

Package Title: Assessment Questions  
Course Title: Intro IS 4e  
Chapter Number: 2

Question Type: True/False

1. A business process has inputs and outputs

Answer: True  
Section reference 1: Business Processes  
Difficulty: Easy

2. The activities of a business process can be measured

Answer: True  
Section reference 1: Business Processes  
Difficulty: Easy

3. Cross-functional processes are executed within a single functional area.

Answer: False  
Section reference 1: Business Processes  
Difficulty: Easy

4. The procurement process includes the sales function.

Answer: False  
Section reference 1: Business Processes  
Difficulty: Medium

5. An organization's business processes can create a competitive advantage.

Answer: True  
Section reference 1: Business Processes  
Difficulty: Medium

6. A business process always includes information systems.

Answer: False  
Section reference 1: Business Processes  
Difficulty: Medium

7. BPR is a strategy for improving the efficiency of an organization's data collection.

Answer: False

Section reference 1: Business process reengineering and business process management

Difficulty: Medium

8. BPM is an implementation of BPR.

Answer: False

Section reference 1: Business process reengineering and business process management

Difficulty: Hard

9. BPM can improve an organization's flexibility.

Answer: True

Section reference 1: Business process reengineering and business process management

Difficulty: Medium

10. The overall performance of an organization has little to do with how well it manages its business processes.

Answer: False

Section reference 1: Business Process Reengineering and Business Process Management

Difficulty: Medium

11. Business process management includes methods and tools to support the design, analysis, implementation, management, and optimization of business processes.

Answer: True

Section reference 1: Business Process Reengineering and Business Process Management

Difficulty: Easy

12. Competitive advantage refers to making higher profits.

Answer: False

Section Reference 1: Opening case

Difficulty: Easy

13. The business environment refers to the industry that a company is in.

Answer: False

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

14. Globalization is the integration and interdependence of many facets of life made possible by rapid advances in information technology.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

15. The information technology environment is the combination of social, legal, economic, physical, and political factors that affect business activities.

Answer: False

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

16. In general, labor costs are higher in developed countries than in developing countries.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

17. Developed countries usually provide greater fringe benefits than developing countries.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

18. Information technology is facilitating the entry of a wide variety of employees into the workforce.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

19. Internet access in the United States is not particularly related to household income.

Answer: False

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

20. In general, government deregulation decreases competition.

Answer: False

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

21. Ethical issues are important because, if handled poorly, they can damage an organization's image.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

22. Build-to-stock is a strategy of producing customized products and services.

Answer: False

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

23. In mass production, a company produces a large quantity of identical items.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

24. In mass customization, companies produce items in large quantity, but they tailor the items to meet the desires and needs of individual customers.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

25. Customer intimacy is the process whereby a business learns as much as possible about its customers to better anticipate and address their needs.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

26. A growing IT initiative called green IT is enabling organizations to reduce their carbon footprint.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

27. The digital divide is the gap between data and knowledge.

Answer: False

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

28. The One Laptop per Child project aims to use technology to revolutionize how the world can educate its children.

Answer: True

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

29. Competitive advantage helps a company function effectively within a market and generate larger-than-average profits.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

30. An information system that helps an organization gain a competitive advantage is called a competitive information system.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

31. Every competitive organization is driven by the competitive forces identified by Michael Porter.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

32. Michael Porter concludes that the overall impact of the Internet is to increase competition, which generally diminishes a firm's profitability.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

33. The Internet increases traditional barriers to entry into a market.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

34. The Internet decreases customers' bargaining power.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

35. Information-based industries face the greatest threat from substitutes.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

36. The music industry is a good example of the extremely low variable costs of digital products.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

37. The introduction of the ATM in the banking industry is an example of the innovation strategy.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

38. An entry barrier is a long-term competitive advantage.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

39. The bargaining power of suppliers is low when their buyers have many choices.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

40. When there are many substitute products, a company can create a competitive advantage by increasing fees.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

41. Porter's value chain model is a variation of his competitive advantage framework.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

42. The primary activities in the value chain create the value for which customers are willing to pay.

Answer: True

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

43. It's a good idea for a company to select two competitive advantage strategies.

Answer: False

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

Question Type: Multiple Choice

44. Which of the following statements concerning business processes is false?
- A. A process has inputs.
  - B. A process has outputs.
  - C. A process has activities that can be measured.
  - D. A process creates value.
  - E. A process cannot cross functional area boundaries.

