creates a new service by cost savings.
- b) a company that sells big data that they have harvested.
- c) a company that supplies data users and suppliers with dig data infrastructure solutions.
- d) a company that leverages big data for internal purposes to improve their operations
- e) a web-based tool provided to merchants, enabling information to flow without any manual intervention.

Ans: c (Medium)

26. 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)

27. Which is not a question that can be used to understand organizational design?

- a) Who holds the decision rights to critical decisions?
- b) What control systems (management and measurement systems) are in place?
- c) Where is the organization's headquarters located?
- d) What are the key business processes?
- e) What is the culture of the organization?

Ans: c (Medium)

28. When an organization qualifies its product or service in a way that allows it to appear unique in the marketplace, this is called:

- a) Focus
- b) Differentiation
- c) Cost Leadership
- d) Business Strategy
- e) Mission

Ans: b (Easy)

29. The plan an organization uses to provide information systems and services is called:

- a) Cost Leadership
- b) Differentiation
- c) Focus
- d) IS Strategy
- e) Business Diamond

Ans: d (Easy)

True/False

30. Hypercompetition refers to where a firm obtains more than 5 strong competitors.

Ans: False

31. Kaiser Permanente's HealthConnect is an example of a digital strategy.

Ans: True

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

Ans: True

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

Ans: False

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

Ans: True

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

Ans: True

36. The IS strategy drives the business strategy.

Ans: False

Short Answer

37. The _____ framework suggests 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

38. The managerial lever includes organization, control, and _____.

Ans: culture

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

Ans: mission

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

Ans: focus

41. The technology and business capability to deliver efficient and reliable core operations is referred to as the _____.

Ans: operational backbone

42. 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

43. CRM stands for _____.

Ans: Customer Relationship Management

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

Ans: innovation

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

Ans: organizational

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

Ans: differentiation

Essay

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

48. 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.

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

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

51. 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.

52. 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.