Answer: E

Section reference 1: Business Processes

Difficulty: Easy

45. Applying copyrights and trademarks is an example of a(n):
- A. Accounting business process
  - B. Finance business process
  - C. Marketing business process
  - D. Production business process
  - E. Management information systems business process

Answer: C

Section reference 1: Business Processes

Difficulty: Medium

46. Reconciling bank accounts is an example of a(n):
- A. Accounting Business Process
  - B. Finance Business Process
  - C. Marketing Business Process
  - D. Production Business Process
  - E. Management Information Systems Business Process

Answer: A

Section reference 1: Business Processes

Difficulty: Easy

47. Managing account collections is an example of a(n):
- A. Accounting Business Process
  - B. Finance Business Process
  - C. Marketing Business Process
  - D. Production Business Process
  - E. Management Information Systems Business Process

Answer: B

Section reference 1: Business Processes

Difficulty: Medium

48. Collecting sales tax is an example of a(n):



- A. Accounting Business Process
- B. Finance Business Process
- C. Marketing Business Process
- D. Production Business Process
- E. Management Information Systems Business Process

Answer: C

Section reference 1: Business Processes

Difficulty: Medium

49. Managing purchasing is an example of a(n):

- A. Accounting Business Process
- B. Finance Business Process
- C. Marketing Business Process
- D. Production Business Process
- E. Management Information Systems Business Process

Answer: D

Section reference 1: Business Processes

Difficulty: Medium

50. Managing pay and payroll is an example of a(n):

- A. Accounting Business Process
- B. Finance Business Process
- C. Marketing Business Process
- D. Human Resources Business Process
- E. Management Information Systems Business Process

Answer: D

Section reference 1: Business Processes

Difficulty: Easy

51. Which of the following processes involves the warehouse, purchasing, and accounting functional areas?

- A. Procurement
- B. Fulfillment
- C. Order entry
- D. Accounts receivable
- E. Payroll

Answer: A

Section reference 1: Business Processes

Difficulty: Easy

52. Which of the following processes involves the warehouse, sales, and accounting functional areas?

- A. Procurement
- B. Fulfillment
- C. Order entry
- D. Accounts Receivable
- E. Payroll

Answer: B

Section reference 1: Business Processes

Difficulty: Easy

53. Which of the following is not a role that information systems play in businesses processes?

- A. Establish standards
- B. Execute the process
- C. Capture and store process data
- D. Monitor process performance
- E. Detect problems with the process.

Answer: A

Section reference 1: Business Processes

Difficulty: Medium

54. For many organizations, business process reengineering

- A. Is easy to implement.
- B. Is not disruptive to implement.
- C. Has little impact on facilities.
- D. Is inexpensive.
- E. Has a major impact on the corporate culture.

Answer: E

Section reference 1: Business Processes

Difficulty: Medium

55. Which of the following statements is false?

- A. BPM is a task-oriented approach.
- B. BPM can help companies reduce costs.
- C. BPM can help companies increase revenue.
- D. BPM can improve customer satisfaction.
- E. BPM can improve organizational flexibility

Answer: A

Section reference 1: Business Processes

Difficulty: Medium

56. Which of the following statements is false?

- A. BPM begins with process modeling.
- B. Process modeling is a graphical depiction of all the steps in a process.
- C. BPM uses Web-enabled technologies for user interfaces.
- D. Business activity monitoring is used to measure and manage business processes.
- E. Business activity monitoring is a type of scheduled reporting.

Answer: E

Section reference 1: Business process reengineering and business process management

Difficulty: Medium

57. Which of the following statements is false?

- A. Competitive advantage is based on some measurement such as cost, quality, or speed.
- B. Competitive advantage enables a company to function effectively within a market.
- C. Competitive advantage leads to higher-than-average profits.
- D. Competitive advantage requires the use of technology.
- E. Competitive advantage applies to companies of all sizes.

Answer: D

Section Reference 1: Opening Case

Difficulty: Easy

58. Business pressures on organizations are created when there are changes in

- A. Social factors
- B. Economic factors
- C. Legal factors
- D. Political factors
- E. Changes in all of the above will create business pressures.

Answer: E

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

59. Market pressures include which of the following?

- A. the global economy
- B. weak competition
- C. a homogeneous workforce
- D. weak customers
- E. high-cost offshore labor

Answer: A

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

60. The workforce in developed countries is exhibiting all of the following trends except:
- A. It is becoming more diversified.
  - B. It includes more women.
  - C. It includes more single parents.
  - D. It includes fewer persons with disabilities.
  - E. It includes more minority-group members.

Answer: D

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

61. Today's customers have \_\_\_\_\_ .
- A. less knowledge about products
  - B. less sophistication
  - C. difficulty in finding information about products
  - D. higher expectations
  - E. difficulty in comparing prices

Answer: D

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

62. Which of the following statements concerning technology pressures on modern businesses is true?
- A. Technology changes so rapidly that organizations should wait before they release new technology-based products.
  - B. New technologies offer alternative service options.
  - C. New technologies will never replace existing technologies.
  - D. The amount of information on the Internet remains stable from year to year.
  - E. The important information on the Internet is fee-based.

Answer: B

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

63. Which of the following is not an example of the growing initiative called green IT?
- A. Designing an IT infrastructure to support sustainability.
  - B. Building systems that monitor carbon throughout the organization.
  - C. Asking vendors about compliance on environmental standards.
  - D. Building computer applications that use less energy
  - E. Designing energy-efficient data centers.

Answer: D

Section Reference 1: Business Pressures, Organizational Responses, and IT Support  
Difficulty: Easy

64. The digital divide is an example of which type of societal pressure?
- A. social responsibility
  - B. government regulations
  - C. protection against terrorism
  - D. ethics
  - E. information overload

Answer: A

Section Reference 1: Business Pressures, Organizational Responses, and IT Support  
Difficulty: Easy

65. Which one of the following statements is false?
- A. Businesses tend to view government regulations as expensive constraints on their activities.
  - B. Government deregulation reduces competition.
  - C. IT support is essential for compliance with many new regulations.
  - D. IT has been used to identify patterns of behavior associated with terrorist activities.
  - E. Information ethics can destroy the morale of a company's employees.

Answer: B

Section Reference 1: Business Pressures, Organizational Responses, and IT Support  
Difficulty: Easy

66. Which of the following is not a Section Reference 1 by organizations to business pressures?
- A. Delay releases of innovated products.
  - B. Build strategic systems that enable an organization to increase market share or profits.
  - C. Provide tools that satisfy customers so they don't go to a competitor.
  - D. Manufacture customized goods at a lower cost.
  - E. Conduct business electronically with customers and business partners.

Answer: A

Section Reference 1: Business Pressures, Organizational Responses, and IT Support  
Difficulty: Medium

67. Producing identical items in large quantities is called:
- A. strategic systems.
  - B. customer focus.

- C. continuous improvement.
- D. mass production.
- E. mass customization.

Answer: D

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

68. Producing customized items in large quantities is called:

- A. strategic systems.
- B. customer focus.
- C. continuous improvement.
- D. mass production.
- E. mass customization.

Answer: E

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Easy

69. The Bodymetrics body scanner is best characterized as an example of:

- A. mass production.
- B. customer focus.
- C. real-time customer input.
- D. mass customization.
- E. continuous improvement.

Answer: D

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Medium

70. Information-based industries are most susceptible to which one of Porter's five forces?

- A. threat of entry of new competitors
- B. bargaining power of suppliers
- C. bargaining power of customers
- D. threat of substitute products
- E. rivalry among existing firms in an industry

Answer: D

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

71. Competitive advantage for an organization manifests itself as all of the following except:

- A. Lower costs
- B. Higher quality
- C. Increased time to market
- D. Increased profits
- E. Increased speed

Answer: C

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

72. For most companies, the Web \_\_\_\_\_ the threat that new competitors will enter the market by \_\_\_\_\_ traditional barriers to entry.

- A. decreases, increasing
- B. increases, decreasing
- C. increases, increasing
- D. decreases, decreasing

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

73. \_\_\_\_\_ is a feature that must be offered by a competing organization in order to survive in the marketplace.

- A. Competitive advantage
- B. An entry barrier
- C. Strategic advantage
- D. Rapid time-to-market
- E. One-to-one marketing

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

74. The threat of competitors' entering the automobile manufacturing industry is \_\_\_\_\_ because barriers to entry are so \_\_\_\_\_.

- A. low, low
- B. high, high
- C. high, low
- D. low, high

Answer: D

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

75. The threat of competitors' entering a market is very high in industries that perform a(n) \_\_\_\_\_ role and in industries where the primary product or service is \_\_\_\_\_.

- A. intermediation, physical
- B. broker, physical
- C. sales, financial
- D. financial, digital
- E. intermediation, digital

Answer: E

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Hard

76. How does the Internet affect the way you purchase your textbooks?

- A. The Internet gives you fewer choices.
- B. The Internet increases your bargaining power.
- C. The Internet provides you with less information.
- D. The Internet decreases your bargaining power.
- E. The Internet increases your switching costs.

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

77. Buyer power is \_\_\_\_\_ when buyers have many choices from whom to buy and \_\_\_\_\_ when buyers have few choices.

- A. high, the same
- B. high, low
- C. low, low
- D. low, high
- E. low, the same



Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

78. The costs of delivering products in the \_\_\_\_\_ channel are much higher than delivering products in the \_\_\_\_\_ channel.

- A. e-commerce, digital
- B. digital, e-commerce
- C. digital, physical
- D. physical, financial
- E. physical, digital

Answer: E

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

79. Porter's competitive forces model helps organizations identify \_\_\_\_\_, whereas his value chain model helps organizations identify specific \_\_\_\_\_.

- A. competitive opportunities, activities
- B. general strategies, activities
- C. activities, competitive opportunities
- D. activities, general strategies
- E. primary activities, support activities

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

80. \_\_\_\_\_ activities create value for which customers are willing to pay, whereas \_\_\_\_\_ activities do not add value directly to the firm's products or services.

- A. Support, primary
- B. Human resource management, inbound logistics
- C. Procurement, operations
- D. Primary, support
- E. Accounting, outbound logistics

Answer: D

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

81. If there are \_\_\_\_\_ substitutes for an organization's products or services, then the threat of substitutes is \_\_\_\_\_.

- A. many, high
- B. few, low
- C. few, high
- D. many, low
- E. few, negligible

Answer: A

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

82. New technologies can produce new products very \_\_\_\_\_, which \_\_\_\_\_ the threat from substitute products.

- A. slowly, decreases
- B. slowly, increases
- C. slowly, does not affect
- D. quickly, increases
- E. quickly, does not affect

Answer: D

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

83. The visibility of Internet applications on the Web makes proprietary systems more difficult to keep secret. This is an example of which of Porter's five forces?

- A. threat of entry of new competitors
- B. bargaining power of suppliers
- C. bargaining power of customers
- D. threat of substitute products
- E. rivalry among existing firms in an industry

Answer: E

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

84. Walmart's automatic replenishment system, which enables the company to reduce inventory storage requirements, is an example of which strategy for competitive advantage?

- A. cost leadership
- B. differentiation
- C. innovation
- D. operational effectiveness
- E. customer-orientation

Answer: A

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

85. Which strategy for competitive advantage involves offering different products, services, or product features?

- A. cost leadership
- B. differentiation
- C. innovation
- D. operational effectiveness
- E. customer-orientation

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

86. Which strategy for competitive advantage involves introducing new products and putting new features in existing products?

- A. cost leadership
- B. differentiation
- C. innovation
- D. operational effectiveness
- E. customer-orientation

Answer: C

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

87. The introduction of ATM machines by Citibank was a classic example of which strategy for competitive advantage?

- A. cost leadership

- B. innovation
- C. differentiation
- D. operational effectiveness
- E. customer-orientation

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

88. Southwest Airlines' low-cost, short-haul strategy is an example of which strategy for competitive advantage?

- A. cost leadership
- B. differentiation
- C. innovation
- D. operational effectiveness
- E. customer-orientation

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

89. Which strategy for competitive advantage involves improving the manner in which an organization executes its internal business processes?

- A. cost leadership
- B. differentiation
- C. innovation
- D. operational effectiveness
- E. customer-orientation

Answer: D

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Easy

90. When Amazon welcomes you by name back to its Web site on your second visit, it is employing which strategy for competitive advantage?

- A. cost leadership
- B. differentiation
- C. innovation
- D. operational effectiveness
- E. customer-orientation

Answer: E

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

91. IT will impact managers' jobs in all of the following ways except:

- A. managers will have time to get into the field
- B. managers can spend more time planning
- C. managers can spend more time "putting out fires"
- D. managers can gather information more quickly
- E. none of the above

Answer: C

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

92. Porter's \_\_\_\_\_ help(s) companies identify general strategies, whereas his \_\_\_\_\_ help(s) to identify specific activities where companies can use the strategies for greatest impact.

- A. value chain model, competitive forces model
- B. primary activities, support activities
- C. competitive forces model, primary activities
- D. competitive forces model, value chain model
- E. value chain model, support activities

Answer: D

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

93. Which of the following is not an example of business – IT alignment?

- A. The company goals are clear to every IT and business employee.
- B. The company ensures that IT employees understand how the company makes money.
- C. The company views IT as a way to support the business but not as a way to create new revenue streams.
- D. IT professionals rotate into business departments.
- E. The company views customer service as extremely important.

Answer: C

Section Reference 1: Business-Information Technology Alignment

Difficulty: Medium

94. Which of the following is not a cause of inadequate alignment between IT and business?

- A. A lack of communication
- B. Different objectives
- C. Not understanding each group's expertise
- D. Lack of IT knowledge on the part of the business executives
- E. Lack of funds

Answer: E

Section Reference 1: Business-Information Technology Alignment

Difficulty: Medium

95. Refer IT's About Business 2.1 – Before the Stores: What was Before the Store's competitive advantage?

- A. It could supply products people wanted.
- B. It used Fulfillment by Amazon.
- C. It made it easy for people to find the products they remembered from TV.
- D. It was on the Web.
- E. It generated a profit.

Answer: C

Section Reference 1: IT's About Business 2.1

Difficulty: Medium

96. Refer to IT's About Business 2.2 – Sleek Audio: Which of Friedman's flatteners applies to Sleek Audio's decision to bring its manufacturing back to the United States?

- A. Offshoring
- B. Informing
- C. Work-flow software
- D. Supply chaining
- E. The Steroids

Answer: D

Section Reference 1: IT's About Business 2.2

Difficulty: Medium

97. Refer to IT's About Business 2.3 – The Internet Facilitates Generosity: Sociologists argue that posting experiences on message boards can actually improve a person's

- A. Self-esteem
- B. Independence
- C. Wealth
- D. Free time
- E. Social status

Answer: A

Section Reference 1: IT's About Business 2.3

Difficulty: Medium

98. Refer to IT's About Business 2.4 – Progressive: Progressive's Name Your Price application is aimed at which of Porter's five competitive forces?

- A. threat of entry of new competitors
- B. bargaining power of suppliers
- C. bargaining power of customers
- D. threat of substitute products
- E. rivalry among existing firms in an industry

Answer: E

Section Reference 1: IT's About Business 2.4

Difficulty: Hard

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99. Refer to Closing Case – Two Financial Giants Merge: When Wells Fargo acquired Wachovia, it faced all of the following issues except:

- A. Convincing all employees to focus on the overall goal.
- B. Providing ongoing support for all existing applications during the merger.
- C. Merging strategic IT applications into one new strategic focus.
- D. Merging two similar IT cultures.
- E. Integrating IT by implementing the best existing application in each business area.

Answer: D

Section Reference 1: Closing Case

Difficulty: Hard

Question Type: Short Answer

100. Identify the three types of business pressures, and explain how organizations can use IT to respond to each one.

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Medium

101. Using Porter's competitive forces model, contrast the bargaining power of suppliers and the bargaining power of customers (buyers).

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

102. What are switching costs, and why would a company care about them?

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

103. Differentiate between Porter's competitive forces model and his value chain model.

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

104. Differentiate between primary activities and support activities in Porter's value chain model.

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

105. Evaluate the assertion that an information system by itself can rarely provide a sustainable competitive advantage.

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

Question Type: Essay

106. Explain what a business environment is and what factors within the environment put pressure on the business.

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Medium

107. Explain how changes in social responsibility, government regulation/deregulation, social programs, protection against terrorism, and ethics put pressure on modern businesses.

Section Reference 1: Business Pressures, Organizational Responses, and IT Support

Difficulty: Hard

108. Identify the five forces of Porter's competitive forces model, and explain how the Internet impacts each one.



Section Reference 1: Competitive Advantage and Strategic Information Systems  
Difficulty: Hard

109. Discuss why the variable cost of digital products is extremely low.

Section Reference 1: Competitive Advantage and Strategic Information Systems  
Difficulty: Hard

110. Provide an example of each of the five strategies for competitive advantage. (Do not use the examples provided in the book).

Section Reference 1: Competitive Advantage and Strategic Information Systems  
Difficulty: Hard

Question Type: Multiple Choice

111. Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own storefront where they sell breads, rolls, pastries, cookies, and cupcakes. Ted wants to build a Web site for the business that will allow customers to order cookies and cupcakes for later pickup. This idea represents:

- A. An organizational Section Reference 1 to business pressures.
- B. A technology Section Reference 1 to business pressures.
- C. A Section Reference 1 to powerful customers
- D. A Section Reference 1 to globalization.
- E. An effort to "go green."

Answer: A

Section Reference 1: Competitive Advantage and Strategic Information Systems  
Difficulty: Medium

112. Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and have their own store-front where they sell breads, rolls, pastries, cookies, and cupcakes. Ted thinks he should put free Wi-Fi in the store front (which seats about 15 people). This idea reflects which one of Porter's five competitive forces?

- A. threat of entry of new competitors
- B. bargaining power of suppliers
- C. bargaining power of customers
- D. threat of substitute products
- E. rivalry among existing firms in an industry

Answer: E

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

113. Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own store front where they sell breads, rolls, pastries, cookies and cupcakes. Ted wants to start a Cookie Club that gives each member (joining is free) a free cookie after they have purchased a dozen. This idea Reflects which one of Porter's five competitive forces?

- A. threat of entry of new competitors
- B. bargaining power of suppliers
- C. bargaining power of customers
- D. threat of substitute products
- E. rivalry among existing firms in an industry

Answer: C

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

114. Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own-store front where they sell breads, rolls, pastries, cookies and cupcakes. Ted wants to build a web site for the business that will allow customers to order cookies and cupcakes for later pickup. Is this idea

- A. A strategic information system
- B. In alignment with the business.
- C. in support of a cost leadership strategy
- D. likely to provide long term competitive advantage
- E. a support activity within the value chain

Answer: B

Section Reference 1: Competitive Advantage and Strategic Information Systems

Difficulty: Medium

115. Hyo runs an ice cream store with her family. Which of the following activities is a part of their procurement process?

- A. Recording their daily sales revenue
- B. Sending an order to their sugar supplier
- C. Making the ice cream
- D. Setting up an employee schedule
- E. Taking an order for an ice cream cake

Answer: B

Section reference 1: Business Processes

Difficulty: Medium

116. Hyo runs an ice cream store with her family. Which of the following activities is a part of their procurement?

- A. Send an order to a supplier.
- B. Decide what to order.
- C. Record daily sales revenue
- D. Record goods received
- E. Send a check to a supplier

Answer: C

Section reference 1: Business Processes

Difficulty: Medium

117. Hyo runs an ice cream store with her family. Which of the following activities is a part of their fulfillment process?

- A. Receiving goods from their supplier
- B. Making ice cream
- C. Recording daily sales revenue
- D. Recording goods received
- E. Making a custom-order ice cream cake

Answer: E

Section reference 1: Business Processes

Difficulty: Medium